



October 20, 2008

To: Steel Plus members

From: Tom Smith

Ladies and gentlemen;

I wanted to write to all members to provide you with an update from our recent regional meetings as well as an update on our business plan for a Steel Distribution center in Columbia City, Indiana.

I want to take this opportunity to thank all members who took the time to participate in the recent round of regional meetings. Your support of our company and the input that you provide are greatly appreciated. I can tell all members that your advice is important and your views are passed on to the full Board for consideration.

Our plans moving forward are as follows:

1. We are moving forward with our plans to centrally invoice (not central bill) all Steel Plus suppliers through our LBMX central invoicing system.
2. We are moving forward with our plans to central bill steel purchases through Steel Dynamics (SDI).
3. The Board has approved the Class A membership of Burcamp Steel of Wichita Falls, Texas.
4. We have continued to expand our network of NASA service center suppliers in all areas of the United States (please take the time to ensure that your purchasing managers contact these new suppliers).
5. The Board has approved the Westin Riverwalk Hotel in San Antonio, TX as the site of the 2009 SPN Annual meeting and conference. The meeting will be held from April 18,-21, 2009.

With regards to the development of a new Steel Distribution company, I am pleased to provide the following update. My first comment is that the Steel construction industry, and in fact the entire North American economy has



changed dramatically over the past two months. From the time that we met with members in Quebec, then throughout Canada and over the past three weeks, thorough the United States, the economy has deteriorated more than anyone could have imagined. The effect on the North American steel industry must be acknowledged and we must ensure that we move forward cautiously and prudently.

However, that being said, it is clear that members who attended our meetings indicated strong support for the strategy of owning and operating a 'wholly owned' steel distribution business. It is clear that members prefer a strategy that sees SPN invest in the Steel industry, both through the Distribution business as well as central billing opportunities with North American steel mills.

It is also clear that members prefer that Steel Plus should own our land and buildings, rather than pursue a "lease to own" option, if possible.

It is clear that members prefer that Steel Plus move forward thoughtfully allowing time to get a clearer picture of developments in the steel construction industry as well as determine as much as possible, the direction of steel pricing.

It is clear though, that members want Steel Plus to move forward with this initiative.

Therefore, I am pleased to provide the following update from our recent Board of Directors meeting.

1. The Board has authorized the incorporation of a new company, Steel Plus Distribution, Inc. SPD will be a C Corp registered in Delaware, Md. SPD will be 100% owned by Steel Plus Network, Inc.
2. The Board has authorized the cash purchase of approximately ten (10) acres of land in Columbia City, IN. For clarification, this is the same tract of land that was outlined to members at the recent regional meetings.
3. The board has previously authorized that Steel Plus will develop a central billing program with SDI.
4. The Board has directed management to explore financing arrangements that could be available to finance land and building improvements over the next



number of months. We will report back to the Board with these opportunities before proceeding.

5. The Board will monitor steel pricing and key economic indicators in the industry as future plans are developed.

To all members who have been helping us with information and purchasing data, I want to express our appreciation. To the members who attended our meetings, thanks for your input. We'll keep updating all of you on these plans as we move forward.

Best Regards,
Tom Smith