



September 9, 2008

To: SPN Members

From: Tom Smith

Subject: October Regional Meetings

In advance of our upcoming regional meetings , I wanted to send along some materials that you might review before the meeting. The power point presentation that we'll use during the meeting is now posted in your regional reports section in the "member zone" of the SPN web site. We'll use this power point during our meeting to help us move through the agenda.

**For your convenience, you can click on the link below and it will take you to the SPN web site. (then simply click on the member zone)** for those members that visit the site regularly, you'll know that once you've entered you user name and password, it's now programmed to remember it. If anyone else needs help with entry to the member zone, please call Lily Olivas at the office or e-mail her at [lily.olivas@steelplusllc.com](mailto:lily.olivas@steelplusllc.com)

**[www.steelplusllc.com](http://www.steelplusllc.com)**

1. (In the power point) You'll find attached a copy of our SPN Inc. financial statements for the 1<sup>st</sup> 6months- June 30,2008. In short, revenues are slightly up from last year and budget. Rebates to members are slightly up from last year and budget (an interesting side note is that our percentage of rebates paid to U.S. members is up while our percentage to Cdn. Members decreased slightly). As a further note, we have now reconciled the Peddinghaus rebate and we will send this rebate out to members next week. Travel expenses are up both for admin. travel and Board travel. This is primarily due to Feb/Mar regional meetings and Jan. Board meeting. Financial revenues are down as a result of Cdn. dollar exchange gains in 07.  
We are also pleased to note that 'paid – up' equity in Steel Plus Network has increased to \$2,100,000 and total equity now stands at \$4.5 million.
2. (in the power point) You will find attached an update on the SPN Distribution Center that is proposed to be opened in Columbia City, Indiana later this year. In July, the Board of SPN unanimously approved the business plan for this business and asked management to proceed with the finalization of land, equipment and inventory purchases. As well, the Board of Directors asked management to finalize financing facilities for this business as well as a recommendation of corporate structure for the new subsidiary company. This work has been completed and we are in the final stages of presenting the results and a proposed "time line" for development to your Board of Directors. As you will note from the attached power point, we have developed a sales plan for Steel Plus Distribution,



Inc. that establishes a primary trade zone of members that are located in less than 500 miles driving distance from our plant. We have surveyed only those members to develop sales criteria, pricing strategies, and delivery requirements for these customers. The business is being developed primarily to satisfy SPN member requirements, but will also complement volume with “local” non-‘steel plus’ orders. Mill buyers,(only SPN members) will benefit from discounts, negotiated on “mill direct” purchasing through the central purchasing arm of Steel Plus Network.

The most recent financials for the Distribution company are not included in this e-mail. Final financing arrangements will be reviewed by the Board and financial strategies/commitments that have already been approved by the Board will be outlined during the regional meetings.

3. You will find attached a summary of our SPN “central invoicing” strategy (not to be confused with central billing). We are currently processing all invoices for 5 of our preferred suppliers and it is our intention to process all invoices for preferred supplier within the next year. For your information, Sherwin Williams and Russell Metals (Atlantic) will move to central invoicing next month.
4. In conjunction with the development of the Steel Distribution business we are also continuing to explore a discount program with SDI that will allow SPN members to central bill “mill direct” purchases through Steel Plus Network. We will continue to update you as these discussions develop.
5. We will discuss the improvements to our SPN web site at the meeting as well as tour the member zone. There have been many improvements to this site over the past few months and while viewership is up substantially, we are looking for suggestions from all members to continue to grow this site.
6. (in the power point) , you will find a copy of the power point that we have developed to show to prospective new members who are considering joining Steel Plus Network. We want to make sure that you are aware of what we are saying and proposing to independent steel fabricators right across North America. Please pay attention to the new “recruiting” procedure that the Board of Directors approved at our July meeting. ( For your information, we have just recruited our newest fabricator member to Steel plus Network, Inc. and this member will be presented to the Board within the next week.
7. SPN Annual Meeting. – we will update you on the 2009 annual meeting, however, in advance please reserve April 18-22, 2009. The meeting will be in San Antonio, TX, and we will be presenting final hotel, facilities and agendas to the Board in the next few weeks.

I look forward to seeing you at the upcoming meeting,

Regards,  
Tom