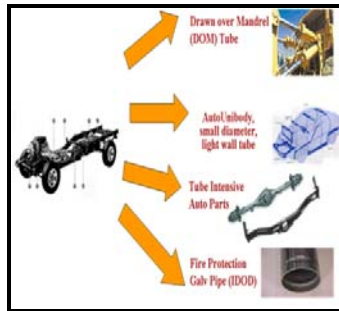


Seamless Operating Continuity in a Cross-Border Deal

Background

This Canadian-based Keystone client is one of the leading global producers of steel plate, coil and tubular products. Historically, its primary customer base was the automotive industry from OEM's through Tier 3 suppliers. It has operations in Canada, the US, and Mexico.

Its tubular operations were a recent start-up, expanding from Canada into Mexico and the United States. As it improved operations, it had an opportunity to acquire, from a Private Equity firm, a competitor that would expand its automotive footprint and help it diversify into other industrial markets.



While the deal was a solid strategic fit, the company's track record with acquisitions was spotty. Main reasons cited were lack of experience and issues in diligence, Day 1 planning and focused, post-close execution. As a result, the Board decided to find outside help to focus on:

- **Paying fair value** - identifying and quantifying the right value drivers;
- **Operating continuity** - integrate the targets' people and business model to drive the core business results;

- **Synergy capture** - meeting or exceeding the publicly-stated synergy targets.

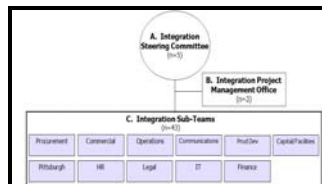
Keystone Value Add

Keystone provided guidance and support in three main areas:

1. **Diligence and synergy model** - Drove the overall diligence process and developed a realistic, but aggressive synergy and risk model;

(\$MM US)	2005	2006	2007	2008	2009
Automotive	\$0.0	(\$1.6)	\$3.3	\$5.2	\$5.9
Mechanical	\$0.0	\$10.4	\$12.5	\$14.6	\$17.3
Brampton	\$0.6	\$4.3	\$6.9	\$8.3	\$8.6
Corporate	\$0.0	(\$8.8)	(\$0.6)	\$0.2	\$2.2
Net Impact	\$0.6	\$4.3	\$22.1	\$28.3	\$34.0

2. **Day 1 Continuity** - Managed - and participated on - the integration teams. Structured the overall process to ensure "Day 1" operations went smoothly and business was conducted as usual. This was complicated by the target's multiple operations (six plants, US and Canadian presence and SG&A structure) and an expedited closing date that was three weeks ahead of the original plan;



3. **Synergy Realization** - Drove the refinement and prioritization of synergy initiative to create rapid, - and sustainable - synergy realization.

Results

Within six months after the deal closed, the new division was on track to **deliver 2.7X** the Year 1 synergy target. In addition:

- **Flawless Day 1** - Despite the expedited close, operations ensued with **no disruptions**.
- **New Account Management Process** - Due to high potential revenue risk, a new customer management process was implemented upon close and successfully **mitigated over \$80MM of potential loss**.
- **New Organization Structure** - On Day 1, a new organization model was rolled out that incorporated the target's SBU focus with the acquirer's shared services approach. This fostered **retention of key people and resulted in reduces SG&A costs**;
- **Transition to Client** - The project was structured to enable a young client manager to take over the process within 30 days after close.

'Keystone worked effectively with our team, bringing significant experience, a solid approach and useful tools. This was a high-profile deal - it went off without a hitch. They were a perfect complement to our team. Next deal, Keystone's the only firm I'll call.'

President,
Tubular Products Division.