

GREAT AMERICAN GROUP ADVISORY & VALUATION SERVICES

Metals Monitor December 2010

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INTRODUCTION

Welcome to the December 2010 issue of the **Metals Monitor** from Great American Group Advisory & Valuation Services (“Great American Group”). This publication will provide you with market value trends in both ferrous and non-ferrous metals. The enclosed information is based on qualified metals industry publications and key industry contacts.

The commodity nature of steel scrap, aluminum ingot, copper cathode, and nickel warrants the timely reporting of market value changes. The timing of our mid-month *Metals Monitor* will capture the month-end prices that act as the basis for pricing value-added metal mill products.

The *Metals Monitor* includes a sampling covering most metals projects. Great American Group internally tracks additional specialty and tool steels, *all raw materials* for steel, specialty steel, and primary and secondary aluminum production, but we are mindful to adhere to your request for a simple reference document. Should you need any further information, please feel free to contact your Great American Business Development Officer or utilize our contact information shown in this and all *Metals Monitor* issues.

Great American Group’s metals expertise is not only confined to pure metals projects, but is always utilized in assuring the accuracy and insight for all manufacturing projects in which metals are the primary or significant raw materials, regardless of the sector of the finished products.

This assures that all projects and appraisals from Great American Group represent the full value of all of our insights. You gain the full strength of our many assets in every assignment you engage Great American Group.

As we finish out the fourth quarter, expectations for demand improvement have turned into hopes for 2011. This year’s holiday slowdown will be exacerbated by the continuing effects of the recession, and real demand improvements are not expected, especially since the holiday periods of the fourth quarter generally see significant wind-down. The unemployment level and subsequent loss of consumer confidence and spending ability still remain in check. Yet, retailers maintain hopes for the holiday shopping and gift season.

The oil and gas markets for metals continue to perform above 2009 levels. According to data as of December 10, 2010 from petroleum industry consulting firm Baker Hughes Incorporated (“Baker Hughes”), the U.S. rig count totaled 1,723 rigs, which is an increase of 10 rigs from the prior week. Compared to the same period in 2009, the total represents an increase of 562 rigs.

Canadian rigs increased by 33 units to 482 rigs, which is an increase of 128 rigs from a year ago. In addition, the number of international rigs increased by 31 units to 1,130 rigs, which represents an increase of 105 rigs from a year ago. According to Baker Hughes and *Steel Business Briefing* (“SBB”), the North American rig activity generally represents approximately 66% of the world’s total.

Rig Count Date	U.S.	Canada	Int'l
Date of Recent Rig Count	Dec. 10, 2010	Dec. 10, 2010	Nov. 2010
Count	1,723	482	1,130
Date of Prior Rig Count	Dec. 3, 2010	Dec. 3, 2010	Oct. 2010
Change From Prior Count	10	33	31
Date of Last Year's Rig Count	Dec. 11, 2009	Dec. 11, 2009	Nov. 2009
Change From Last Year's Count	562	128	105

ABOUT GREAT AMERICAN GROUP

Great American Group is a leading provider of asset disposition solutions and valuation and appraisal services to a wide range of retail, wholesale, and industrial clients, as well as lenders, capital providers, private equity investors and professional services firms.

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CARBON STEEL

SCRAP

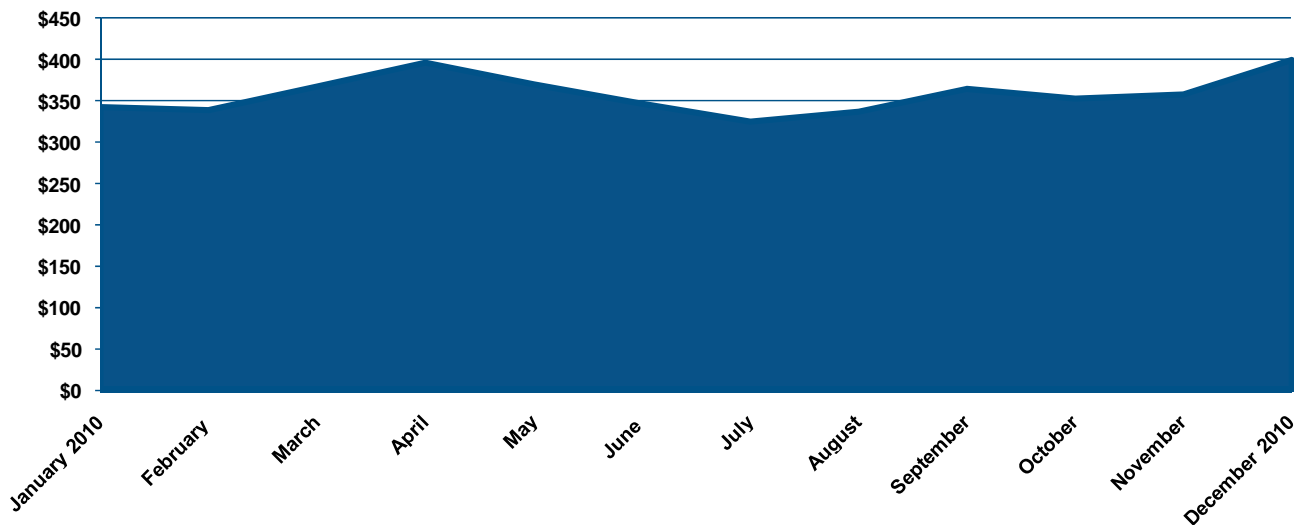
The U.S. steel market is no longer the central point around which ferrous scrap revolves, with the industry now following a global lead. The 2010 scrap prices have ranged between \$300 and more than \$400/ton.

Ferrous scrap prices in December have declined and seem to be falling prematurely prior to the fourth quarter holidays. Automotive shred scrap prices are up \$47/gross ton (GT = 2,240 pounds) December to date from the October month average and are illustrated in the graph below.

We utilize the Chicago consumer market to track all scrap categories in order to be consistent with steel mills and the monthly surcharge mechanism. Steel mills utilize the changes in the Chicago automotive shred pricing for indexing monthly price adjustments to contract business and spot business.

Chicago Iron Scrap As of December 8, 2010	Low	High	Average	Change
#1 Dealer Bundles Mill Chicago	\$420.00	\$440.00	\$430.00	\$47.50
#2 Dealer Bundles Mill Chicago	\$325.00	\$345.00	\$335.00	\$87.50
#1 Bushelings Mill Chicago	420.00	\$445.00	\$432.50	\$50.00
#1 Heavy Melting Mill Chicago	\$370.00	\$390.00	\$380.00	\$40.00
Basic Pig Iron Foundry Midwest	\$510.00	\$530.00	\$520.00	\$15.00
Ductile Pig Iron Foundry Midwest	\$510.00	\$530.00	\$520.00	\$15.00
5' Plate & Structural Scrap Mill Chicago	\$400.00	\$415.00	\$407.50	\$50.00
Shredded Scrap Iron Mill Chicago	\$395.00	\$410.00	\$402.50	\$42.50
Machine Shop Turnings Mill Chicago	\$260.00	\$285.00	\$272.50	\$32.50

**MONTHLY AVERAGE AUTO SHRED SCRAP
PRICE PER GROSS TON
JANUARY 2010 THROUGH DECEMBER 22, 2010**



CARBON STEEL

UTILIZATION RATES

U.S. steel production and capability utilization rose in the second week of December, SBB reported. According to data from the American Iron and Steel Institute (“AISI”), domestic raw steel output totaled nearly 1.7 million short tons, while steelmakers operated at 70.2% of capacity for the week ended December 4th, up from 68.3% capability utilization and 1.65 million short tons produced the previous week.

U.S. mills made slightly more than 1.48 million short tons during the same week last year, when capability utilization was 62.3%. Week-over-week production was up in five of the eight U.S. districts tracked by the AISI. The southern district experienced the biggest week-over-week increase of 27,000 short tons, while the Indiana/Chicago region registered the largest decrease of 20,000 short tons.



Adjusted year-to-date production through December 4th totaled roughly 82 million short tons, while year-to-date capability utilization was 70.2%. Production totaled approximately 58.5 million short tons during the same period last year, when capability utilization was just 51.5%.

CARBON FLAT ROLLED SHEET COIL

Flat rolled mills’ intended increases of \$30 to \$40/ton were finally implemented, and the latest reference prices released by The Steel Index (“TSI”) show that all coil prices in the U.S. and both regions of Europe have moved up since last week, with uncoated coil prices in the U.S. increasing more than 7%. Plate prices in the U.S. have also increased sharply.

In North America, hot rolled (“HR”) and cold rolled (“CR”) coil reference prices FOB Midwest mill rose by over \$40/short ton, while the hot dipped galvanized (“HDG”) coil price increased to \$757/short ton (\$834/tonne). Plate reference prices FOB Midwest mill also climbed \$36/short ton. All coil and plate average delivery lead-times are longer, with CR and HDG coil deliveries approximating seven weeks.

AK Steel Corporation (“AK Steel”) announced in mid-December that it is increasing spot base prices for all of its carbon flat rolled products by \$40/short ton. The Ohio-based steelmaker said in a statement that the move, effective immediately with all new orders, “is in response to increased demand for carbon steel products, as well as the need to recover higher costs for steelmaking inputs.”

The benchmark shredded scrap price used by a number of mills to set surcharges increased \$45/long ton earlier this month. Late last month, AK Steel was among a handful of large mills to raise sheet prices by \$40 to \$50/short ton, and SBB reported that several domestic mills have hiked sheet prices by as much as \$120/short ton within roughly a week’s time.

The ratcheting up of prices had been mostly limited to top-tier mills, but smaller U.S. mills are joining the run-up as well. FOB mill spot prices are now roughly \$650 to \$680/short ton for HR coil, \$760 to \$780/short ton for CR coil, and \$800 to \$820/short ton for HDG sheet. Spot prices are projected to run higher than each previous week due to mill demand and rising input prices.

CARBON STEEL

ZINC

High-grade zinc, over 47% of which is used for galvanizing carbon steel, continued to slide downward in price throughout the last 30 days. Base metal prices drifted lower on the London Metal Exchange (“LME”) in mid-December as stock markets slipped and the U.S. dollar strengthened.

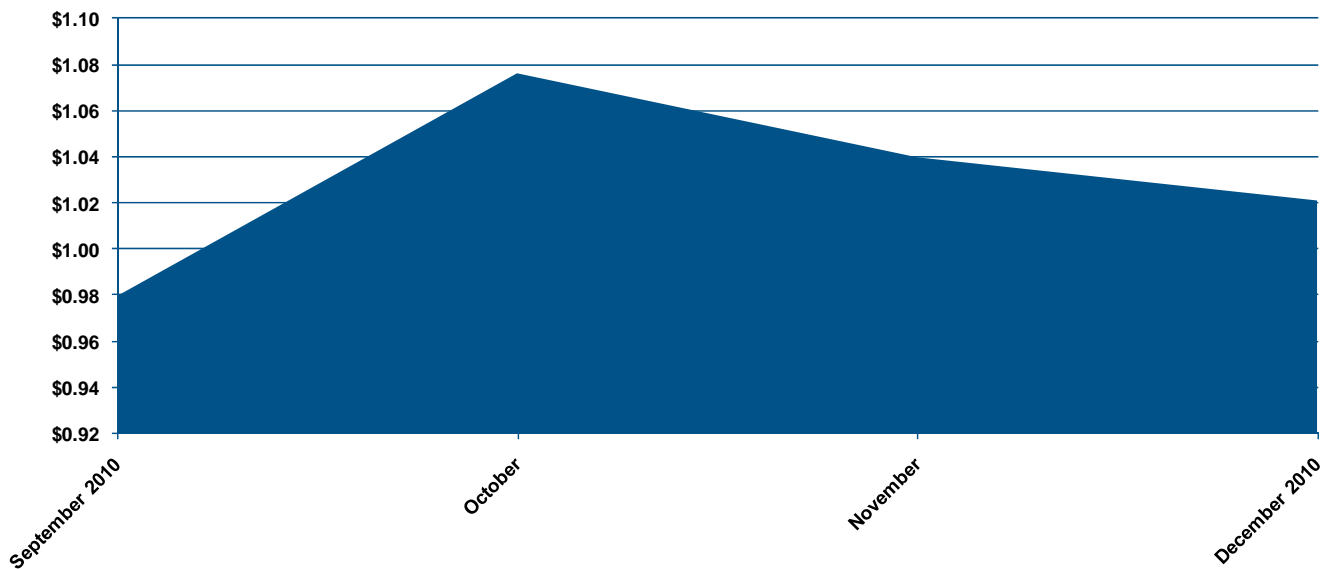


Zinc was 1.9% lower at \$2,256/ton. The LME also reported a reduced surplus in the refined zinc market, with a surplus of 211,000 tons in January through October 2010 compared to a 317,000-ton surplus in the same period of 2009.

The LME indicated that refined zinc production had risen 15.2% due to higher output in China, Belgium, Brazil, India, Japan, the Netherlands, Peru, and Russia. However, demand was up 17%, driven by a significant recovery in demand in Europe, Japan, and South Korea, as well as further strong growth in Chinese apparent usage.

ThyssenKrupp AG’s steel mill in Calvert, Alabama had its grand opening on December 10th. The carbon steel operation began in the summer, and the smaller stainless operation started up in the fall. Eventually, the complex is expected to employ 2,700 personnel, up from its current level of 1,700. The mill will add flat roll capacity and coated steel primarily to the automotive industry initially, although it also has the flexibility to supply the OCTG, construction, and appliance business segments.

**ZINC LME MONTHLY AVERAGE PRICE PER POUND
SEPTEMBER 2010 THROUGH DECEMBER 2010**



CARBON STEEL

CARBON STEEL LONG PRODUCTS

Mini-mill long product producers have pushed through price increases on the backs of increased scrap prices. U.S. long products market leader Nucor Corporation (“Nucor”) will increase its raw materials surcharge on rebar and merchant bar by \$45/short ton, effective with January 1, 2011 shipments.

Nucor also announced it will raise prices on wire rod by \$60/short ton, effective with shipments January 1st. Several other wire rod producers such as Keystone Steel & Wire, Gerdau Ameristeel Corporation, and ArcelorMittal have already increased prices by the same amount, SBB notes. Additionally, Nucor instituted an immediate base price increase of \$20/short ton on wide flange beams in mid-December.

Orders already on the books will be price-protected for all shipments that occur prior to January 1st, according to a letter to customers viewed by SBB. The increase would bring beam prices to a range of \$825 to \$845/short ton FOB mill.

Nucor’s price increases follow a \$45 increase in a key benchmark shredded scrap price used to set surcharges on long products. The scrap price moved from \$360/long ton to \$405/long ton. However, as scrap prices are now falling, Nucor’s price gains may be short-lived in the balance of 2010.

Nucor is not the only domestic mill which has been actively “adjusting” flat rolled steel prices. Prices for HR, CR, HDG, and Galvalume steels have become more expensive as mills are raising prices to their customers by \$20 to \$30/ton.

U.S. exports of reinforcing bar have been on the rise in recent months as the average price of the exported product has fallen. U.S. rebar exports totaled nearly 53,000 tonnes in October – the second consecutive month to demonstrate exports above the 50,000-tonne mark, according to U.S. government export data.

U.S. Rebar Exports	Q1 Monthly Average	Q2 Monthly Average	Q3 Monthly Average	October 2010
Tonnes	36,380	39,860	47,430	52,980
Price Per Tonne	\$654	\$718	\$700	\$692

Source: U.S. Department of Commerce

In the first quarter of this year, rebar exports averaged 36,380 tonnes/month. Exports rose to 39,860 tonnes/month in the second quarter and jumped to 47,430 tonnes/month in the third quarter.

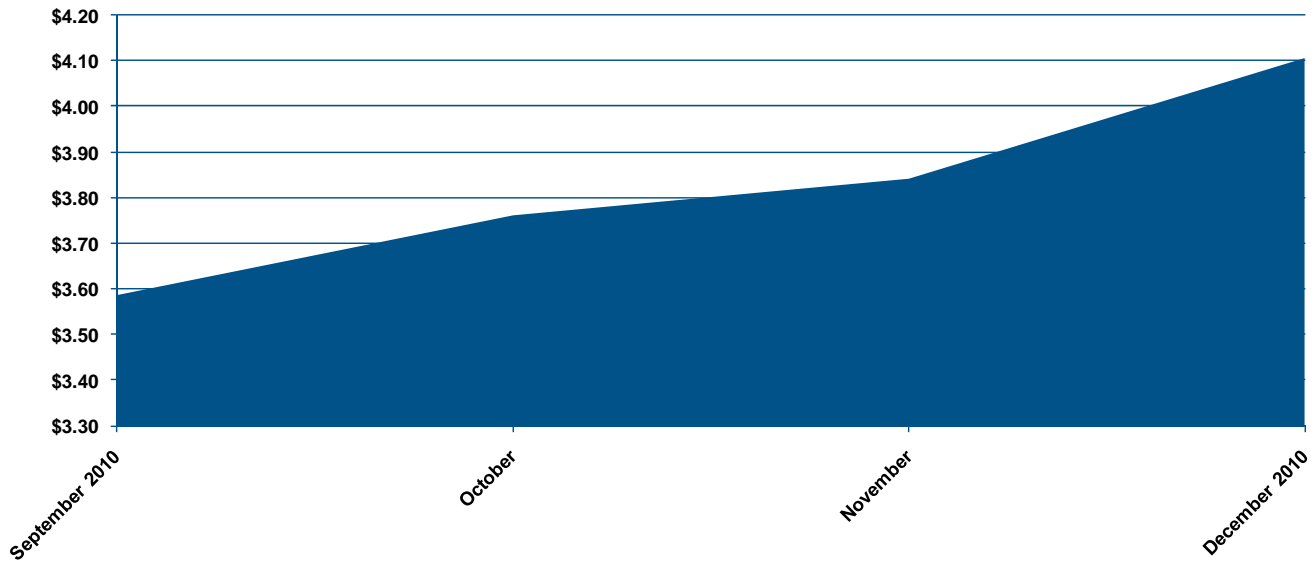
The average price of rebar exports in October fell to a seven-month low of \$692/tonne FOB. This compares to domestic FOB rebar prices, which approximated \$694 to \$716/tonne (\$630 to \$650/short ton) in October, according to SBB sources.



Shipments to Canada remained strong with 37,630 tonnes in October, just slightly lower than the third quarter monthly average. Exports to Jamaica totaled 4,515 tonnes in September and 4,840 tonnes in October – noticeably higher than the 3,620 tonnes sent there in the prior nine months combined. Shipments to Panama were strong in both September and October, with 4,500 tonnes and 7,475 tonnes, respectively.

COPPER

COPPER LME MONTHLY AVERAGES PRICE PER POUND SEPTEMBER 2010 THROUGH DECEMBER 22, 2010



Copper consistently tested record highs through November and December as news of planned physically backed copper exchange traded funds (“ETF”) as well as a strike at Collahuasi’s copper mine in Chile highlighted supply concerns. Since then, however, the Collahuasi mine has negotiated its labor issues and the ETF securities’ fund has seen little activity in terms of tonnage.

Copper inventories in warehouses monitored by the LME have dropped 28% this year, on course for the first annual contraction since 2004. One company held 80% to 89% of the LME stockpiles as of December 14th, according to the Warrant Cash Banding Report, which includes stockpiles and open positions for the next three trading days.

Activity in the U.S. spot market for bulk ferroalloys for the week of December 5, 2010 was extremely thin as suppliers and consumers continued to negotiate annual contracts for 2011, which are likely to be settled on formulas, market participants said. High-carbon ferrochrome (60%-65% Cr) price assessment eased to \$1.30 to \$1.33/pound on December 8th, based on FOB Pittsburgh/Chicago warehouse prices, from \$1.32 to \$1.35/pound previously.

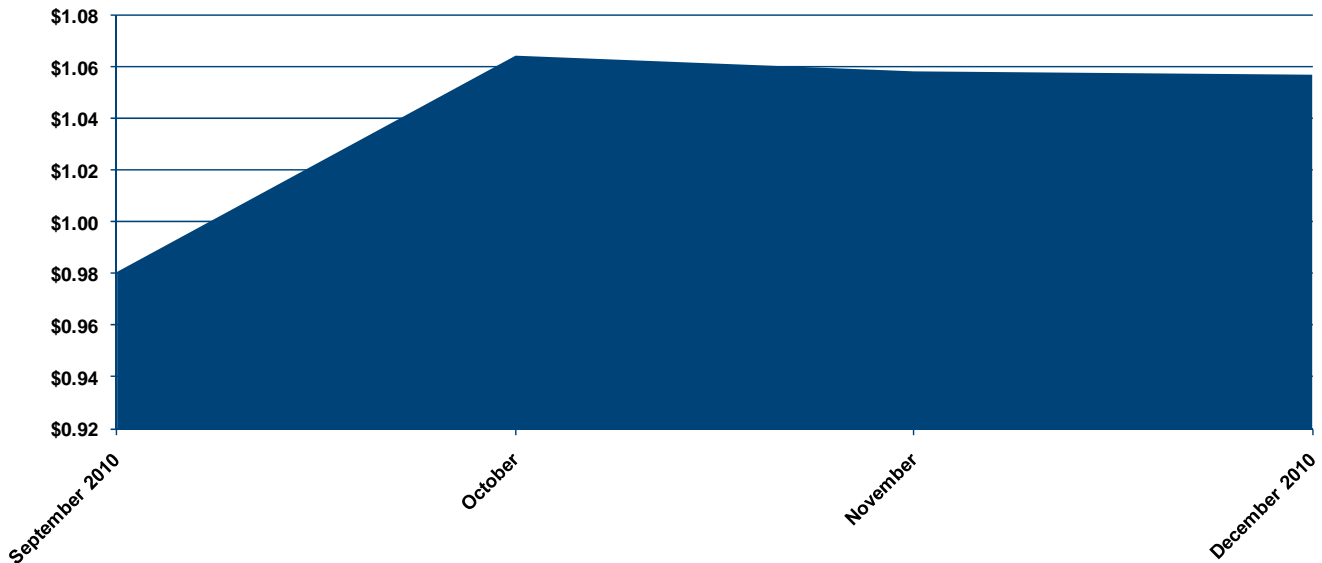


Elsewhere, ferrosilicon prices eased slightly, in line with a slight downward movement in Chinese prices as producers are returning to production, following a mandated suspension of output to meet tough new emission standards.

Metallics such as molybdenum remain stable. The major individual product points will be covered in our product-specific commentary and our reference sheets.

ALUMINUM

MONTHLY AVERAGE P1020 PRIMARY ALUMINUM SHEET INGOT PRICE PER POUND SEPTEMBER 2010 THROUGH DECEMBER 22, 2010



Aluminum traders may be storing more metal in outside warehouses monitored by the LME “so it’s not as apparent as it could be” before the introduction of an ETF in the metal, according to Simon Collins, head of refined metals at Trafigura Beheer BV (“Trafigura”) in Lucerne, Switzerland. Stockpiles in warehouses monitored by the LME have dropped 334,975 tons this year, or 7.2 %, to 4.3 million tons as of December 15th, according to data from the exchange.

Global inventories are likely closer to 10 million or 12 million tons, with the surplus this year at 1.3 million tons, according to Trafigura estimates. Aluminum prices have jumped 4% this year.

Aluminum shipments by North American distributors fell for the third consecutive month in November despite distributors’ reports of stronger-than-expected sales across most end-use sectors. In November, shipments by U.S. and Canadian service centers fell 3.8% to 122,900 tons from 127,800 tons in October, according to the latest data from the Metals Service Center Institute (“MSCI”).

U.S. service centers were behind the decline, with shipments falling 5% month-over-month to 110,300 tons. Meanwhile, Canadian service centers logged a slight uptick in aluminum shipments, climbing 7.7% in November to 12,600 tons versus the October figure.

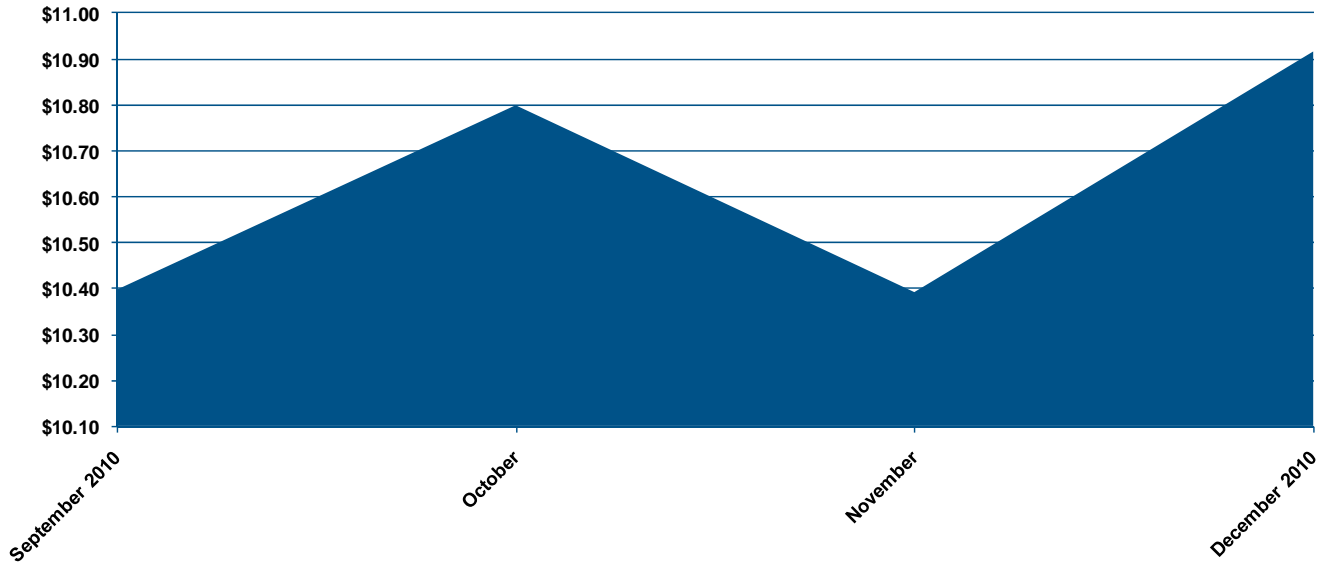
Despite the drop-off in overall shipments in November, the rate of shipments held steady at 5,500 tons per day in the U.S. and 600 tons per day in Canada, according to the MSCI. Year over year, total aluminum shipments in the U.S. and Canada were up 38.8% and 18.3%, respectively.

In the U.S., the annualized production rate totaled 1,757,560 tonnes in November, up 0.6% from the previous month and 8.4% higher than a year earlier, according to data from the Aluminum Association. The annualized rate of production in Canada totaled 2,961,282 tonnes, up 0.5% from October but down 2% from November last year.

Actual production slid in both countries in November, a shorter working month. U.S. output totaled 144,457 tonnes, down 2.6% from October, while Canadian production fell 2.7% to 243,393 tonnes.

NICKEL

NICKEL LME MONTHLY AVERAGES PRICE PER POUND SEPTEMBER 2010 THROUGH DECEMBER 22, 2010



Nickel and tin showed slight declines of 1.1 % and 1.2%, respectively, over the past 30 days. The global nickel market was in a deficit of 6,800 tons between January and October this year, the World Bureau of Metal Statistics (“WBMS”) said in mid-December.

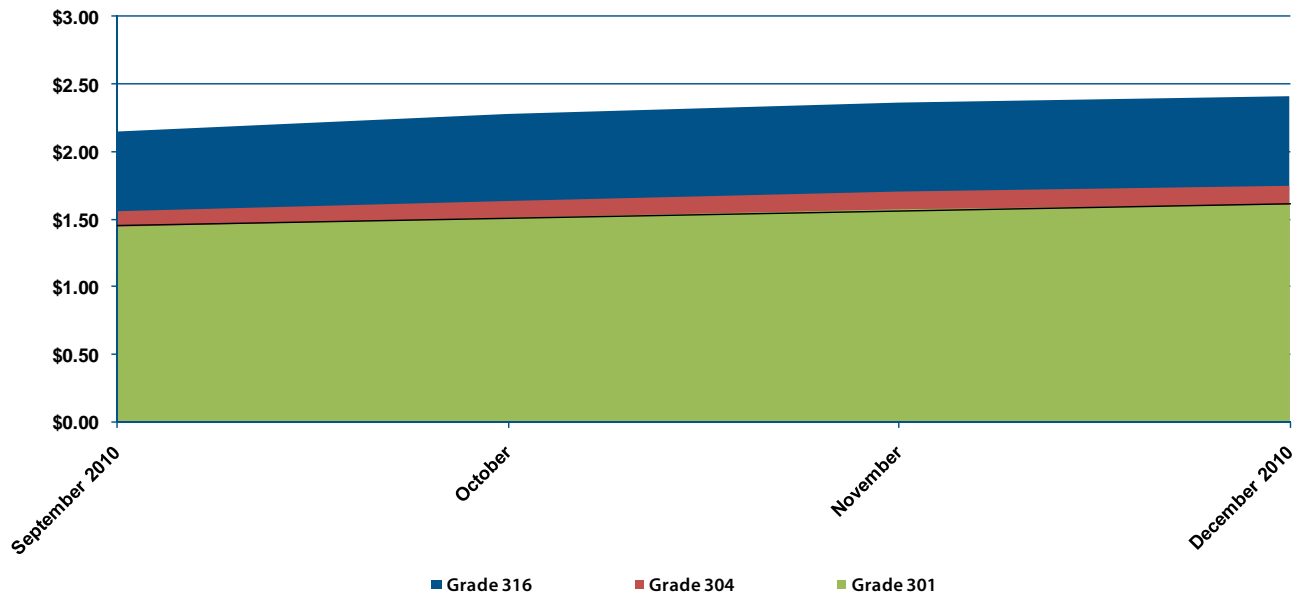
That compares with a deficit of 600 tons in the same period last year and a surplus of 28,100 tons in the whole of 2009, which included substantial imports recorded by China partially for re-stocking purposes. Mine production during the first ten months of 2010 totaled 1.19 million tons, up 4.5% from the comparable 2009 total. World apparent demand rose 142,000 tons from the same period last year.

In October 2010, nickel smelter production totaled 133,400 tons, while consumption totaled 124,100 tons.



STAINLESS STEEL

STAINLESS STEEL MONTHLY AVERAGE PRICE PER POUND SEPTEMBER 2010 THROUGH DECEMBER 2010



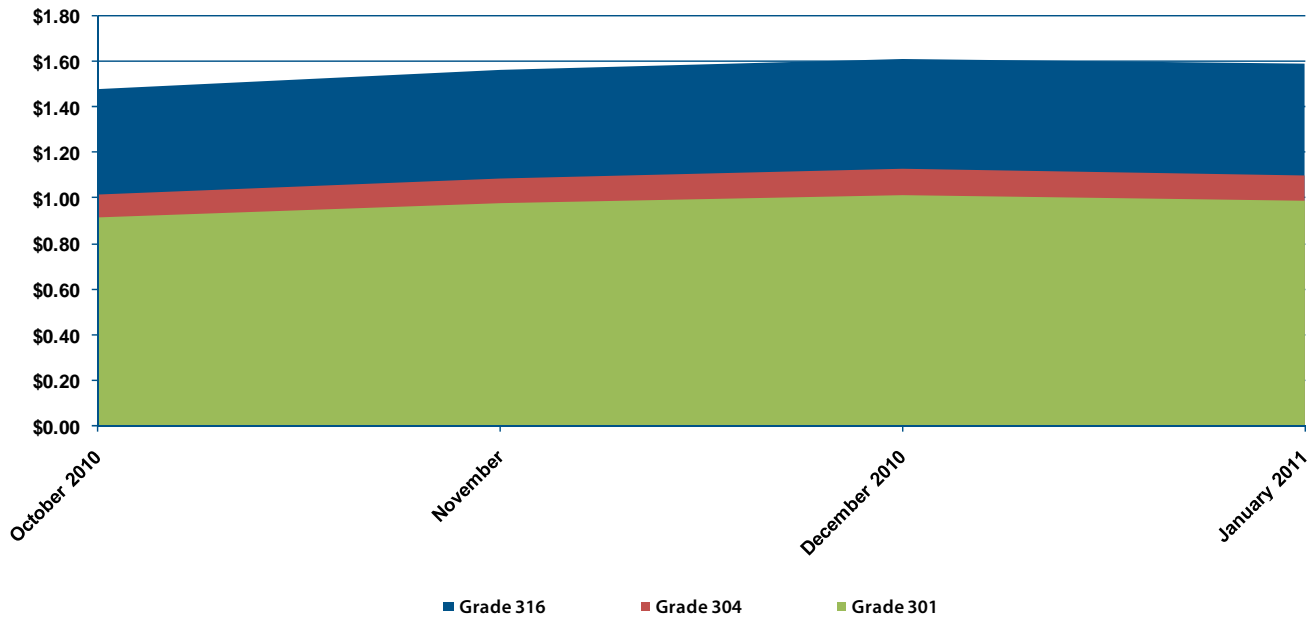
Stainless steel mill prices are largely dependent on monthly adjusted surcharges, which are based on nickel, chrome, molybdenum, titanium, and other metallic values plus energy costs from the two months prior.

The two-month lag accounts for the normal lead times of stainless steel products. In theory, the stainless steel delivered to customers in December was made from nickel and other metallics purchased by the mill in October. As a result, we know the full stainless prices for January on December 1st, as soon as we learn the November averages.



STAINLESS STEEL

STAINLESS STEEL SURCHARGES MONTHLY AVERAGE PRICE PER POUND OCTOBER 2010 THROUGH JANUARY 2011



Metallurgical items affecting stainless steel surcharges include – in order of importance – chrome, molybdenum, ferrous scrap, titanium, manganese, copper, and natural gas prices. Surcharges typically account for well over 55% of the stainless steel pricing in the most austenitic grades.



METALS REFERENCE SHEET

AS OF DECEMBER 22, 2010

CARBON STEEL SCRAP VALUES — CHICAGO MARKET

	YEAR AGO	NOVEMBER 2010	DECEMBER MTD
AUTO SHRED	\$289/GT	\$358/GT	\$399/GT (\$356.27/NT)
HMS (HEAVY MELT STEEL)	\$251/GT	\$338/GT	\$379/GT (\$338.37/NT)
BUSHELING	\$331/GT	\$390/GT	\$433/GT (\$386/NT)

CARBON STEEL VALUES IN MAJOR COMMODITY FORMS

CARBON FLAT ROLLED SHEET COIL BASE PRICE

	OCTOBER 2010	NOVEMBER 2010	DECEMBER MTD
HOT BANDS	\$568 AVG/NT	\$568 AVG/NT	\$650 AVG/NT
COLD ROLLED	\$684 AVG/NT	\$686 AVG/NT	\$768 AVG/NT
HOT DIPPED COATED GALVANIZED*	\$769 AVG/NT	\$774 AVG/NT	\$865 AVG/NT

*Base price; 0.040" x 48/60" wide coil with G90 coating = \$750 - \$790/NT

CARBON STEEL PLATES

		BASE PRICE
PLATE COILS AND STRIP MILL COILS		\$579 - \$600
DISCRETE PLATES	CARBON STEEL	\$766 depending on producer and thickness limits
	ALLOYS PLATES	\$953/NT and subject to grade extras up to \$600/NT

HOT ROLLED MERCHANT BAR (MBQ) SHAPES (NET OF DISCOUNTS AND REBATES)

	DECEMBER DELIVERY
1/2" X 4" FLATS*	\$815 AVG/NT
2" X 2" X 1/4" ANGLES*	\$810 AVG/NT
REBAR COILS, GRADE 60: #3 TO #5 SIZES	\$825 - \$845/NT

*Variances include East to West Coast markets and variances in rebates.

SBQ BARS (INCLUDING SURCHARGES, NET OF REBATES)

	DECEMBER DELIVERY
HOT ROLLED, C1018/1020 1" TO 2" DIAMETER	\$52.00/CWT (\$1,040/NT)
HOT ROLLED 1000 1" DIAMETER	\$41.95/CWT (\$839/NT)
HOT ROLLED 4100 1" DIAMETER	\$45.40/CWT (\$908/NT)
COLD FINISHED C1018 1" DIAMETER	\$52.00/CWT (\$1,040/NT)

METALS REFERENCE SHEET

OCTG AND LINE PIPE SAMPLING

	DECEMBER DELIVERY
J55 ERW	\$1,100 - \$1,200/NT
LINE PIPE ERW 4" BLACK	\$900 - \$1,000/NT

PRIMARY MAJOR NON-FERROUS METALS

ALUMINUM

	SEPTEMBER 2010	OCTOBER 2010	NOVEMBER 2010	DECEMBER MTD
ALUMINUM NA (HIGH GRADE P1020)	\$0.9807/LB	\$1.0644/LB	\$1.0583/LB	\$1.0570/LB
MWTP (MIDWEST PREMIUM)	\$0.065/LB	\$0.064/LB	\$0.064/LB	\$0.062/LB

*Fabrication/conversion charges with continuous casters have increased.

ALUMINUM ALLOY A380.1

	SEPTEMBER 2010	OCTOBER 2010	NOVEMBER 2010	DECEMBER MTD
LME VALUES	\$1.055/LB	\$1.094/LB	\$1.110/LB	\$1.105/LB

NICKEL & COPPER

NICKEL & COPPER	SEPTEMBER 2010	OCTOBER 2010	NOVEMBER 2010	DECEMBER MTD
NICKEL, LME VALUES	\$10.3967/LB	\$10.7989/LB	\$10.3915/LB	\$10.9162/LB
COPPER HIGH GRADE A, LME VALUES	\$3.5867/LB	\$3.7614/LB	\$3.8419/LB	\$4.1068/LB

STAINLESS STEEL FLAT ROLLED SHEET COIL VALUES

(Product prices using current average distributor discount)

"0.044" X 48/60' WIDE X COIL	DECEMBER DELIVERY	JANUARY DELIVERY
T304	\$1.7445/LB	\$1.7151/LB
T316/316L	\$2.4061/LB	\$2.3857/LB

*The above changes in product prices are driven by changes in monthly elemental metallic surcharges. These are most heavily impacted by changes in nickel values but result from the combined impact of nickel, chrome, molybdenum, titanium, ferrous scraps, and energy (natural gas). Surcharges are established from the monthly averages of the elements two months prior to the affected month.

SURCHARGES (FROM NORTH AMERICAN STAINLESS)

	OCTOBER 2010	NOVEMBER 2010	DECEMBER 2010	JANUARY 2011
T304/304L	\$1.0159/LB	\$1.0860/LB	\$1.1281/LB	\$1.0991/LB
T316/316L	\$1.4766/LB	\$1.5601/LB	\$1.6076/LB	\$1.5877/LB