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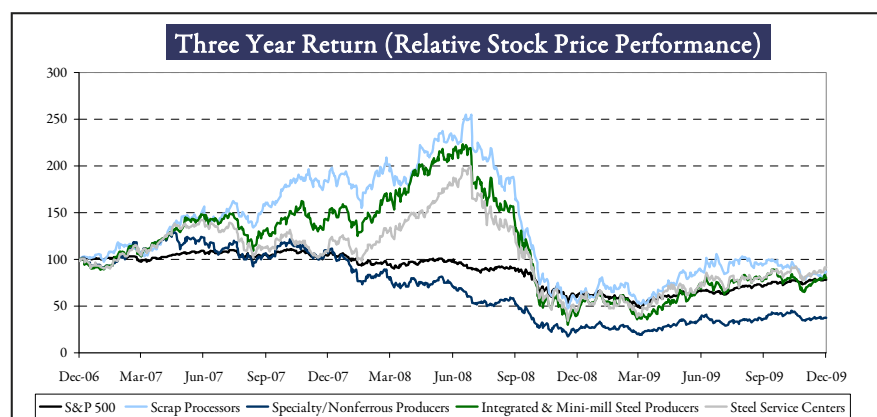
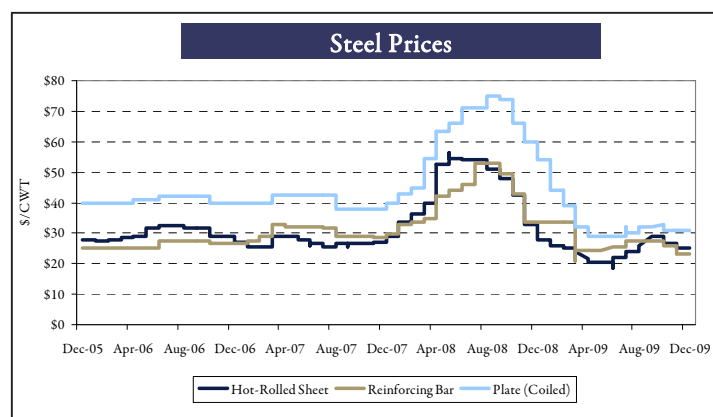
Are you ready for the recovery?

Are you ready for the recovery? You may feel like you have been waiting for a recovery for the past 12 months. Being prepared for the recovery may appear to be a simple task, but we are finding an increasing number of players that are not ready or worse yet, don't know they are not ready. One year ago, when volumes and metal/commodity prices fell through a three foot thick concrete floor, many companies harvested the decrease in working capital and used the cash to fund losses and reduce bank debt. Working capital is a necessary asset in the operation of a business, BUT there is one significant issue: you are forced to "buy" it. As volume recovers, the need for inventory and the commensurate generation of accounts receivable will put a strain on cash. Given that a lender generally will not advance 100% of the working capital purchase, you have to invest equity to purchase inventory and fund the ramp up of accounts receivable (similar to when you purchase equipment). The needed amount of equity is determined by either advance rates on accounts receivable and inventory or, more esoterically, loan covenants such as leverage constraints.

As the economic recovery takes hold, companies generating consistent and strong earnings will find themselves having conversations with their lead bank. However, for others, the financing market turmoil over the past five quarters has or will force them to turn to alternative sources of capital and consider less traditional capital structures to fund their needs. This is generally driven by the fact that the loosening of bank credit typically lags market recoveries.

With larger financial institutions having curtailed their new investment activity, many smaller regional and privately-owned, community-oriented banks, which aren't burdened by troubled assets or TARP funds, have opportunistically stepped in to fill this void. While their underwriting standards are conservative in light of continued economic uncertainty, many are willing to extend credit to build relationships with well-run companies. **(Article continued on page 2)**

Metals Public Market Trends



Source: American Metals Market

Source: Capital IQ



METALS

INDUSTRY DEVELOPMENTS

Are you ready for the recovery? (continued)

Lower down the capital structure, companies have and will continue to turn to the high-yield debt markets to fund capital needs. The cost of this type of capital has increased dramatically, but still remains cheaper than the dilution suffered by raising mezzanine debt with warrants attached (selling some equity). As a result, there has been a rush to the high-yield debt market over the past few months to fund capital requirements. However, the sheer number of companies looking for higher-yield debt (without warrants) has created a supply/demand imbalance, making it close to impossible for a slightly troubled company to get this type of funding. As a result, many companies are forced to resort to mezzanine debt with warrants and minority equity structures. While substantially more expensive than straight subordinated debt, these tranches of capital provide owners with one remaining alternative to selling a significant piece of equity in a difficult valuation environment.

While the concept described here may appear to be finding fault in a long awaited recovery, please take these comments as ways to prepare ourselves for the positive growth we see in the future.

Have a great holiday season and happy New Year.

- Vince Pappalardo
Managing Director, Metals Industry Group Head

2009 Year-in-review: Highlighted Transactions

Triangle Capital Corporation (NasdaqGM: TCAP) completed the sale of its stake in **Porter's Fabrications Inc.** on January 20, 2009.

Coining, Inc. acquired **Semx Corp. (OTCPK: SEMX)** from ACI Capital Co., LLC on January 22, 2009.

Waukesha Tool & Stamping, LLC completed the acquisition of **Parkview Metal Products LLC** on May 15, 2009.

Sims Metal Management Limited (ASX: SGM) acquired the assets of **Fairless Iron & Metal, LLC** on July 3, 2009. The financial terms of the transaction were not disclosed. The transaction will be immediately accretive.

Precision Castparts Corp. (NYSE: PCP) acquired **Carlton Forge Works and Arcturus Manufacturing Corp.** for \$850 million in cash on August 26, 2009.

North River Capital LLC completed the acquisition of the assets and business of **Wayne Manufacturing Corporation** on August 31, 2009.

North American Stamping Group, LLC completed the acquisition of assets of **Duffy Tool and Stamping, LLC** from Brittany Corporation on October 15, 2009.

AMTECH Corporation acquired **Dynamic Fabricators, LLC** on October 21, 2009. Dynamic Fabricators is an add-on acquisition for Amtech Corporation.

Allegheny Technologies Inc. (NYSE: ATI) agreed to acquire **Crucible Compaction Metals** from Crucible Materials Corporation for \$41 million on October 23, 2009. The business will now be named as ATI Powder Metals.

A. Raymond Et Cie acquired **Tinnerman Palnut Engineered Products, Inc.** from Ares Private Equity Group on October 28, 2009. The financial terms of the transaction were not disclosed.

Hercules Drawn Steel Corporation acquired the assets of **Baron Drawn Steel Corp.** from The Renco Group, Inc. on November 2, 2009. The financial terms of the deal were not disclosed.

On November 10, 2009, **The Riverside Company** acquired **Precision Wire Components**. The financial terms of the deal were not disclosed.

Severstal Wheeling Holding Company acquired **Amtex Steel, Inc.** on November 16, 2009. The purchase includes the plant and real estate, plus the company's rail line facilities. Amtex has now been re-named to Chicago Steel & Iron.



METALS INDUSTRY

METALS PUBLIC TRADING STATISTICS

Steel Service Centers

(\$ in millions, except per share data)

Company Name	Stock Price 12/16/09	Market Cap	Enterprise Value	LTM		EBITDA Margin	Enterprise Value to:					
				Revenue			EBITDA					
				Revenue	EBITDA	LTM	CY 2009E	CY 2010P	LTM	CY 2009E	CY 2010P	
AM Castle & Co.	\$13.95	\$320	\$398	\$953	\$13	1.3%	0.4x	0.5x	0.4x	NM	NM	6.9x
Olympic Steel Inc.	\$31.52	\$343	\$343	\$639	(\$79)	(12.3%)	0.5x	0.7x	0.5x	NM	NM	9.8x
Reliance Steel & Aluminum Co.	\$43.59	\$3,206	\$4,195	\$6,188	\$372	6.0%	0.7x	0.8x	0.7x	11.3x	14.0x	8.0x
Mean							0.5x	0.6x	0.5x	11.3x	14.0x	8.2x
Median							0.5x	0.7x	0.5x	11.3x	14.0x	8.0x

Integrated & Mini-Mill Steel Producers

(\$ in millions, except per share data)

Company Name	Stock Price 12/16/09	Market Cap	Enterprise Value	LTM		EBITDA Margin	Enterprise Value to:					
				Revenue			EBITDA					
				Revenue	EBITDA	LTM	CY 2009E	CY 2010P	LTM	CY 2009E	CY 2010P	
AK Steel Holding Corp.	\$20.74	\$2,268	\$2,537	\$4,216	\$68	1.6%	0.6x	0.6x	0.5x	NM	NM	5.5x
United States Steel Corp.	\$49.67	\$7,120	\$9,233	\$12,196	(\$408)	(3.3%)	0.8x	0.9x	0.6x	NM	NM	8.7x
Commercial Metals Company	\$17.18	\$1,935	\$2,857	\$6,793	\$276	4.1%	0.4x	0.5x	0.4x	10.4x	12.8x	6.6x
Nucor Corporation	\$43.11	\$13,572	\$14,693	\$12,403	\$496	4.0%	1.2x	1.3x	1.0x	29.6x	NM	6.8x
Gerdau Ameristeel Corp.	\$8.25	\$3,575	\$5,487	\$4,656	\$327	7.0%	1.2x	1.3x	1.1x	19.9x	15.9x	6.6x
Steel Dynamics Inc.	\$17.48	\$3,769	\$5,914	\$3,989	\$173	4.3%	1.5x	1.5x	1.1x	NM	15.4x	6.6x
Mean							0.9x	1.0x	0.8x	20.0x	14.7x	6.8x
Median							1.0x	1.1x	0.8x	19.9x	15.4x	6.6x

Scrap Processors

(\$ in millions, except per share data)

Company Name	Stock Price 12/16/09	Market Cap	Enterprise Value	LTM		EBITDA Margin	Enterprise Value to:					
				Revenue			EBITDA					
				Revenue	EBITDA	LTM	CY 2009E	CY 2010P	LTM	CY 2009E	CY 2010P	
Commercial Metals Company	\$17.18	\$1,935	\$2,857	\$6,793	\$276	4.1%	0.4x	0.5x	0.4x	10.4x	12.9x	6.8x
Metalico Inc.	\$4.64	\$215	\$320	\$272	(\$5)	(2.0%)	1.2x	1.1x	0.8x	NM	11.4x	7.1x
Schnitzer Steel Industries Inc.	\$47.84	\$1,328	\$1,402	\$1,900	\$2	0.1%	0.7x	0.8x	0.7x	NM	14.9x	8.0x
Mean							0.8x	0.8x	0.6x	10.4x	13.1x	7.3x
Median							0.7x	0.8x	0.7x	10.4x	12.9x	7.1x

Specialty/Nonferrous Producers

(\$ in millions, except per share data)

Company Name	Stock Price 12/16/09	Market Cap	Enterprise Value	LTM		EBITDA Margin	Enterprise Value to:					
				Revenue			EBITDA					
				Revenue	EBITDA	LTM	CY 2009E	CY 2010P	LTM	CY 2009E	CY 2010P	
Allegheny Technologies Inc.	\$38.24	\$3,750	\$4,070	\$3,352	\$298	8.9%	1.2x	1.4x	1.2x	13.6x	19.7x	10.4x
Brush Engineered Materials Inc.	\$18.94	\$383	\$403	\$696	\$13	1.9%	0.6x	0.6x	0.5x	NM	24.1x	8.0x
Carpenter Technology Corp.	\$25.43	\$1,120	\$1,024	\$1,182	\$72	6.1%	0.9x	0.9x	0.8x	14.2x	17.1x	5.7x
RTI International Metals, Inc.	\$22.40	\$672	\$547	\$459	\$28	6.2%	1.2x	1.3x	1.3x	19.3x	24.9x	17.7x
Titanium Metals Corp.	\$11.30	\$2,034	\$1,911	\$856	\$131	15.3%	2.2x	2.5x	2.8x	14.6x	19.0x	21.0x
Mean							1.2x	1.3x	1.3x	15.4x	21.0x	12.5x
Median							1.2x	1.3x	1.2x	14.4x	19.7x	10.4x



DRESNER PARTNERS

METALS INDUSTRY GROUP

Dresner Partners Metals Group: Professionals

Dresner Partners Metals Industry Group has advised many business owners, companies, and institutions around the country in executing strategic transactions such as a company or divisional sale, strategic acquisition, or a private placement. We provide financial and tactical advice that enables companies to make informed decisions about their options and understand the value of their strategic assets. We assist companies in executing their financial and strategic alternatives. Our role as financial advisor requires independent and objective advice and seasoned execution. Please contact one of our Metals Industry Group professionals to discuss how our experience can help you.

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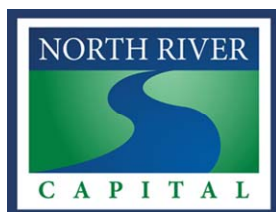
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Dresner Partners Metals Group: 2009 Completed Transactions



Wayne Tool & Design, Inc.

has been acquired by



SEMEX Corporation (OTCPK:SEMEX)

has been acquired by



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