STEEL DYNAMICS INC
Form 10-K
February 23, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-21719

Steel Dynamics, Inc.

(Exact name of registrant as specified in its charter)

Indiana	**35-1929476**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
7575 West Jefferson Blvd, Fort Wayne, IN	**46804**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(260) 969-3500**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $.0025 par value	Nasdaq Global Select Stock Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ý

The aggregate market value of the voting stock held by non-affiliates of the registrant computed by reference to the price at which the common equity was last sold as of June 30, 2010, was approximately, $2,389,087,527. Registrant has no non-voting shares. For purposes of this calculation, shares of common stock held by directors, officers and 5% stockholders known to the registrant have been deemed to be owned by affiliates, but this should not be construed as an admission that any such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant or that such person is controlled by or under common control with the registrant. As of February 15, 2011, Registrant had outstanding 217,929,783 shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of registrant's definitive proxy statement referenced in Part III, Items 10 through 14 of this report, to be filed prior to April 30, 2011, are incorporated herein by reference.

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PART I

Special Note Regarding Forward-Looking Statements

Throughout this report, or in other reports or registration statements filed from time to time with the Securities and Exchange Commission under the Securities Exchange Act of 1934, or under the Securities Act of 1933, as well as in documents we incorporate by reference herein or herefrom, or in press releases or oral statements made by our officers or representatives, we may make statements that express our opinions, expectations, or projections regarding future events or future results, in contrast with statements that reflect present or historical facts. These predictive statements, which we generally precede or accompany by such typical conditional words as "anticipate," "intend," "believe," "estimate," "plan," "seek," "project" or "expect," or by the words "may," "will," or "should," are intended to operate as "forward looking statements" of the kind permitted by the Private Securities Litigation Reform Act of 1995. That legislation protects such predictive and cautionary statements by creating a "safe harbor" from liability in the event that a particular prediction does not turn out as anticipated.

While we always intend to express our best judgment when we make statements about what we believe will occur in the future, and although we base these statements on assumptions that we believe to be reasonable when made, these forward looking statements are not a guarantee of performance, and you should not place undue reliance on such statements. Forward looking statements are subject to many uncertainties and other variable circumstances, many of which are outside of our control, that could cause our actual results and experience to differ materially from those we thought would occur.

The following listing represents some, but not necessarily all, of the factors that may cause actual results to differ from those we may have anticipated or predicted:

the adverse impact of a prolonged economic recession resulting in a decrease of demand for our products:

the continued weak demand for our products by the non-residential construction or other metal consuming industries;

potential impact of continuing high unemployment rates on demand for end products which utilize steel components;

conditions affecting steel or recycled metals consumption;

U.S. or foreign trade policy affecting the amount of foreign imported steel, or adverse outcomes of pending and future trade cases alleging unlawful practices in connection with steel imports;

cyclical changes in market supply and demand for steel and recycled ferrous and nonferrous metals;

increased price competition brought about by excess domestic and global steelmaking capacity;

changes in the availability or cost of raw materials, such as recycled ferrous metals, iron substitute materials, including pig iron, or other raw materials or supplies, which we use in our production processes;

periodic fluctuations in the availability and cost of electricity, natural gas or other utilities;

the occurrence of unanticipated equipment failures and plant outages;

margin compression resulting from our inability to pass increases in costs of raw materials and supplies to our customers;

labor unrest, work stoppages and/or strikes involving our own workforce, those of our important suppliers or customers, or those affecting the steel industry in general;

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the impact of, or changes in, environmental law or in the application of other legal or regulatory requirements upon our production processes or costs of production or upon those of our suppliers or customers, including actions by government agencies, such as the U.S. Environmental Protection Agency or related state agencies, on pending or future environmentally related construction or operating permits;

the impact of United States government or various governmental agencies introducing laws or regulatory changes in response to the subject of climate change and greenhouse gas emissions, including the introduction of carbon emissions trading mechanisms;

private or governmental liability claims or litigation, or the impact of any adverse outcome of any litigation on the adequacy of our reserves or the availability or adequacy of our insurance coverage;

increases in interest rates, associated spreads, or other borrowing costs, or the effect of existing loan covenants or restrictions upon the cost or availability of credit to fund operations or to take advantage of other business opportunities;

changes in our business strategies or development plans which we may adopt or which may be brought about in response to actions by our suppliers or customers, and any difficulty or inability to successfully consummate or implement as planned any planned or potential projects, acquisitions, joint ventures or strategic alliances;

the impact of regulatory or other governmental permits or approvals, litigation, construction delays, cost overruns, technology risk or operational complications upon our ability to complete, start-up or continue to profitably operate a project or a new business, or to complete, integrate and operate any potential acquisitions as anticipated; and

uncertainties involving new products or new technologies.

We also refer you to and believe that you should carefully read the *Risk Factors* discussion at Item 1A of this report to better understand the risks and uncertainties inherent in our business or in owning our securities and the section entitled *Management Discussion and Analysis of Financial Condition and Results of Operations* at Item 7. You should also review the notes to consolidated financial statements under headings in Note 1 *Use of Estimates* and in Note 8 *Commitments and Contingencies*.

Any forward looking statements which we make in this report or in any of the documents that are incorporated by reference herein speak only as of the date of such statement, and we undertake no ongoing obligation to update such statements. Comparisons of results between current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

ITEM 1. BUSINESS

Our Company

We are one of the largest steel producers and one of the largest metals recyclers in the United States based on a current estimated annual steelmaking capability of 6.4 million tons and actual recycling volumes. Actual metals recycling shipments during 2008, 2009, and 2010, respectively, were 5.0 million gross tons, 3.6 million gross tons, and 5.2 million gross tons of ferrous materials; and 912 million pounds, 780 million pounds and 961 million pounds of nonferrous metallics. Our steel shipments during 2008, 2009, and 2010 were 5.6 million tons, 4.0 million tons, and 5.3 million tons, respectively. We reported net sales of $8.1 billion, $4.0 billion, and $6.3 billion during 2008, 2009, and 2010, respectively. At December 31, 2010, we employed approximately 6,180 individuals, 89% of whom were non-union.

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Steel Dynamics, Inc. was incorporated in Indiana in August 1993. Our principal executive offices are located at 7575 W. Jefferson Boulevard, Fort Wayne, Indiana 46804 and our telephone number is 260.969.3500.

The primary sources of our revenues are from the manufacture and sale of steel products; processing and sale of recycled ferrous and nonferrous metals; and to a lesser degree, fabrication and sale of steel joist and decking products. Our operations are managed and reported based on three operating segments: steel operations, metals recycling and ferrous resources operations, and steel fabrication operations.

Steel Operations. Steel operations consist of our five electric-arc furnace mini-mills, producing steel from steel scrap, utilizing continuous casting, automated rolling mills, and various downstream finishing facilities. Our steel operations accounted for 63% of our consolidated net sales in both 2008 and 2009 and 61% in 2010. Collectively, our steel operations sell directly to end users and service centers. These products are used in numerous industry sectors, including the automotive, construction, commercial, transportation and industrial machinery markets.

Sheet Products. Our Flat Roll Division sells a broad range of sheet steel products, such as hot rolled, cold rolled and coated steel products, including a large variety of specialty products such as light gauge hot rolled, galvanized, Galvalume® and painted products. The Techs operations, comprised of three galvanizing lines acquired in July 2007, also sells specialized galvanized sheet steels used in non-automotive applications. Our sheet operations represented 57%, 65%, and 63% of this segment's net sales in 2008, 2009, and 2010 respectively.

Long Products. Our Structural and Rail Division sells structural steel beams and pilings and a variety of standard strength and industrial quality grade rail for the railroad industry. Our Engineered Bar Products Division primarily sells special bar quality and merchant bar quality rounds and round-cornered squares. Our Roanoke Bar Division sells billets and merchant steel products, including angles, plain rounds, flats and channels. Steel of West Virginia primarily sells merchant beams, channels and specialty structural steel sections.

Metals Recycling and Ferrous Resources Operations. This operating segment includes our metals recycling operations, liquid pig iron manufacturing facility and iron nugget manufacturing start-up facility. Our metals recycling and ferrous resources operations accounted for 31% of our consolidated net sales in both 2008 and 2009, and 35% in 2010.

Metals Recycling. Our metals recycling operations represent our metals sourcing and processing operations and are the most significant source of income in this segment. As evidenced by the increased diversification of our revenue streams beginning in 2008, we have significantly grown our metals recycling business through the acquisitions of OmniSource Corporation in October 2007 and Recycle South, LLC in June 2008. Our metals recycling operations sell ferrous metals to steel mills and foundries, and nonferrous metals, such as copper, brass, aluminum and stainless steel to ingot manufacturers, copper refineries and mills, smelters, and specialty mills. Our metals recycling operations also sell ferrous metals to our own steel mills as a raw material. These shipments to our steel mills represented 31%, 23%, and 27% of our metals recycling operations net sales in 2008, 2009, and 2010, respectively. Our metals recycling operations represented 97% of this segment's net sales in 2008 and 96% in both 2009 and 2010.

Ferrous Resources. Our ferrous resource operations consist of the revenues and expenses associated with our liquid pig iron facility, Iron Dynamics (IDI), our iron-nugget manufacturing facility, Mesabi Nugget, and our potential future mining operations, Mesabi Mining. IDI primarily produces liquid pig iron, which is used as a scrap substitute raw material input exclusively at our Flat Roll Division. The construction of the Mesabi Nugget facility was completed in 2009, and

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initial production of iron nuggets commenced January 2010. Throughout the year we have been refining the production process and changing equipment configurations, as needed, in order to increase production and plant availability. During 2010, Mesabi Nugget produced 75,000 metric tons of iron-nuggets for use by our own steel mills. During 2011, we anticipate reaching much improved sustainable production levels, moving towards the facility's anticipated annual production capacity of 500,000 metric tons.

Steel Fabrication Operations. Our steel fabrication operations includes New Millennium Building Systems plants, which fabricate steel joists, trusses, girders, and decking used within the non-residential construction industry. Steel fabrication operations accounted for 5%, 4%, and 3% of our consolidated net sales in 2008, 2009, and 2010 respectively.

Current Environment

The prevailing global economic conditions improved during 2010 from the historically low levels of 2009. We experienced increased order volumes and pricing in our operations. Specifically, we benefited from improvements in end user demand in the automotive, truck and trailer, energy, heavy equipment and other original equipment manufacturing industries. In addition, we have increased our penetration into the rail markets during 2010. We continue to face challenges in our structural steel products and our fabricated joist and decking products as the non-residential construction industry continues to experience lower levels of demand. However, we believe that we are well positioned in these operations to take advantage of these markets as this industry improves.

Our financial strategy includes a commitment to continue to improve our financial leverage metrics and provide for long term-sustainable growth while maintaining appropriate liquidity levels. Our commitment to these goals drives a focus on controlling costs and maximizing per unit margins, managing capital investments and prudent growth. In support of our goals, in March 2010, we issued $350 million of $7^{5}/_{8}$% senior notes due 2020; the net proceeds were used to repay amounts outstanding under our revolving credit facility and for general corporate purposes. Our liquidity increased $403 million to $1.1 billion at the end of 2010.

Competitive Strengths / Business Strategies

We believe our financial strategy, coupled with our competitive advantages of maintaining a low, highly variable cost structure; producing a diversified, value-added product offering; controlling a secure supply of recycled ferrous metals; entity-wide entrepreneurial culture and having an experienced senior management team, positions us well to continue to strengthen our leadership position during the economic recovery.

One of the Lowest Cost Steel Producers in the United States; State-of-the-Art Facilities / Continue to Maintain Low Production Costs

We are focused on continuing to maintain and enhance one of the lowest operating cost structures in the North American steel industry. Our low operating costs are primarily a result of our efficient plant designs and operations, our high productivity rate, such as our productivity rate of approximately .3 man hours per hot band ton produced at our Flat Roll Division's mill, low ongoing maintenance cost requirements and strategic locations near our customers and sources of our primary raw material, steel scrap.

We will continue to strive to optimize the use of our equipment, enhance our productivity and explore new technologies to further improve our unit costs of production at each of our facilities. We believe that as one of the lowest cost producers in each of our primary operating segments, we are able to better manage through cyclical, and non-cyclical downturns (such as the periods of 2009 and 2010), and to consistently maximize our profitability. We continuously seek to maximize the variability of our

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cost structure and to reduce per unit and fixed costs. Our incentive compensation plans at all employee levels are based on both divisional and consolidated company performance. Incentive compensation is designed to reward high productivity and efficient use of physical resources and capital employed.

Secure Supply of Ferrous Raw Materials / Develop Metals Recycling and Ferrous Resources Business Platform

We maintain a secure supply of ferrous raw material resources through the benefit of our metals recycling operations, OmniSource Corporation, as well as through our current ironmaking facilities, Iron Dynamics and Mesabi Nugget. Ferrous materials represent our single-largest manufacturing cost and generally represent between 55% and 65% of our steel production costs, excluding The Techs. During 2009 and 2010, OmniSource provided our steel operations with 47% of its ferrous scrap requirements based on volume. Iron Dynamics and Mesabi Nugget provided our Flat Roll Division with 10% of the mill's iron requirements through the transfer of liquid pig iron, hot briquetted iron, and iron nuggets, which are higher-quality, energy-saving ferrous raw materials. As Mesabi Nugget production increases, it will supply our steel operations with additional iron requirements.

We expect global and domestic demand for steel products to continue to increase, and we believe there will be supply constraints of various commodities, including ferrous materials. During periods of economic downturn (such as 2009 and 2010), significant reductions in available prime industrial scrap were a direct result of low domestic manufacturing rates. Additionally, as consumers utilize assets for longer periods of time and replace items less frequently, the flow of other sources of scrap, such as auto bodies, appliances, and other goods, is also constrained. In addition, the world demand for domestic ferrous resources has increased in nearly every year in the past decade, impacting scrap availability as exports increase to developing countries.

We believe our metals recycling and ferrous resources operations not only provide us with a quality, cost effective, and secure, raw material platform, but we also believe it provides us with significant revenue generating and profitability opportunities, that allow for funding of future growth, whether in resources or in other ventures. We intend to continue to participate in the development of new technologies to increase the effectiveness of our metals recycling recovery capabilities and to develop new strategic relationships in order to increase the amount of unprocessed metals we have the ability to source and eventually sell.

Diversified Product Mix / Expand Product Offerings

Our current products in our steel segment include hot rolled, cold rolled, galvanized, Galvalume® and painted sheet steel; various structural steel beams and rails; special bar quality steel; and various merchant steel products, including beams, angles, flats and channels. In addition, we offer steel finishing and fabrication services. In the metals recycling segment, our products include an array of both ferrous and nonferrous scrap processing, scrap management, transportation, and brokerage products and services. Finally, our steel fabrication segment produces steel joists and steel decking materials. This diversified mix of products enables us to access a broad range of end-user markets, serve a broad customer base, and helps mitigate our market exposure to any one product or end-user market. In addition, our value-added product offerings help to balance our exposure to commodity grade products.

We will continue to seek additional opportunities to further expand our range of products, whether through the expansion of existing facilities, greenfield projects or acquisitions that may become available in both the domestic steel and recycling industries. Maximization of our Mesabi Nugget project; as well as the expansions and upgrades of existing facilities, are important steps in pursuing our strategy of product line expansion.

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Strategic Geographic Locations / Enter New Geographic Markets

The locations of our steelmaking facilities, near sources of scrap materials and near our customer base, allow us to realize freight savings for inbound scrap as well as for outbound steel products destined for our customers. Recycled steel scrap and iron units represent the most significant component of our cost of steel manufacturing. Our metals recycling facilities are located in the Upper Midwest and Southeastern United States, and thus further expand our geographic service area. We believe these regions account for a majority of the total steel scrap produced in the United States. Our steel products are also more cost effectively available through our locations in Pittsburgh, PA and Jeffersonville, IN due to river access. In October 2010, we purchased certain joist assets from another manufacturer, which now enables us to have access to Western and Southwestern markets and national accounts through this acquisition of facilities in Hope, Arkansas; Fallon, Nevada; and Juarez, Mexico.

We may seek to enter new markets in strategic geographic locations that offer attractive growth opportunities.

Experienced Management Team and Unique Corporate Culture / Foster Entrepreneurial Culture

Our senior management team is highly experienced and has a proven track record in the steel and metals recycling industries. Management's objectives are closely aligned with our stockholders through meaningful stock ownership positions and performance-based compensation programs that are correlated to the company's profitability. Our corporate culture is also unique for the steel industry. We emphasize decentralized decision-making and have established incentive compensation programs specifically designed to reward employee teams for their efforts toward enhancing productivity, improving profitability and controlling costs.

We intend to continue to foster our entrepreneurial corporate culture and emphasize decentralized decision making and responsibility, while rewarding teamwork, innovation and operating efficiency. We will also continue to focus on maintaining the effectiveness of our incentive-based bonus plans that are designed to enhance overall productivity and align the interests of our management and employees with our stockholders.

2011 Outlook

Looking ahead to 2011, we are optimistic regarding slow but steady growth in the U.S. economy, which could result in increased volumes compared to 2010 for both our steel and metals recycling operations. We expect steel consumption to grow in 2011 in the automotive, transportation, energy, industrial, agricultural and construction equipment sectors. We believe residential and non-residential construction activity has likely reached its bottom. The fruition of these combined factors should result in an improved operating environment for all our segments in the coming year.

Our focus will continue to be on disciplined cost control, revenue optimization, and prudent growth opportunities, while continuing to manage risk in an uncertain economic environment. We currently plan to spend less than $200 million in capital investments during 2011. We believe our current operations and sources of cash are adequate to meet the cash requirements associated with these possible investments.

Industry Segments

We have three reporting segments: steel operations, metals recycling and ferrous resources operations, and steel fabrication operations. Please refer to Item 8. *Consolidated Financial Statements and Supplementary Data* for additional information.

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Steel Operations

Our steel operations segment consists of steelmaking and coating operations. The following chart summarizes the locations and the current capacities of our facilities:

Steel Production Capacity (tons)	Casting	Rolling/Billet
Sheet Products:		
Flat Roll Division Butler, Indiana	3,100,000	3,000,000
Long Products:		
Structural and Rail Division Columbia City, Indiana	2,200,000	1,800,000
Engineered Bar Products Division Pittsboro, Indiana	700,000	625,000
Roanoke Bar Division Roanoke, Virginia	650,000	
Merchant Bars		500,000
Billets(1)		150,000
Steel of West Virginia Huntington, West Virginia	275,000	320,000
	6,925,000	6,395,000

Steel Coating Capacity (tons)	Galvanizing	Painting
Sheet Products:		
Flat Roll Division Butler, Indiana	720,000	240,000
The Techs Pittsburgh, Pennsylvania	1,000,000	
Flat Roll Division Jeffersonville, Indiana	300,000	190,000
	2,020,000	430,000

(1) Excess billet tonnage available for sale.

Note: Capacities represent manufacturing capabilities based on mill configuration and related employee support. These capacities do not represent expected volumes in a given year. In addition, estimates of mill capacity, particularly rolling capacity, are highly dependent on the specific product mix manufactured. Each of our mills can and do roll many different types and sizes of products; therefore, our capacity estimates assume a typical product mix.

SHEET PRODUCTS

Our sheet steel products are produced by both our Flat Roll Division, which consists of our flat roll mill, galvanizing and painting facilities in Butler, Indiana; our galvanizing and painting facilities in Jeffersonville, Indiana; and The Techs our Pittsburgh, Pennsylvania-based galvanizing company, which operates three galvanizing facilities: GalvTech, MetalTech, and NexTech.

Our flat roll mill manufactures flat rolled, hot rolled, cold rolled and coated steel products. We produced 2.2 million tons and 2.7 million tons at this facility in 2009 and 2010, respectively. Our products are characterized by high quality surface characteristics, precise tolerances and light gauge. In addition, this mill has achieved ISO 9001:2008 ANSI/ISO/ASQ Q9001-2008 certification. We believe that these certifications have enabled us to serve a broad range of customers who may require certifications for themselves or to satisfy the end-users of our steel products.

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Our flat roll mill has two twin-shell electric arc furnaces, which enable us to melt scrap in one vessel while tapping the other vessel and refilling it with steel scrap and iron units to make it ready for the next heat. This results in more heats and greater productivity. We have three ladle metallurgy stations, two continuous thin-slab casters which produce two-inch slabs, and two tunnel furnaces. Our hot rolling mill, which progressively reduces the slab in thickness, consists of a seven-stand rolling mill capable of rolling sheet steel down to 1.0 mm, with excellent surface quality, which enables us to access markets previously available only to more expensive cold finished material.

Located within our flat roll mill, we have a hot rolled galvanizing line capable of coating steel in gauges from .044 to .160 inches and in widths ranging from 39 to 61 inches. Also within our flat roll mill, we have a cold rolled galvanizing line capable of coating steel in gauges from .014 to .068 inches and in widths ranging from 39 to 61 inches. Our on-site paint line receives material directly from our other processing lines and is capable of painting hot rolled galvanized coil, cold rolled coil and cold rolled galvanized coil in gauges of .010 to .070 inches and in widths ranging from 39 to 61 inches. We believe this enables us to realize substantial savings in the production of painted coil and pass along savings and efficiencies to our customers when compared to remote off-site coating facilities.

In Jeffersonville, Indiana, we have a cold rolled galvanizing facility located within the Clark Maritime Centre on the Ohio River. This facility is capable of coating cold rolled steel in gauges from .008 to .045 inches and in widths between 39 and 60 inches. This gauge range is lighter than that available from our Butler facility and creates further expansion of our value added product offerings. Our flat roll mill provides our Jeffersonville facility with cold rolled material.

The Techs facilities produced 640,000 tons and 718,000 tons in 2009 and 2010, respectively. The Techs facilities have galvanizing lines with varying capabilities. NexTech is capable of coating cold rolled steel in gauges from .007 to .020 inches and in widths between 24 and 43 inches. GalvTech is capable of coating cold rolled steel in gauges from .012 to .040 inches and in widths between 30 and 60 inches. MetalTech is capable of coating cold rolled steel in gauges from .015 to .160 inches and in widths between 24 and 52 inches. In addition to third party steel producers, our Flat Roll Division provides The Techs with required steel material. The Techs has achieved the ISO 9001:2008 ANSI/ISO/ASQ Q9001-2008 certification.

The following table summarizes the types of sheet products we sold during the respective years.

	2009	2010
Products:		
Hot rolled	24%	28%
Pickled and oiled	5	8
Cold rolled	6	5
Hot rolled galvanized	16	16
Cold rolled galvanized	32	28
Galvalume®	4	3
Painted	13	12
Total	100%	100%

Hot rolled Products. Our flat roll mill produces hot rolled products that include a variety of high quality low and medium carbon and high-strength low-alloy hot rolled bands in widths from 39 to 61 inches and in thicknesses from .500 inches down to .043 inches. We also produce an array of lighter gauge hot rolled products, including high strength low alloy and medium carbon steels. These products are suitable for automobile suspension arms, frames, wheels, and other unexposed parts in auto and truck bodies; truck, trailer and recreational vehicle parts and components; mechanical and structural steel tubing; gas and fluid transmission piping, building and construction products; rail cars; ships,

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barges, and other marine equipment; agricultural equipment and farm implements; lawn, garden, and recreation equipment; industrial machinery and shipping containers; and highway guard rails. We believe that our basic hot rolled material has shape characteristics that exceed those of other thin-slab flat roll steel mini-mills and compares favorably with those of the integrated steel mills.

We sell a portion of our hot rolled coils produced at our flat roll mill directly to end-users, or to intermediate steel processors, and service centers, where they may be pickled, cold rolled, annealed, tempered, galvanized, or painted by those customers. The rest of the hot rolled coils are directed to our cold mill, where we add value to this product through our own pickling, cold rolling, annealing, tempering, galvanizing, and painting processes. A portion of our cold rolled production is shipped to our Jeffersonville, Indiana galvanizing facility.

Cold Rolled Products. Cold rolled steel is hot rolled steel that has been further processed through a pickler and then passed through a rolling mill until the desired gauge, or thickness, and other physical properties have been achieved. Cold rolling reduces gauge and hardens the steel and, when further processed through an annealing furnace and a temper mill, improves uniformity, ductility and formability. Cold rolling can also impart various surface finishes and textures. Cold rolled steel is used in exposed steel applications that demand higher surface quality or finish, such as exposed automobile and appliance panels. As a result of higher processing costs, cold rolled prices are typically higher than hot rolled prices. Cold rolled material is often coated or painted.

Coated Products. Hot rolled or cold rolled steel can be coated with zinc to render it corrosion-resistant and to improve its paintability. Galvanized, galvannealed, Galvalume®, electro-galvanized and aluminized products are types of coated steels. These are also the highest value-added sheet products because they require the greatest degree of processing and tend to have the strictest quality requirements. Coated steel is used in high volume applications, such as automobiles, household appliances, roofing and siding, heating and air conditioning equipment, air ducts, switch boxes, chimney flues, awnings, garbage cans and food containers. Our paint lines in Butler and Jeffersonville incorporate state-of-the-art coil coating equipment with quick color change capability and on-line color matching which allows us to produce pre-painted steel products that are used in many of these same end products.

We also produce hot rolled pickled and oiled, hot rolled galvanized, hot rolled galvannealed, cold rolled galvanized, cold rolled galvannealed and fully processed cold rolled sheet. As a result of our lighter gauge hot rolling capabilities, our hot rolled galvanized and galvannealed steel products are capable of replacing products that have traditionally only been available as more expensive cold rolled galvanized or cold rolled galvannealed steel. This material is typically used in transportation products, building products, such as raised garage door panels, heating and cooling products, appliances, furniture and lighting equipment.

Customers. Steel processors and service centers typically act as intermediaries between primary steel producers and the many end-user manufacturers that require further processing of hot rolled coils. The additional processing performed by the intermediate steel processors and service centers include pickling, galvanizing, cutting to length, slitting to size, leveling, blanking, shape correcting, edge rolling, shearing and stamping. We expect that our intermediate steel processor and service center customers will remain an integral part of our customer base. The location of our Jeffersonville facility on the Ohio River also creates opportunities for market expansion into other geographic regions. The Techs produces galvanized flat rolled products that are similar to those produced by our Flat Roll Division and sold to a similar customer base. Each of The Techs facilities specializes in the galvanizing of specific types of flat rolled steels in generally non-automotive applications, servicing a variety of customers in the heating, ventilation and air conditioning (HVAC), construction, agriculture and consumer goods markets. We exported 2% of our sheet products during both 2009 and 2010.

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During 2010, we sold our flat rolled products to approximately 400 customers. Heidtman Steel Products, Inc, which is principally owned by one of our directors, accounted for approximately 3% of our consolidated net sales in both 2009 and 2010, respectively.

The following table summarizes the types of customers who purchased our sheet steel products during the respective years:

	2009	2010
Customers:		
Service centers (including end-user intermediaries)	62%	59%
Construction	10	9
Heating, ventilation and air conditioning	8	5
Pipe and tube	1	5
Other original equipment manufacturers (OEM)	19	22
Total	100%	100%

Markets. Flat rolled products represent the largest portion of the domestic steel market. Flat rolled products consist of hot rolled, cold rolled and coated steel. The following table shows the U.S. shipments of these products, as reported by the American Iron and Steel Institute (AISI).

	Years Ended December 31,				
	2005	2006	2007	2008	2009
U.S. Shipments (tons, in millions):					
Hot Rolled(1)	31.3	30.3	29.1	28.1	18.1
Cold Rolled(2)	15.1	15.6	14.9	13.6	8.7
Coated(3)	22.1	23.8	22.1	18.3	12.2
Total	68.5	69.7	66.1	60.0	39.0
Sheet steel as a percentage of total U.S. steel shipments	65%	64%	62%	61%	63%

(1) Includes pipe/tube, sheet, strip and plate in coils.

(2) Includes blackplate, sheet, strip and electrical.

(3) Includes tin coated, hot dipped, galvanized, electrogalvanized and all other metallic coated.

Competitors. Our sheet steel-making operations compete with many North American integrated hot rolled coil producers, such as U.S. Steel (Gary, Indiana); AK Steel Corporation (Middletown, Ohio); and ArcelorMittal (Riverdale, Illinois, Cleveland, Ohio, Indiana Harbor, Indiana and Burns Harbor, Indiana). In addition, we compete with a number of mini-mills, such as Nucor Corporation (Crawfordsville, Indiana, Hickman, Arkansas, Decatur, Alabama and Berkeley, South Carolina); Gallatin Steel Company (Ghent, Kentucky); and North Star Bluescope Steel (Delta, Ohio).

Competitors in our sheet steel-coating operations include Nucor Corporation (Crawfordsville, Indiana, Hickman, Arkansas and Berkeley, South Carolina); Sharon Coatings (Sharon, Pennsylvania); U.S. Steel (Granite City, Illinois, Pittsburgh, Pennsylvania, Fairless, Pennsylvania and Fairfield, Alabama); Wheeling Nisshin (Follansbee, West Virginia); and Severstal (Baltimore, Maryland).

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LONG PRODUCTS

Structural

Our Columbia City, Indiana mill produces structural steel beams, pilings and other steel components for the construction, transportation and industrial machinery markets, as well as standard strength and industrial quality grade rails for the railroad industry.

We produced 500,000 tons and 635,000 tons at this facility during 2009 and 2010, respectively. Our facility melts scrap and iron units in two single-shell electric arc furnaces. Our two continuous casters are each capable of casting four strands of various sized blooms and beam blanks. Caster one casts in lengths of 17 to 48 feet and caster two in lengths of 17 to 49 feet. We can transport the cast strands directly through a reheat furnace to our original four-stand, all reversing, hot rolling mill; to our medium section rolling mill; or into a storage area for reheating and rolling in either mill at a later time. Our original hot rolling mill rolls the product into either a structural steel product or a rail product. The medium section rolling mill can produce lighter structural shapes and merchant bar. Our Columbia City, Indiana facility has achieved the ISO 9001:2008 ANSI/ISO/ASQ Q9001-2008 certification.

Products. We have the capability to produce various structural steel products such as wide flange beams, American Standard beams, miscellaneous beams, H piling material, and channel sections. The following listing shows structural steel products and their intended markets:

Structural Products	End Use
Wide flange, American Standard and miscellaneous beams	Framing and structural girders, columns, bridge stringers, ribs or stiffeners, machine bases or skids, truck parts, and construction equipment
H piling	Foundation supports
Channel sections	Diaphragms, stiffeners, ribs and components in built-up sections

We have also initiated certain value-added services for the Midwestern fabricator market, including exact length and exact piece count capabilities.

Customers. The principal customers for our structural steel products are steel service centers, steel fabricators and various manufacturers. Service centers, though not the ultimate end-user, provide valuable mill distribution functions to the fabricators and manufacturers, including small quantity sales, repackaging, cutting, preliminary processing and warehousing. The majority of our structural steel products are sold to service centers. Exports accounted for 8% of our Structural and Rail Division's sales in both 2009 and 2010.

Markets. According to the Steel Manufacturers Association, domestic structural steel consumption in 2008, 2009, and 2010 was approximately 7.6 million tons, 4.4 million tons, and 5.3 million tons, respectively. Consumption of structural steel products is influenced both by new construction and manufacturing activity and by the selection of steel over alternative structural or manufacturing materials.

Competitors. Our structural steel products compete with various electric arc furnace structural steelmakers, some of which have cost structures and flexible management cultures similar to our own. Notable competitors include Nucor Corporation (Berkeley, South Carolina); Nucor-Yamato Steel (Blytheville, Arkansas); Gerdau (Midlothian, Texas and Petersburg, Virginia); and ArcelorMittal (LaPlace, Louisiana). We also believe, however, that both geography and product choice play significant

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roles. There are currently no other structural mills located in the Midwest, one of the largest structural steel consuming regions in the United States, and we believe we provide customer service benefits to service centers, fabricators and manufacturers located in the region. We also believe that most of Canada's structural steel consumption is located in Canada's eastern provinces, closer to us than to either of our two largest competitors. Moreover, we provide a broad product mix, focusing on the mid-range and larger section served only by Nucor-Yamato Steel and Gerdau from locations more remote than our facility.

Rail Products

Our Columbia City, Indiana mill is designed to produce standard strength rails for the railroad industry. We produced and shipped approximately 29,000 tons and 55,000 tons of rail during 2009 and 2010, respectively. In addition, our rail-welding facility has the ability to weld longer length rails to lengths up to 1,700 feet. Such long strings offer substantial savings to the railroads both in terms of initial capital cost and through reduced maintenance. In contrast, current production of rail in the United States, and available imported rail, is limited to a maximum of 80-foot lengths, as a result of existing plant layout restrictions and the physical limitations of ocean freight.

Products. We are currently capable of manufacturing standard rail grades in weights of 115 lbs. per yard, 136 lbs. per yard, and 141 lbs. per yard, in 240 feet rail lengths, which no one else presently produces in or imports into the United States or Canadian rail markets.

Customers. The marketplace for steel rails in the United States and Canada is specialized, with approximately eight major railroad purchasers in the United States: Amtrak, Burlington Northern Santa Fe, Union Pacific, Canadian Pacific Railway, Norfolk Southern, CSX Transportation, Kansas City Southern Rail Network, and Canadian National Railway. Standard Strength rail produced at our Columbia City, Indiana, mill has been tested and approved by Burlington Northern Santa Fe, Union Pacific, Norfolk Southern, CSX Transportation, and Amtrak.

Markets. According to AISI data, domestic rail shipments averaged approximately 1 million tons annually over the 2007 to 2009 period, including standard rail and premium or head-hardened rail. Of the total shipments of rail during 2009, approximately 70% was produced domestically and approximately 30% was imported, mainly from Japan and Europe. There are currently no rail producers in Canada.

Competitors. At present, the rail market is principally served by two producers: Rocky Mountain Steel (Pueblo, Colorado), a division of Evraz Oregon Steel Mills, Inc., and ArcelorMittal (Steelton, Pennsylvania). Each of these producers has the capability to produce either standard or premium rail, although neither is currently equipped to produce rail in 240-foot lengths. Global competitors include high quality integrated and electric furnace steel producers in Europe and Asia, including Voest-Alpine, Nippon Steel, NKK, Tata, Moravia Steel, and Lucchini, SPA.

Engineered Bar Products

Our engineered bar mill located in Pittsboro, Indiana is capable of producing a broad array of engineered special bar quality (SBQ), merchant bar quality (MBQ), and reinforcing bar products. The mill consists of a 100-ton single-shell AC furnace, a three-strand continuous caster currently capable of casting both a 7"×7" billet and a 14"×10" bloom, a reheat furnace, and a rolling mill consisting of a roughing mill and intermediate mill, as well as reducing and sizing blocks used in the production of SBQ rounds. We produced 313,000 tons and 585,000 tons during 2009 and 2010, respectively, at this facility. We generally employ this facility primarily for the manufacture of SBQ products.

Adjacent to our engineered bar mill, we have a finishing facility which provides various downstream finishing operations for our SBQ steel bars. Currently, the facility has an estimated annual

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processing capacity of 190,000 tons. Processing operations include turning, polishing, straightening, chamfering, precision saw-cutting and heat-treating capabilities. In addition, non-destructive testing services are available, including eddy current, flux leakage and ultrasonic inspection. The additional processing capabilities provide essential processes and services that have been requested by our growing SBQ customer base. Additionally, our facility has achieved the ISO 9001:2008 ANSI/ISO/ASQ Q9001-2008 certification.

Products. We are capable of producing a broad line of engineered SBQ products. SBQ products are uniquely designed for applications ranging from gears and shafts to mining equipment and oil patch tubing. We can produce SBQ rounds in sizes from 1.5 to 9 inches and SBQ round cornered squares in sizes from 2 to 8 inches. Approximately 30% of our products produced had additional processing completed in our bar finishing facility.

Customers. SBQ products are principally consumed by cold finishers, forgers, intermediate processors, OEM manufacturers, steel service centers, and distributors. Major customers include Caterpillar, One Steel Grinding, and Michigan Seamless Tube. Export sales accounted for 3% and 1% of our SBQ sales in 2009 and 2010.

Markets. According to AISI data, domestic apparent hot rolled bar steel demand has averaged approximately 7 million tons annually over the 2005 to 2009 period. According to the AISI, apparent demand of light structural shapes, also characterized by a major dimension of less than 3 inches, averaged between 1 million and 2 million tons annually during the 2005 to 2009 period. These amounts include both SBQ and merchant bar products.

Competitors. Our major competitors for SBQ products include Republic Engineered Products (Akron, Ohio); The Timken Company (Canton, Ohio); and Gerdau (Jackson, Michigan and Monroe, Michigan).

Merchant Bar Products

Our primary merchant bar producing facility is our Roanoke, Virginia mill. Originally constructed in the mid-1950's this mini-mill has gone through several major upgrades and expansions. Currently, the mill consists of a primary 100-ton electric arc furnace, a ladle metallurgy furnace, a five-strand continuous caster capable of casting up to 6 inch square billets, a reheat furnace, and a rolling mill with automatic in-line straightening, shearing and bundling capabilities. Additionally, the Roanoke facility has achieved the ISO 9001:2008 certification.

During 2009 and 2010, Roanoke produced 372,000 tons and 531,000 tons of billets respectively, and 322,000 tons and 391,000 tons of finished steel products, respectively. The excess steel billet production is sold to mills without sufficient melting capacities, including some of our own mills, such as our Steel of West Virginia facility. In addition, our steel fabrication operations also purchase angles from our Roanoke facility.

Products. We are capable of producing a broad line of merchant steel products consisting of angles, plain rounds, flats, channels, and reinforcing bars of various lengths and sizes. We also produce various sizes and grades of billets.

Customers. These merchant bar products are sold primarily to steel service centers as well as rebar distributors, joist producers, and OEMs, while billets are sold to other steel mills. Roanoke did not export any products during 2009 and 2010.

Markets. The apparent domestic hot rolled bar and reinforcing bar combined demand averaged approximately 14 million tons annually over the 2005 to 2009 period according to AISI data. In addition the AISI apparent domestic demand of bar-sized light shapes averaged between 1 million and

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2 million tons annually during the 2005 to 2009 period. These amounts include both SBQ and merchant bar products.

Competitors. Our major competitors for merchant bar products are Nucor Corporation (Darlington, South Carolina, Auburn, New York, Birmingham, Alabama, Jackson, Mississippi, Kankakee, Illinois and Marion, Ohio); Commercial Metals Company (Cayce, South Carolina and Birmingham, Alabama); and Gerdau (Charlotte, North Carolina, Cambridge, Ontario, Whitby, Ontario, Cartersville, Georgia, Jacksonville, Florida, Joliet, Illinois, Knoxville, Tennessee, Sayerville, New Jersey and Jackson, Tennessee).

Specialty Shapes

Our Steel of West Virginia mill consists of two 70-ton electric arc furnaces, a three strand continuous caster capable of casting squares from 4 × 4 inches to 8 × 8 inches and rectangles from 5 × 4 inches to 4 × 9.75 inches, two rolling mills and various types of fabrication equipment. Unlike most other mills, Steel of West Virginia frequently performs finishing operations on its products, such as cutting to length, additional straightening, hole punching, shot blasting, welding and coating. Through this additional finishing, we create custom finished products that are generally placed directly into our customers' assembly operations. Steel of West Virginia has fabrication facilities in Huntington, West Virginia and Memphis, Tennessee. We produced 167,000 tons and 237,000 tons of various merchant and structural steel products at this facility during 2009 and 2010, respectively. Additionally, Steel of West Virginia has achieved the ISO 9001:2008 certification.

Products. We produce or fabricate specialty steel sections and custom-finished products, which are placed directly into customers' assembly lines. Our flexible manufacturing capabilities enable us to meet demand for a variety of custom-ordered and designed products. Many of these products are produced in small quantities for low volume end uses.

Customers. Our customers are primarily OEMs producing truck trailers, industrial lift trucks, merchant products, guardrail posts, manufactured housing, mining, and off-highway construction equipment. While we have a wide variety of customers, the largest are in the truck trailer and industrial lift truck industries.

Markets. Steel of West Virginia operations generally sell into smaller niche markets. During both 2009 and 2010, Steel of West Virginia exported 6% of its sales to South America, Europe and Asia.

Competitors. Our industrial truck products compete with European operations, such as Mannstaedt (Germany); Corus (Skinnegrove, England); and Hoesch (Germany). Our major truck trailer beam competitor is a division of Gerdau (Manitoba, Canada and Memphis, Tennessee). Our other product offerings compete on a national basis with Nucor (Berkeley, South Carolina and Darlington, South Carolina) and Gerdau (Cartersville, Georgia).

Metals Recycling and Ferrous Resources Operations

METALS RECYCLING

Our metals recycling operations include both ferrous and nonferrous scrap metal processing, transportation, marketing, brokerage, and consulting services in over 70 locations primarily in the Midwest and Southeast portion of the United States. In addition, OmniSource designs, installs and manages customized scrap management programs for industrial manufacturing companies at more than 250 locations throughout North America. Our steel mills utilize a portion of the steel scrap processed through OmniSource as raw material in our steelmaking operations, and the remainder is sold to other consumers such as other steel manufacturers and foundries. In both 2009 and 2010, OmniSource

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supplied our steel mills with approximately 47% of the tons of their ferrous raw material requirements, representing approximately 23% and 27% of OmniSource's 2009 and 2010 net sales, respectively.

Our metals recycling operations processed and/or brokered approximately 3.6 million gross tons and 5.2 million gross tons of ferrous material during 2009 and 2010, respectively. OmniSource also processed and brokered approximately 780 million pounds and 961 million pounds of nonferrous material during 2009 and 2010, respectively. OmniSource's revenues by major scrap category in 2009 were approximately 56% ferrous and 44% nonferrous (including stainless) as compared to 62% ferrous and 38% nonferrous in 2010. During 2009 and 2010, approximately 10% and 11% of OmniSource's revenues were from export sales primarily from nonferrous materials.

We sell various grades of ferrous scrap metals to steel mills and foundries, and we sell various grades of nonferrous metals such as copper, brass, aluminum and stainless steel. We generally sell these materials to aluminum sheet and ingot manufacturers, brass and bronze ingot makers, copper refineries and mills, smelters, specialty mills, alloy manufacturers and other consumers. Ferrous scrap metal is the primary raw material for electric arc furnaces such as those operated by our steel mills. We purchase ferrous and nonferrous scrap metals, processed and unprocessed, in a variety of forms for our metals recycling facilities.

Ferrous scrap comes from two primary sources: (i) manufacturers and industrial plants, metal fabrication plants, machine shops and factories which generate steel scrap referred to as prompt or industrial scrap, and (ii) scrap dealers, retail individuals, auto wreckers, demolition firms and others who generate steel and iron scrap referred to as "obsolete" scrap. Market demand and the composition, quality, size, weight and location of the materials are the primary factors that determine prices. We purchase nonferrous scrap from three primary sources: (i) manufacturers and other nonferrous scrap sources which generate or sell scrap aluminum, copper, stainless steel and other nonferrous metals; (ii) producers of electricity, telecommunication service providers, aerospace, defense and recycling companies that generate nonferrous scrap consisting primarily of copper wire, aluminum beverage cans and various other metals and alloys; and (iii) retail individuals who deliver directly to our facilities material which they collect from a variety of sources. We also collect ferrous and nonferrous scrap from sources other than those that are delivered directly to our processing facilities by placing retrieval containers near these sources. The containers are subsequently transported to our processing facilities.

Our metals recycling facilities consist of offices, warehouse buildings and open-air collection and processing facilities of various sizes and acreages, equipped with specialized equipment for processing both ferrous and nonferrous metal. We receive, sort, process and store the metals. We equip our facilities with scales, shears, baling presses, briquetting machines, conveyors and magnetic separators, which enable us to efficiently process large volumes of scrap metals. To facilitate processing, shipping and receiving, we equip our ferrous metal processing centers with presses, shredders or hydraulic shears to prepare and compress scrap metal for easier handling. Cranes are utilized to handle scrap metals for processing and to load material for shipment. We continue to make improvements such as our successful installation and commissioning at our Fort Wayne, Indiana shredder of a Gamma Tech analyzer which allows for a more precise measure of copper content in scrap metal. The addition has benefited our flat roll mill in Butler, Indiana by providing a known, low-copper scrap source while providing OmniSource a competitive sale price advantage. Two additional Gamma Tech units will be installed in 2011. Many facilities have rail access as ferrous scrap is primarily shipped by open gondola railcar. Additionally, several of the metals recycling divisions have achieved certifications, including ISO 9001:2008 and ISO 14001:2004 certification.

Products. Our metals recycling operations primarily involve the purchase, processing and resale of ferrous and nonferrous scrap metals into reusable forms and grades.

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We produce an array of ferrous products used in foundry and steel mill applications for use in our own steel mills or for resale to other customers through a variety of methods, including sorting, shearing, cutting, torching, baling, shredding, briquetting and breaking. Our major ferrous products include heavy melting steel, busheling, bundled scrap, shredded scrap and other scrap metal products such as steel turnings and cast iron. These products vary in properties or attributes related to cleanness, size of individual pieces and residual alloys. These factors are determined by the specific needs and requirements of the consumer and affect the individual product's relative value. We process nonferrous products, including aluminum, brass, copper, stainless steel and other nonferrous metals for use in foundry, mill refining, and smelting applications. Our Superior Aluminum Alloys operations produce specification aluminum alloys in the form of ingots, sows and molten metal. In addition, we provide transportation logistics (truck, rail, and river barge), management services, marketing, brokerage, and consulting services related to the scrap industry.

Customers. We sell processed ferrous scrap to end-users such as steel producing mini-mills, integrated steelmakers, foundries, secondary smelters and metal brokers, who aggregate materials for other large users. Most of our ferrous-scrap customers purchase processed scrap through negotiated spot sales contracts which establish a quantity purchase for the month. The price we charge for ferrous scrap depends upon market demand and transportation costs, as well as, the quality and grade of the scrap. In many cases, our selling price also includes the cost of transportation to the end-user.

We sell processed nonferrous scrap to end-users such as specialty steelmakers, foundries, aluminum sheet and ingot manufacturers, copper refineries and smelters, brass and bronze ingot manufacturers, wire and cable producers, utilities and telephone networks.

Markets. According to the Institute of Scrap Recycling Industries (ISRI), approximately 85 million metric tons and 71 million metric tons of recycled iron and steel (including stainless and alloys) were processed in the United States during 2008 and 2009, respectively. In addition, approximately 18 million metric tons and 8 million metric tons of nonferrous scrap (including aluminum, copper, lead, and zinc) were processed during 2008 and 2009, respectively. Scrap is a global commodity influenced by conditions in a number of industrialized and emerging-markets throughout Asia, Europe and North America. ISRI estimates that approximately 19 million metric tons and 20 million metric tons of ferrous scrap were exported from the United States in 2008 and 2009, respectively. Nonferrous exports from the United States were estimated by ISRI to be 3.2 million metric tons and 2.7 million metric tons in 2008 and 2009, respectively.

Scrap metal supplies are generated from a variety of sources. Industrial scrap or home scrap is generated from steel processing and manufacturing facilities utilizing steel in their production process. Obsolete scrap including post consumer waste, demolition of steel structures and automobiles represent a significant source of scrap generation. We do not purchase a material amount of scrap metal from a single source or from a limited number of major sources.

Competitors. The markets for scrap metals are highly competitive, both in the purchase of raw scrap and the sale of processed scrap. With regard to the purchase of raw scrap, we compete with numerous independent recyclers, as well as smaller scrap companies engaged only in collecting industrial scrap. In many cases we also purchase unprocessed scrap metal from smaller scrap dealers and other processors. Successful procurement of materials is determined primarily by the price offered by the purchaser for the raw scrap and the proximity of our processing facility to the source of the raw scrap. Both ferrous and nonferrous scrap sells as a commodity in both national and international markets, which are affected by relative economic conditions, currency fluctuations and the availability and cost of transportation. Competition for sales of processed scrap is based primarily on the price, quality and location of the scrap metals, as well as the level of service provided in terms of reliability and timing of delivery.

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We also face potential competition for sales of processed scrap from other producers of steel products, such as integrated steel mills and steel mini-mills, some of which are vertically integrated in the scrap metals recycling business, as a number of steel manufacturers currently operate their own scrap yards. In addition, other steel mills may compete with us in attempting to secure scrap supply through direct purchasing from our scrap suppliers. Scrap metal processors also face competition from substitutes for prepared ferrous scrap, such as pre-reduced iron pellets, hot briquetted iron, pig iron, iron carbide and other forms of processed iron. The availability and relative prices of substitutes for ferrous scrap could result in a decreased demand for processed ferrous scrap and could result in lower prices and/or lower demand for our scrap products.

The industry is highly fragmented with many smaller family-owned companies, although OmniSource also competes with a number of national and global companies, each of which has multiple locations in areas in which OmniSource also operates. These larger entities include The David J. Joseph Company (a subsidiary of Nucor Corporation), Sims Metal Management, Ferrous Processing and Trading Co., Aleris International, CMC, a division of Commercial Metals Company, Newell Recycling, Schnitzer Steel and Darlington Shredding. In addition, OmniSource competes with many regional scrap companies. No single scrap metals recycler has a significant market share in the domestic market.

FERROUS RESOURCES

Iron Dynamics

Iron Dynamics developed a process of producing liquid pig iron and hot briquetted iron (HBI) that serves as a substitute for a portion of the metallic raw material mix that goes into our electric arc furnaces to produce steel. Direct reduced iron (DRI) is a metallic product made from millscale and iron ore "fines" that has been reduced in a rotary hearth furnace, using natural gas and coal. The reduction method employed by Iron Dynamics uses coal as the reducing agent. The DRI is either compacted by briquetters to form HBI, or is processed further to produce liquid pig iron. HBI can be immediately used in our melting furnaces or stockpiled for later use. Liquid pig iron is tapped from Iron Dynamics' submerged arc furnace and immediately transferred in ladles to the flat roll mill's melt shop, where it is combined with scrap steel in the mill's electric arc furnaces. During 2010, approximately 79% of our production was liquid pig iron.

During 2010, the plant's primary focus was to maximize liquid pig iron production, due to the inherent economic benefits achieved when the material is used in the steelmaking process, such as reduced energy cost, reduced materials cost and quicker melting cycles. During 2010, Iron Dynamics produced 180,000 metric tons (165,000 metric tons in 2009) of liquid pig iron and 45,000 metric tons (37,000 metric tons in 2009) of HBI. We have used and plan to use all of the facility's output in our steelmaking operations.

Mesabi Nugget and Mesabi Mining

Mesabi Nugget, our ironmaking project at Hoyt Lakes, Minnesota is the world's first commercial ironmaking facility to use the ITmk3® process, an iron-nugget production technology pioneered by Kobe Steel, Ltd., which Kobe Steel is licensing to the venture. We hold an equity position of $231.5 million, or an 81% equity interest, while Kobe Steel holds a $54.3 million, or a 19%, noncontrolling equity interest. The project involved the construction of an iron-nugget manufacturing facility which utilizes iron-ore concentrate, coal, and natural gas. The construction of the facility was completed in 2009, and initial production of iron nuggets commenced January 2010. Throughout the year we have been refining the production process and changing equipment configurations, as needed, in order to increase production and plant availability. During 2010, Mesabi Nugget produced 75,000 metric tons of iron-nuggets for use by our own steel mills. During 2011, we anticipate reaching much

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improved sustainable production levels, moving towards the facility's anticipated annual production capacity of 500,000 metric tons. We believe that this new business will be capable of providing a cost effective source of iron units to our steel mills that is of equal or higher quality than purchased pig iron.

We also plan to re-open an existing iron mine on the Mesabi Iron Range and to construct a facility for concentrating iron ore. We have purchased land on the Mesabi Iron Range in Minnesota that is expected to provide a long-term supply of iron ore. In the future, we plan to process the iron ore and use it as raw material feedstock for the nugget plant. In total, the capital cost of the mining project is currently estimated to be approximately $169 million. Mesabi Mining is currently in the permitting process. We believe we may receive the necessary permits near the end of 2011, which could then allow us to begin mining operations near the end of 2012.

Sources, Availability and Cost of Steel Raw Materials.

Scrap Metals. Our principal raw material of our steel operations segment is scrap metal derived from, among other sources "home scrap," generated internally at steel mills themselves; industrial scrap, generated as a by-product of manufacturing; and "obsolete" scrap recycled from end-of-life automobiles, appliances, railroad cars and railroad track materials, agricultural machinery and demolition scrap from obsolete structures, containers and machines.

Scrap typically comprises more than 80% of the metallic melt mix in electric arc furnace steelmaking, in contrast to integrated mill steelmaking, where the proportion of scrap has traditionally been approximately 25% to 35%. Depending upon the scrap substitute material that may be available from time to time, and the relative cost of such material, the percentage of scrap used in our steelmaking operations could be reduced in our metallic melt mix.

Many variables can impact scrap prices, all of which reflect the pushes and pulls of the supply demand equation. These factors include the level of U.S. new steel production (for high-quality, low-residual scrap is a by-product of new steel manufacturing activity), the level of exports of scrap from the United States, the amount of obsolete scrap production and the effect of speculation on the amount of scrap offered on the market from time to time. Generally, as domestic steel demand increases, so does scrap demand and resulting scrap prices. The reverse is also normally, but not always, true with scrap prices following steel prices downward when supply exceeds demand. According to ISRI's 2009 estimate, scrap recyclers in the U.S. recycled approximately 71 million metric tons of ferrous scrap (including stainless and alloys).

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The following table provides pricing per gross ton from American Metal Market and Scrap Price Bulletin estimates for ferrous materials used in steel production:

The price of steel scrap, as a commodity, has tended to be volatile, rising and falling with supply and demand and not always in lock step with or in proportion to the market price of new steel. When scrap costs greatly accelerate, this threatens one of the principal elements of a mini-mill's traditional lower cost structure the cost of its metallic raw material. Therefore, having a lower cost alternative source of iron for a portion of a mini-mill's melt mix, if realizable, would partially buffer the effects of high scrap prices and scrap price volatility. With the growing proportion of electric furnace steelmaking, both worldwide and domestically, we believe that the benefit of developing a cost-effective alternate iron source to augment scrap, our primary raw material, makes good economic sense in the long run.

Iron Units. In addition to scrap, direct reduced iron, hot briquetted iron, pig iron, and iron-nuggets are used in electric furnace mini-mill steel production. During 2009 and 2010, we consumed 4.1 million tons and 5.2 million tons respectively of metallic materials in our steel making furnaces, of which iron units other than scrap represented approximately 8% of the tons. Of this 8%, our Iron Dynamics and Mesabi Nugget operations together supplied 79% of these iron units in 2010.

Steel Fabrication Operations

Our steel fabrication operations primarily serve the non-residential construction industry. In October 2010, we purchased joist assets from another manufacturer, including three plants located at Hope, Arkansas; Fallon, Nevada; and Juarez, Mexico. These new facilities when combined with our existing facilities operating in Indiana, Florida and Virginia allow us to service the entire US market by facilitating our fabrication operations' expansion to serve construction markets in the Southwest and the West. Additionally we are now positioned to service national accounts such as large retail chains.

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We fabricate trusses, girders, steel joists and steel decking. These products are sold to the non-residential building components market. Total production of all products was 145,000 tons and 164,000 tons during 2009 and 2010, respectively. Our Flat Roll Division and Roanoke Bar Division supply a substantial portion of the steel utilized in these manufacturing operations.

Products. Our fabrication operations produce steel building components, including steel joists, girders, and trusses. Our individual joist products include bowstring, arched, scissor, double-pitched and single-pitched joists. Our Indiana, Florida and Virginia plants also produce a full range of steel roof, form, and composite floor decking.

Customers. Our fabrication primary customers are non-residential steel fabricators. Other customers include metal building companies, general construction contractors, developers, brokers and governmental entities. Our customers are located throughout the United States with a concentration in the eastern half of the country. Through our new locations at Hope, Arkansas; Fallon, Nevada; and Juarez, Mexico we expect to facilitate and accelerate our fabrication operations' expansion to serve U.S. construction markets in the Southwest and the West. Additionally, this will allow us to better serve our customers that have a nationwide presence.

Markets. Our fabrication operations primarily serve the non-residential construction industry. The continuing downturn in the non-residential construction markets and the resultant demand for joist and deck products continues at a low level. However, we believe the long-term prospects for this business are sound. Because of the current market conditions, we expect the ramping up of the newly acquired locations to proceed slowly as the market strengthens. The steel joist and deck market in the United States was approximately 2.0 million tons in 2008 and decreased to 1.0 million tons in both 2009 and 2010 based on trade association estimates.

Competitors. Our main competitors in the joist business are Vulcraft, a division of Nucor Corporation; Canam Group; Quincy Joist Co.; Joist Structural; and Valley Joist. In the steel decking business, New Millennium's main competitors are Vulcraft; Wheeling Corrugating Co.; Quincy Joist Co.; Consolidated Systems, Inc.; and Canam Group.

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Energy Resources

Electricity. Electricity is a significant input required in the electric arc furnaces in our steelmaking operations, representing 7% and 5% of steel operations costs of goods sold in 2009 and 2010, respectively. We have entered into a fixed price interruptible electricity supply agreement that extends through December 31, 2012, for our Flat Roll Division in Butler, Indiana. The contract allows our supplier to interrupt service in the event of an emergency or in response to various market conditions. Our Structural and Rail Division and Roanoke Bar Division purchase electricity at current market prices, while The Techs and Steel of West Virginia had negotiated fixed prices through 2010. Our Engineered Bar Products Division has a combination of fixed pricing and market pricing for the various components of the electrical services (demand charge, energy charge, riders, etc.).

Gas. We purchase a portion of our operations' natural gas requirements at market prices and a portion by entering into hedging transactions on the futures markets for ultimate physical delivery in order to help minimize price volatility. These contracts typically have duration of up to 24 months. Natural gas represented 3% and 2% of steel operations costs of goods sold in 2009 and 2010, respectively.

Patents and Trademarks

We currently do not own any material patents or patent applications for technologies that are in use in our production processes. We have seven major registered trademarks, as follows:

the mark "SDI" and a chevron alone;

the mark "SDI" and a chevron and "Steel Dynamics, Inc." to the right of the chevron;

the mark "SDI" and a chevron and "Steel Dynamics" to the right of the chevron;

the mark "OmniSource Corporation" with the circle logo design;

the slogan "The Best in Metals Recycling";

the mark "The Techs"; and

the mark "New Millennium Building Systems, LLC".

Research and Development

Our research and development efforts have consisted of efforts to develop or improve our operating practices, and our efforts to develop and improve alternative ironmaking technologies through Iron Dynamics and our investment in Mesabi Nugget. With the exception of Mesabi Nugget, most of these research and development efforts have been conducted in-house by our employees. We have joined with Kobe Steel, LTD in the development and commercialization of ITMK3® iron nugget production process technology being utilized at our Mesabi Nugget project.

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Environmental Matters

Our steel operations, metals recycling and ferrous resources operations, and steel fabrication operations are subject to substantial and evolving local, state and federal environmental, health and safety laws and regulations concerning, among other things, emissions to the air, discharges to surface and ground water and to sewer systems, and the generation, handling, storage, transportation, treatment and disposal of toxic and hazardous substances. Our manufacturing operations are dependent upon both state and federal permits regulating discharges into the air or into the water in order to operate our facilities. We believe that in all current respects our steel operations, metals recycling and ferrous resources operations, and steel fabrication operations are in material compliance with all provisions of federal and state laws concerning the environment and we do not currently believe that future compliance with such provisions will have a material adverse effect on our results of operations, cash flows or financial condition.

Since the level of enforcement of environmental laws and regulations, or the nature of those laws that may be enacted from time to time are sometimes subject to changing social or political pressures, our environmental capital expenditures and costs for environmental compliance may increase in the future. In addition, due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. The cost of current and future environmental compliance may also place U.S. steel producers at a competitive disadvantage with respect to foreign steel producers, which may not be required to undertake equivalent costs in their operations.

Pursuant to the Resource Conservation and Recovery Act, or RCRA, which governs the treatment, handling and disposal of solid and hazardous wastes, the United States Environmental Protection Agency, or U.S. EPA, and authorized state environmental agencies conduct inspections of RCRA regulated facilities to identify areas where there may have been releases of solid or hazardous constituents into the environment and require the facilities to take corrective action to remediate any such releases. RCRA also allows citizens to bring certain suits against regulated facilities for potential damages and clean up. Our steelmaking facilities are subject to RCRA. Our manufacturing operations produce various by-products, some of which, for example, electric arc furnace or EAF dust, are categorized as industrial or hazardous waste, requiring special handling for disposal or for the recovery of metallics. We collect such co-products in approved baghouses and other facilities, but we are also examining alternative reclamation technologies to recycle some of these products. While we cannot predict the future actions of the regulators or other interested parties, the potential exists for required corrective action at these facilities, the costs of which could be substantial.

Under the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, the U.S. EPA and, in some instances, private parties have the authority to impose joint and several liability for the remediation of contaminated properties upon generators of waste, current and former site owners and operators, transporters and other potentially responsible parties, regardless of fault or the legality of the original disposal activity. Many states, including Indiana, have statutes and regulatory authorities similar to CERCLA and to the U.S. EPA. We have a number of waste handling agreements with various contractors to properly dispose of our electric arc furnace dust and certain other waste products of steelmaking. However, we cannot assure you that, even if there has been no fault by us, we may not still be cited as a waste generator by reason of an environmental clean up at a site to which our waste products were transported.

In addition to RCRA and CERCLA, there are a number of other environmental, health and safety laws and regulations that apply to our facilities and may affect our operations. By way of example and not of limitation, certain portions of the federal Clean Air Act, Clean Water Act, Toxic Substances Control Act, Oil Pollution Act, Safe Drinking Water Act and Emergency Planning and Community Right-to-Know Act, as well as state and local laws and regulations implemented by the regulatory

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agencies, apply to our facilities' operations. Many of these laws allow both the governments and citizens to bring certain suits against regulated facilities for alleged environmental violations. Finally, any steelmaking and metals recycling company could be subject to certain toxic tort suits brought by citizens or other third parties alleging causes of action such as nuisance, negligence, trespass, infliction of emotional distress, or other claims alleging personal injury or property damage.

Employees

Our work force consisted of approximately 6,180 full time employees at December 31, 2010, of which approximately 11% were represented by collective bargaining agreements. The largest group of unionized employees is at Steel of West Virginia. The remaining unionized employees are located in 6 different OmniSource metals recycling locations, each of which has its own agreement. We believe that our relationship with our employees is good.

Operation	Covered Employees	Expiration Date
Steel of West Virginia	371	June 20, 2014
OmniSource	37	April 30, 2012
	101	October 20, 2013
	63	May 31, 2011
	72	September 30, 2011
	35	September 15, 2012

Available Information

Our internet website address is *http://www.steeldynamics.com*. We make available on our internet website, under "Investor Center," free of charge, as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, as well as press releases, ownership reports pursuant to Section 16(a) of the Securities Act of 1933, our Code of Ethics for Principal Executive Officers and Senior Executive Officers and any amendments thereto to or waivers thereof, as well as our Audit, Compensation and Nominating and Corporate Governance Committee charters. We do not intend to incorporate the contents of our or any other website into this report.

ITEM 1A. RISK FACTORS

Many factors could have an effect on our financial condition, cash flows and results of operations. We are subject to various risks resulting from changing economic, environmental, political, industry, business and financial conditions. The factors described below represent our principal risks.

Risks Related to our Industry

Our industry is affected by global economic factors including the risk of a recurrent recession.

Our financial results are substantially dependent not only upon overall economic conditions in the United States, in Europe and in Asia, but also as they may affect one or more of the industries upon which we depend for the sale of our products. A prolonged or a recurrent recession in the United States, or globally, could substantially decrease the demand for our products and adversely affect our business. Moreover many of our products are commodities, subject to their own cyclical fluctuations in supply and demand in both metal consuming and metal generating industries, including the construction industry. Metals industries have historically been vulnerable to significant declines in consumption and product pricing during prolonged periods of economic downturn such as during 2009

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and 2010. Likewise, the pace of domestic non-residential construction activity has historically slowed significantly during economic downturns and is at historically low levels today.

Our business is also dependent upon certain industries, such as commercial and government construction, energy, metals service centers, automotive, petrochemical and original equipment manufacturing, and these are also cyclical in nature. Therefore, these industries may experience their own significant fluctuations in demand for our products based on such things as economic conditions, energy prices, consumer demand and infrastructure funding decisions by governments. Many of these factors are beyond our control. As a result of the volatility in the industries we serve, we may have difficulty increasing or maintaining our level of sales or profitability. If the industries we serve were to suffer a recurrent downturn, then our business may be further adversely affected.

Our level of production and our sales and earnings are subject to significant fluctuations as a result of the cyclical nature of the steel industry and some of the industries we serve.

The steel manufacturing business is cyclical in nature, and the price of the steel we make may fluctuate significantly due to many factors beyond our control. The timing and magnitude of these price fluctuations are difficult to predict. The sale of our manufactured steel products is directly affected by demand for our products in other cyclical industries, such as the automotive, oil and gas, gas transmission, residential and commercial/industrial construction, commercial equipment, rail transportation, appliance, agricultural and durable goods industries. The domestic automotive industry, which is a major consumer of new steel and a major generator of steel scrap, has not yet fully recovered from the recent unprecedented downturn in demand. Economic difficulties, stagnant economies, supply/demand imbalances and currency fluctuations in the United States or globally could further decrease the demand for our products or increase the amount of imports of steel into the United States, which would decrease our sales, margins and profitability.

The scrap metal recycling industry has historically been, and is expected to remain, highly cyclical. A prolonged period of low scrap prices or a fall in scrap metal prices, could result in the weakening of inbound scrap flows and thereby reduced our ability to obtain, process and sell recycled materials and this could have a material adverse effect on our metals recycling operations' results.

Scrap metal prices are volatile and operating results within the metals recycling industry, in general, have historically been cyclical, and are expected to remain, highly cyclical in nature. Similarly, but not necessarily paralleling the price fluctuations in the steel business, the purchase prices for automobile bodies and various other grades of obsolete and industrial scrap, as well as the selling prices for processed and recycled scrap metals we utilize in our own manufacturing process or we resell to others through our metals recycling operations, are also highly volatile. As a metals recycler, we may attempt to respond to changing recycled metal selling prices by adjusting the scrap metal purchase prices we pay to others, but our ability to do this may be limited by competitive or other factors during periods of low scrap prices, when inbound scrap flow may slow considerably, as scrap generators hold onto their scrap in the hope of getting higher prices later; conversely, increased foreign demand for scrap due to economic expansion in countries such as China, India, and Brazil can result in an outflow of available domestic scrap as well as higher scrap prices that cannot always be passed on to domestic scrap consumers further reducing the available domestic scrap flows and scrap margins all of which could adversely affect our sales and profitability.

Imports of steel into the United States have in the past adversely affected, and may yet again adversely affect, U.S. steel prices, which could impact our sales, margins and profitability.

Excessive imports of steel into the United States as a result of excess world supply, have in past years exerted, and may again in the future exert, downward pressure on U.S. steel prices and may reduce or may negatively affect our ability to increase our sales, margins, and profitability. U.S. steel

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producers compete with many foreign producers, including those in China. Competition from foreign producers is typically strong and is periodically exacerbated by weakening of the economies of certain foreign steelmaking countries. Greater steel exports to the United States tend to occur at depressed prices when steel producing countries experience periods of economic difficulty, decreased demand for steel products or excess capacity.

In addition, we believe the downward pressure on, and periodically depressed levels of U.S. steel prices in some recent years have been further exacerbated by imports of steel involving dumping and subsidy abuses by foreign steel producers. Some foreign steel producers are owned, controlled or subsidized by foreign governments. As a result, decisions by these producers with respect to their production, sales and pricing are often influenced to a greater degree by political and economic policy considerations than by prevailing market conditions, realities of the marketplace or consideration of profit or loss. However, while some tariffs and quotas are periodically put in to effect for certain steel products imported from a number of countries that have been found to have been unfairly pricing steel imports to the U.S., many of these are only short-lived. When such tariffs or duties expire or if others are further relaxed or repealed, or if relatively higher U.S. steel prices make it attractive for foreign steelmakers to export their steel products to the United States, despite the presence of duties or tariffs, the resurgence of substantial imports of foreign steel could create downward pressure on U.S. steel prices.

China's current steelmaking overcapacity in relation to its steel consumption could have a material adverse effect on domestic and global steel pricing and could result in increased steel imports into the United States.

A significant factor in the worldwide volatility of steel pricing in recent years was the explosive growth in Chinese steel consumption in relation to its domestic production, which, until the third quarter of 2008, had vastly outpaced that country's capacity to produce steel in sufficient quantity to serve its internal demand. The shortage of Chinese domestic steel supply, during this time period, resulted not only in heightened Chinese demand for imported steel and other raw materials, with a consequent upward spiral in worldwide steel pricing for finished steel products, but also led to a rapid and significant expansion of steel production capacity in China, as well as many of the commodities, supplies and services utilized in steelmaking. However, the subsequent drop in Chinese steel consumption that began in 2008 and continued through 2010, in addition to the continued utilization of a large amount of outdated, inefficient and government subsidized production capacity, has resulted in a situation in which China's steel producing capacity currently exceeds that country's demand for many kinds of steel products that we produce, making China a net exporter of millions of tons of steel in 2008, 2009, and 2010. Therefore, a combination of a slowdown in China's economic growth rate and steel consumption, coupled with its own expansion of steelmaking capacity, could result in a substantial further weakening of both domestic and global steel demand and steel pricing. Also, should Chinese steelmaking capacity remain the same or further increase, or should its demand either not increase or further weaken, China might not only remain a net exporter of steel but many Asian and European steel producers whose steel output previously fed China's steel import needs could find their way into the U.S. market, through increased steel imports, causing a further erosion of margins or negatively impacting our ability to increase our prices.

The worldwide economic downturn that began in 2008 and the difficult conditions in the global industrial, capital and credit markets that resulted, have adversely affected and may continue to adversely affect our business and our industry, as well as the industries of many of our customers and suppliers upon whom we are dependent.

Many of the markets in which our customers participate, such as the automotive, consumer products, original equipment, manufacturing, commercial, residential and government construction and metals service center industries, are also cyclical in nature and experience significant fluctuations in

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demand for our steel products based on economic conditions, consumer demand, raw material and energy costs, and decisions by our government to fund or not fund infrastructure projects such as highways, bridges, schools, energy plants, railroads and transportation facilities. Many of these factors are beyond our control. These markets are highly competitive, to a large extent driven by end-use markets, and may experience overcapacity, all of which may affect demand for and pricing of our products.

A decline in consumer and business confidence and spending, together with severe reductions in the availability and cost of credit, as well as volatility in the capital and credit markets, could adversely affect the business and economic environment in which we operate and the profitability of our business. We are also exposed to risks associated with the creditworthiness of our suppliers and customers. The availability of credit to fund or support the continuation and expansion of our customers' business operation is curtailed or if the cost of that credit is increased the resulting inability of our customers or of their customers to access either credit or absorb the increased cost of that credit could adversely affect our business by reducing our sales or by increasing our exposure to losses from uncollectible customer accounts. These conditions and a renewed disruption of the credit markets could also result in financial instability of some of our suppliers and customers. The consequences of such adverse effects could include the interruption of production at the facilities of our customers, the reduction, delay or cancellation of customer orders, delays or interruptions of the supply of raw materials we purchase, and bankruptcy of customers, suppliers or other creditors. Any of these events may adversely affect our cash flow, profitability and financial condition.

Volatility and major fluctuations in scrap metal and pig iron prices and our potential inability to pass such higher costs on to our customers may constrain operating levels and reduce profit margins.

Steel producers require large amounts of raw materials, including scrap metal and scrap substitute products such as pig iron, pelletized iron and other supplies such as graphite electrodes and ferroalloys. Our vertical integration into the metals recycling business through our OmniSource subsidiary and into the ironmaking business, through our Iron Dynamics facility and the start-up of our Mesabi Nugget operations should enable us to be our own supplier for some of our metallics requirements. However, we may still need to rely on other metallics and raw material suppliers, as well as upon general industry supply conditions.

Purchase prices for auto bodies, scrap metal and scrap substitute products such as pig iron that we consume, and selling prices for scrap and recycled metals that we sell to third parties are volatile and beyond our control. While OmniSource attempts to respond to changing recycled metal selling prices through adjustments to its metal purchase prices, its ability to do so is limited by competitive and other market factors. Changing prices could potentially impact the volume of scrap metal available to us and the volume and realized margins of processed metals we sell.

The availability and prices of raw materials may also be negatively affected by new laws and regulations, allocation by suppliers, interruptions in production, accidents or natural disasters, changes in exchange rates, worldwide price fluctuations, and the availability and cost of transportation.

If prices for ferrous metallics and energy increase by a greater margin than corresponding price increases for the sale of our steel products, we may not be able to recoup such cost increases from increases in the selling prices of steel products, or our inability to pass on all or any substantial part of such cost increases through scrap or other surcharges or to provide for our customers' needs because of the potential unavailability of key raw materials or other inputs, may result in production curtailments or may otherwise have a material adverse effect on our business, financial condition, results of operations or prospects.

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The cost and availability of electricity and natural gas are also subject to volatile market conditions.

Steel producers like us consume large amounts of energy, inasmuch as mini-mills melt steel scrap in electric arc furnaces and use natural gas to heat steel billets for rolling into finished products. We rely on third parties for the supply of energy resources we consume in our steelmaking activities. The prices for and availability of electricity, natural gas, oil and other energy resources are all also subject to volatile market conditions, often affected by weather conditions as well as political and economic factors beyond our control. As large consumers of electricity and gas, we must have dependable delivery in order to operate. Accordingly, we are at risk in the event of an energy disruption. Prolonged black-outs or brown-outs or disruptions caused by natural disasters or by political considerations would substantially disrupt our production. Moreover, much of our finished steel products is typically delivered by truck. Unforeseen fluctuations in the price of fuel attributable to fluctuations in crude oil prices would also have a negative impact on our costs or on the costs of many of our customers. In addition, changes in certain environmental regulations in the U.S., including those that may impose output limitations or higher costs associated with climate change or greenhouse gas emissions legislation, could substantially increase the cost of manufacturing and raw materials, such as energy, to us and other U.S. steel producers.

Fluctuations in the value of the United States dollar relative to other currencies may adversely affect our business.

Fluctuations in the value of the dollar can be expected to affect our business. A strong U.S. dollar makes imported metal products less expensive, potentially resulting in more imports of steel products into the U.S. by our foreign competitors, while a weak U.S. dollar may have the opposite impact on imports.

Compliance with and changes in environmental and remediation requirements could result in substantially increased capital requirements and operating costs.

Existing laws or regulations, as currently interpreted or as may be interpreted in the future, as well as future laws or regulations, may have a material adverse effect on our results of operations and financial condition.

We are subject to comprehensive local, state, federal and international statutory and regulatory environmental requirements relating to, among other things:

- the acceptance, storage, treatment, handling and disposal of solid and hazardous waste;
- the discharge of materials into air;
- the management and treatment of wastewater and storm water;
- the remediation of soil and groundwater contamination;
- global climate change legislation or regulation;
- the need for and the ability to timely obtain air, water or other operating permits;
- the remediation and reclamation of land used for iron mining;
- natural resource damages; and

the protection of our employees' health and safety.

Compliance with environmental laws and regulations, which affect both our steelmaking and our metals recycling and ironmaking operations, is a significant factor in our business. We are required to obtain and comply with environmental permits and licenses, and failure to obtain or renew or the violation of any permit or license, if not remedied, could result in substantial fines and penalties,

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suspension of operations or the closure of a subject facility. Similarly, delays in obtaining permits or unanticipated or costly conditions imposed on such permits, such as permits we are seeking in connection with our plan to engage in the mining of taconite ore close to our Mesabi Nugget facility in Minnesota, could delay a project or affect its profitability. Private parties might also bring claims against us for alleged property damage or personal injury resulting from the environmental impacts of our operations. Moreover, legal requirements change frequently, are subject to interpretation and have tended to become more stringent over time. Uncertainty regarding adequate pollution control levels, testing and sampling procedures, and new pollution control technology are factors that may increase our future compliance expenditures. We are unable to predict the ultimate cost of future compliance with these requirements or their effect on our operations, and we also cannot predict whether such costs can be passed on to customers through product price increases. Although we believe that we are in substantial compliance with all applicable laws and regulations, legal requirements frequently change and are subject to interpretation. New laws, regulations and changing interpretations by regulatory authorities, together with uncertainty regarding adequate pollution control levels, testing and sampling procedures, new pollution control technology and cost benefit analysis based on market conditions are all factors that may increase our future expenditures to comply with environmental requirements. The cost of complying with existing laws or regulations as currently interpreted or reinterpreted in the future, or with future laws or regulations, may have a material adverse effect on our results of operations and financial condition.

Our manufacturing and recycling operations produce significant amounts of by-products, some of which are handled as industrial waste or hazardous waste. For example, our mills generate electric arc furnace (EAF) dust, which the United States Environmental Protection Agency (USEPA) and other regulatory authorities classify as hazardous waste. EAF dust requires special handling, recycling and disposal.

In addition, the primary feed materials for the shredders operated by our metals recycling operations are automobile hulks and obsolete household appliances. Approximately 20% of the weight of an automobile hulk consists of unrecyclable material known as shredder fluff. After the segregation of ferrous and saleable nonferrous metals, shredder fluff remains. We, along with others in the recycling industry, interpret federal regulations to require shredder fluff to meet certain criteria and pass a toxic leaching test to avoid classification as a hazardous waste. We also endeavor to remove hazardous contaminants from the feed material prior to shredding. As a result, we believe the shredder fluff we generate is not normally considered or properly classified as hazardous waste. However, if laws or regulations, the interpretation of the laws or regulations, or testing methods change with regard to EAF dust or shredder fluff, we may incur significant additional expenditures.

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund") enables USEPA and state agencies to recover from owners, operators, generators and transporters the cost of investigation and cleanup of sites which pose serious threats to the environment or public health. In connection with CERCLA and analogous state laws, we may be required to clean up contamination discovered at our sites including contamination that may have been caused by former owners or operators of the sites, conduct additional cleanup at sites where we have already participated in remediation efforts or to take remediation action with regard to sites formerly used in connection with our operations.

In addition, we may be required to pay for, or to pay a portion of, the costs of remediation at sites to which we sent hazardous wastes for disposal, notwithstanding that the original disposal activity may have complied with all regulatory requirements then in effect. Pursuant to CERCLA, a potentially responsible party can be held jointly and severally liable for all of the cleanup costs associated with a third-party disposal site. In practice, a liable party often splits the costs of cleanup with other potentially responsible parties. We have received notices from USEPA, state agencies and third parties that it has been identified as potentially responsible for the cost of investigating and cleaning up a

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number of third-party disposal sites. In most cases, many other parties are also named as potentially responsible parties. Based upon information currently available to us, we do not believe the potential cost in connection with the remediation of these sites will have a material effect on our business.

Because CERCLA can be imposed retroactively on shipments that occurred many years ago, and because USEPA and state agencies are still discovering sites that pose a threat to public health or the environment, we can provide no assurance that we will not become liable in the future for significant costs associated with investigation and remediation of additional CERCLA clean up sites.

CERCLA, including the Superfund Recycling Equity Act of 1999, limits the exposure of scrap metal recyclers for sales of certain recyclable material under certain circumstances. However, the recycling defense is subject to the conducting of reasonable care evaluations of current and potential consuming facilities.

Increased regulation associated with climate change and greenhouse gas emissions could impose significant additional costs on both our steelmaking and metals recycling operations.

The United States government or various governmental agencies may introduce regulatory changes in response to the potential impacts of climate change. International treaties or agreements may also result in increasing regulation of greenhouse gas emissions, including the introduction of carbon emissions trading mechanisms. Any such regulation regarding climate change and greenhouse gas, or GHG emissions could impose significant costs on our steelmaking and metals recycling operations and on the operations of our customers and suppliers, including increased energy, capital equipment, environmental monitoring and reporting and other costs in order to comply with current or future laws or regulations concerning and limitations imposed on our operations by virtue of climate change and GHG emissions laws and regulations. The potential costs of "allowances," "offsets" or "credits" that may be part of potential cap-and-trade programs or similar future regulatory measures are still uncertain. Any adopted future climate change and GHG regulations could negatively impact our ability (and that of our customers and suppliers) to compete with companies situated in areas not subject to such limitations. From a medium and long-term perspective, we are likely to see an increase in costs relating to our assets that emit significant amounts of greenhouse gases as a result of these regulatory initiatives. These regulatory initiatives will be either voluntary or mandatory and may impact our operations directly or through our suppliers or customers. Until the timing, scope and extent of any future regulation becomes known, we cannot predict the effect on our financial condition, operating performance and ability to compete.

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Risks Related to the Business

Our senior secured credit agreement contains, and any future financing agreements may contain, restrictive covenants that may limit our flexibility.

Restrictions and covenants in our existing debt agreements, including our senior secured credit agreement and any future financing agreements, may impair our ability to finance future operations or capital needs or to engage in other business activities. Specifically, these agreements restrict our ability to:

incur additional indebtedness;

pay dividends or make distributions with respect to our capital stock;

repurchase or redeem capital stock;

make some investments;

create liens and enter into sale and leaseback transactions;

make some capital expenditures;

enter into transactions with affiliates or related persons;

issue or sell stock of certain subsidiaries;

sell or transfer assets; and

participate in some joint ventures, acquisitions or mergers.

A breach of any of the restrictions or covenants could cause a default under our senior secured credit agreement, our senior notes, or our other debt. A significant portion of our indebtedness then may become immediately due and payable if the default is not remedied.

Under our senior secured revolving credit facility we are required to maintain certain financial covenants tied to our debt and profitability. In addition, we are subject to a monthly borrowing base requirement limiting the maximum availability of our senior secured revolver. Our ability to meet such ratios can be affected by events beyond our control. If a default were to occur, the lenders could elect to declare all amounts outstanding to be immediately due and payable and terminate all commitments to extend further credit. If we are unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure such indebtedness. We have pledged substantially all of our receivables and inventories and all shares of capital stock or other equity interests of the company's subsidiaries and intercompany debt held by us.

We may face significant price and other forms of competition from other steel producers and scrap processors, which could have a material adverse effect on our business, financial condition, results of operation or prospects.

The global markets in which steel companies and metals recyclers conduct business are highly competitive and have become even more so, due in part, to consolidations in recent years in the steel and the metal recycling industries, and the recent global economic downturn. Increased competition could cause us to lose market share, increase expenditures or reduce pricing, any one of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

We are subject to significant risks relating to changes in commodity prices and may not be able to effectively protect against these risks.

We are exposed to commodity price risk during periods where we hold title to scrap metal products that we may hold in inventory for processing or resale. Prices of commodities, including

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recycled metals, can be volatile due to numerous factors beyond our control. In an increasing price environment for raw materials, competitive conditions may limit our ability to pass on price increases to our consumers. In a decreasing price environment for processed recycled metal, we may not have the ability to fully recoup the cost of raw materials that we procure, process and sell to our customers. In addition, new entrants into the market areas we serve could result in higher purchase prices for raw materials and lower margins from our recycled metal. We are unable to hedge positions in certain commodities, such as recycled ferrous metal, where no established futures market exists, or, where we may from time to time hedge our positions in certain nonferrous metal transactions, we could incur losses. Thus, our sales and inventory position will be vulnerable to adverse changes in commodity prices, which could materially adversely impact our operating and financial performance.

We may be unable to pass on increases in the cost of ferrous materials and other raw materials to our customers, which would reduce our earnings.

If from time to time we are unable to pass on periodic increases in ferrous resource and other raw material costs to our customers, we will be less profitable. We may not be able to adjust our product prices, especially in the short-term, to recover the costs of prolonged increases in raw material prices. Our principal raw material is scrap metal derived primarily from junked automobiles, industrial scrap, railroad cars, railroad track materials, agricultural machinery and demolition scrap from obsolete structures, containers and machines. The prices for scrap are subject to market forces largely beyond our control, including demand by U.S. and international steel producers, freight costs and speculation. The prices for scrap have varied significantly, may vary significantly in the future and do not necessarily fluctuate in tandem with the price of steel. Moreover, some of our integrated steel producer competitors are not as dependent as we are on scrap as a part of their raw material melt mix, which, during periods of high scrap costs relative to the cost of blast furnace iron used by the integrated producers, give them a raw material cost advantage over mini-mills. In addition, our operations require substantial amounts of other raw materials, including various types of pig iron, alloys, refractories, graphite electrodes, oxygen, natural gas and electricity, the price and availability of which are also subject to market conditions.

The profitability of our metals recycling operations depends, in part, on the availability of an adequate source of supply.

We procure our recyclable metal inventory from numerous sources. These suppliers generally are not bound by long-term contracts and have no obligation to sell recyclable metal to us. In periods of low industry prices, suppliers may elect to hold recyclable metal to wait for higher prices or intentionally slow their metal collection activities. If a substantial number of suppliers cease selling recyclable metal to us, we will be unable to recycle metal at desired levels and our results of operations and financial condition could be materially adversely affected. In addition, a slowdown of industrial production in the United States, as has recently occurred, reduces the supply of industrial grades of metal to the metal recycling industry, resulting in our having less recyclable metal available to process and market.

We may face risks associated with the implementation of our growth strategy.

Our growth strategy subjects us to various risks. As part of our growth strategy, we may expand existing facilities, build additional plants, acquire other businesses and steel assets, enter into joint ventures, or form strategic alliances that we believe will complement our existing business. These transactions will likely involve some or all of the following risks:

- the difficulty of competing for acquisitions and other growth opportunities with companies having materially greater financial resources than ours;

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the inability to realize anticipated synergies or other benefits expected from an acquisition;

the difficulty of integrating the acquired operations and personnel into our existing businesses;

the potential disruption of ongoing businesses;

the diversion of financial resources to acquired businesses;

the diversion of management attention from other business concerns to acquired businesses;

the loss of key employees and customers of acquired businesses;

the potential exposure to unknown liabilities;

the inability of management to maintain uniform standards, controls, procedures and policies;

the difficulty of managing the growth of a larger company;

the risk of entering markets in which we have little experience;

the risk of becoming involved in labor, commercial, or regulatory disputes or litigation related to the new enterprise;

the risk of becoming more highly leveraged;

the risk of contractual or operational liability to other venture participants or to third parties as a result of our participation;

the inability to work efficiently with joint venture or strategic alliance partners; and

the difficulties of terminating joint ventures or strategic alliances.

These transactions might be required for us to remain competitive, but we may not be able to complete any such transactions on favorable terms or obtain financing, if necessary, for such transactions on favorable terms. Future transactions may not improve our competitive position and business prospects as anticipated, and if they do not, our sales and earnings may be significantly reduced.

Technology, operating and start-up risks, as well as commodity market risks associated with our Mesabi Nugget ironmaking project may prevent us from realizing its anticipated benefits and could result in a loss of all or a part of our investment.

While we and certain of our current and former joint venture partners built and operated a successful small scale pilot plant on the Mesabi Iron Range in Minnesota for the production of a cost effective iron nugget using Kobe Steel's proprietary ITmK3® ironmaking process, there are technology, operational, market and start-up risks associated with the start-up of our world's first full scale commercial nugget plant utilizing this technology. Although, we believe this full scale plant should be capable of consistently producing high-quality iron nuggets for use as a scrap

substitute feed stock in our steelmaking operations, and in sufficient quantities and at a cost that will compare favorably with the cost of steel scrap and other more conventional scrap substitute products, including pig iron, there can be no assurance that these expectations will be achieved. We have encountered and may from time to time encounter cost overruns, systems or process difficulties, or quality control problems or output restrictions. As a result our capital costs could increase, the expected cost benefits from the development of this iron nugget product could be diminished or lost, and we could lose all or a substantial portion of our investment in the project. We could also encounter commodity market risk if, during a sustained period, the cost to manufacture the nuggets is greater than projected or if the relative market price of scrap and other scrap substitutes, for which this iron nugget product is intended as a lower cost substitute, is lower than projected, which could render our nuggets non-economical. Moreover, we are undertaking certain ancillary ventures related to the ironmaking

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process, such as our nearby Mesabi Mining facility for which we are currently seeking operating permits to permit us to mine taconite ore for use in the production of nuggets. Mining is a business in which we have no previous experience and which is also subject to possible permitting and environmental risks and uncertainties.

We are subject to litigation which could adversely affect our profitability.

We are involved in various routine litigation matters, including administrative proceedings, regulatory proceedings, governmental investigations, environmental matters, and commercial and construction contract disputes.

On September 17, 2008, we and eight other steel manufacturing companies were served with a class action antitrust complaint, filed in the United States District Court for the Northern District of Illinois in Chicago by Standard Iron Works of Scranton, Pennsylvania, alleging violations of Section 1 of the Sherman Act. The Complaint alleges that the defendants conspired to fix, raise, maintain and stabilize the price at which steel products were sold in the United States, starting in 2005, by artificially restricting the supply of such steel products. Seven additional lawsuits, each of them materially similar to the original, have also been filed in the same federal court, each of them likewise seeking similar class certification. All but one of the Complaints purport to be brought on behalf of a class consisting of all direct purchasers of steel products between January 1, 2005 and the present. The other Complaint purports to be brought on behalf of a class consisting of all indirect purchasers of steel products within the same time period. In addition, on December 28, 2010, we and the other co-defendants were served with a substantially similar complaint in the Circuit Court of Cocke County, Tennessee, purporting to be on behalf of indirect purchasers of steel products in Tennessee. The case has been removed to federal court. All Complaints seek treble damages and costs, including reasonable attorney fees, pre- and post-judgment interest and injunctive relief. On January 2, 2009, Steel Dynamics and the other defendants filed a Joint Motion to Dismiss all of the direct purchaser lawsuits. On June 12, 2009, however, the Court denied the Motion. The parties are currently conducting discovery. Although we believe that the lawsuits are without merit and we are aggressively defending these actions, we cannot presently predict the outcome of this litigation or make any judgment with respect to its potential exposure, if any.

On October 25, 2010, our wholly-owned subsidiary, OmniSource Corporation, was indicted by a Grand Jury in Marion County, Indiana, on multiple criminal charges involving the alleged receipt or attempted receipt of stolen property. We believe that these charges, involving certain small dollar amount individual retail scrap metal purchase transactions, are baseless, and we are vigorously defending against these charges. On December 30, 2010, we filed a Motion to Dismiss this indictment, on multiple grounds, and on February 4, 2011, this Motion was argued and is currently under advisement.

In a related matter, on October 18, 2010, our Indianapolis subsidiary filed a civil lawsuit against the Prosecutor in Marion Superior Court, seeking return of cash seized by the police during that February 2009 raid. In that lawsuit, we claim that the police raid and subsequent proceedings constituted part of a meritless plan by the Marion County Prosecutor to extract money from OmniSource, under a threat of potential civil forfeiture of millions of dollars' worth of OmniSource's property. Consistent with that characterization, the Prosecutor on December 30, 2010, filed a counterclaim to the OmniSource complaint, seeking the civil forfeiture of all of OmniSource's Indianapolis scrap facilities and certain other properties and facilities, as well as the appointment of a receiver and other remedies. On January 6, 2011, we filed a Motion to Strike this counterclaim, which was granted on January 31, 2011. The Prosecutor has filed a Motion to be permitted to refile this Counterclaim, and that Motion will be heard on March 3, 2011. We believe that this counterclaim is without any factual or legal merit, and, if permitted to be refiled, we will aggressively defend this action as well.

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Due to the uncertain nature of litigation, we cannot predict the outcome of any of the foregoing lawsuits or proceedings. An adverse result, however, could have a material adverse affect on our financial condition and profitability. Although we are unable at this time to make any dollar estimate of exposure to loss, if any, in connection with the foregoing matters, and although we may make accruals, if and as warranted, any amounts that we may accrue from time to time could vary significantly from the amounts we actually pay, due to inherent uncertainties and the inherent shortcomings of the estimation process, the uncertainties involved in litigation and other factors.

Unexpected equipment failures may lead to production curtailments or shutdowns.

Interruptions in our production capabilities could adversely affect our production costs, products available for sales and earnings during the affected period. In addition to equipment failures, our facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. Our manufacturing processes are dependent upon critical pieces of steelmaking equipment, such as our furnaces, continuous casters and rolling equipment, as well as electrical equipment, such as transformers. This equipment may, on occasion, be out of service as a result of unanticipated failures. We have experienced and may in the future experience material plant shutdowns or periods of reduced production as a result of such equipment failures.

Some of our operations present significant risk of injury or death.

The industrial activities conducted at our facilities present significant risk of serious injury or death to our employees, customers or other visitors to our operations, notwithstanding our safety precautions, including our material compliance with federal, state and local employee health and safety regulations. While we have in place policies and procedures to minimize such risks, we may nevertheless be unable to avoid material liabilities for an injury or death. Even though we maintain workers' compensation insurance to address the risk of incurring material liabilities for injury or death, there can be no assurance that the insurance coverage will be adequate or will continue to be available on the terms acceptable to us, or at all, which could result in material liabilities for an injury or death.

Governmental agencies may refuse to grant or renew some of our licenses and permits.

We must receive licenses, permits and approvals from state and local governments to conduct certain of our operations such as our Mesabi Nugget and Mesabi Mining operations, or to develop or acquire new facilities. Governmental agencies often resist the establishment of certain types of facilities in their communities, including scrap metal collection and processing facilities and there may be environmental objections or concerns raised by governmental agencies or private citizens. There can be no assurance that future approvals, licenses and permits will be granted or that we will be able to maintain and renew the approvals, licenses and permits we currently hold, and failure to do so could have a material adverse effect on our results of operations and financial condition.

Our common stock price may fluctuate substantially.

The market price of our common stock has experienced, and may continue to experience, significant volatility. Numerous factors, including many over which we have no control, may have a significant impact on the market price of our common stock. These risks include those described or referred to in this "Risk Factors" section and in the other documents incorporated herein by reference, as well as, among other things:

- our actual or anticipated fluctuations in our operating and financial performance and prospects;
- perceptions regarding the level of our debt;
- investor perceptions relating to our products, our industry and the markets in which we operate;

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market conditions in the end markets into which we or our customers sell our products;

changes in industry forecasts, earnings estimates or buy/sell recommendations by analysts; and

broad financial, domestic, international, economic and other market conditions.

In addition, the stock market in recent years has experienced significant price and trading volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. These broad market fluctuations may adversely affect the price of our common stock, regardless of our operating performance. As a result of these factors, among others, the value of your investment may decline because a decrease in the market price of our common stock would likely adversely impact the trading price of the notes.

Payment of dividends will depend on our future financial condition and performance.

While our board of directors has been authorizing the payment of regular quarterly cash dividends on shares of our common stock, the timing and amount of future dividends will depend on the board's assessment of our operations, financial condition, projected cash needs, contractual restrictions or restrictions imposed by applicable law and other factors. We cannot guarantee that we will continue to declare dividends or declare them at the same or similar rates. In addition, our senior secured credit agreement and the indenture relating to our notes restrict the amount of cash dividends we can pay.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

The following table describes our more significant properties as of December 31, 2010. These properties are owned or leased by us and are not subject to any significant encumbrances. We believe these properties are suitable and adequate for our current operations and are appropriately utilized.

Operations	Location	Property Type	Site Acreage Owned	Site Acreage Leased
Steel Operations				
Flat Roll Division:				
Butler Operations	Butler, IN	Steel Manufacturing and Coating Facility	1,087	
Jeffersonville Operations	Jeffersonville, IN	Steel Coating Facility		25
Structural and Rail Division	Columbia City, IN	Steel Manufacturing Facility	699	
Engineered Bar Division	Pittsboro, IN	Steel Manufacturing and Finishing Facility	285	
Roanoke Bar Division	Roanoke, VA	Steel Manufacturing Facility	290	
Steel of West Virginia	Huntington, WV	Steel Manufacturing and Finishing Facility	49	
The Techs	Pittsburgh, PA	Steel Coating Facilities	16	2
Metals Recycling and Ferrous Resources				
OmniSource:				
Georgia	Multiple Cities	Ferrous and Nonferrous Scrap Processing	103	1
Indiana	Multiple Cities	Ferrous and Nonferrous Scrap Processing	578	30
Michigan	Multiple Cities	Ferrous and Nonferrous Scrap Processing	301	11
North Carolina	Multiple Cities	Ferrous and Nonferrous Scrap Processing	506	1
Ohio	Multiple Cities	Ferrous and Nonferrous Scrap Processing	239	22
South Carolina	Multiple Cities	Ferrous and Nonferrous Scrap Processing	223	100
Tennessee	Multiple Cities	Ferrous and Nonferrous Scrap Processing	44	7
Virginia	Multiple Cities	Ferrous and Nonferrous Scrap Processing	188	
Iron Dynamics	Butler, IN	Liquid Ironmaking Facility	25	
Mesabi Nugget	Hoyt Lakes, MN	Ironmaking Facility	*	*
Mesabi Mining	Hoyt Lakes, MN	Iron Ore Mining (under development)	*	*
Steel Fabrication Operations				
New Millennium Building Systems:				
Joist and Deck Operations	Butler, IN	Steel Fabrication Facility	95	
Joist and Deck Operations	Lake City, FL	Steel Fabrication Facility	75	
Joist and Deck Operations	Salem, VA	Steel Fabrication Facility	62	
Joist and Deck Operations	Hope, AR	Steel Fabrication Facility	72	
Joist Operations	Fallon, NV	Steel Fabrication Facility	43	
Joist Operations	Juarez, MX	Steel Fabrication Facility	15	
Joist Operations	Florence, SC	Steel Fabrication Facility (idle)	66	
Joist Operations	Continental, OH	Steel Fabrication Facility (idle)	54	
Corporate Headquarters	Fort Wayne, IN	Office Building (116,000 square feet)	20	

*

The Mesabi Nugget and Mesabi Mining properties are located at the site of an open pit taconite mine on the Mesabi Iron Range near Hoyt Lakes, Minnesota. The site encompasses land owned outright by us (including mineral and surface rights) and land for which we acquired a leasehold interest (including mineral and surface rights). The properties were purchased from Cleveland Cliffs, Inc. and the mines were formerly operated by

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LTV Corporation. Mesabi Mining is currently working to obtain the necessary permits to commence mining operations. The concentrate eventually provided by the mines is intended as a raw material input for the iron nugget production.

ITEM 3. LEGAL PROCEEDINGS

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The information required by Item 5 with respect to securities authorized for issuance under equity compensation plans is set forth in Part III, Item 12 of this Form 10-K. Our common stock trades on The NASDAQ Global Select Stock Market under the symbol STLD. The reported high and low "intra-day" sales prices of our common stock and our dividend information for the two most recent fiscal years are set forth in the following table (in dollars):

	Common Stock Market Price		Dividends Declared
	High	Low	
2009			
First Quarter	$ 14.39	$ 5.95	$ .100
Second Quarter	16.68	8.18	.075
Third Quarter	18.56	12.43	.075
Fourth Quarter	18.63	13.07	.075
2010			
First Quarter	$ 20.47	$ 14.31	$ .075
Second Quarter	18.94	13.12	.075
Third Quarter	15.59	12.89	.075
Fourth Quarter	18.64	13.97	.075

As of February 15, 2011 we had 217,929,783 shares of common stock outstanding and held beneficially by approximately 1,680 stockholders based on our security position listing. Because many of the shares were held by depositories, brokers and other nominees, the number of registered holders (approximately 27,700) is not representative of the number of beneficial holders.

We declared our first quarterly cash dividend during July 2004 and continued quarterly dividends throughout 2010. Our board of directors, along with executive management, approves the payment of dividends on a quarterly basis. The determination to pay cash dividends in the future will be at the discretion of our board of directors, after taking into account various factors, including our financial condition, results of operations, outstanding indebtedness, current and anticipated cash needs and growth plans. In addition, the terms of our senior secured revolving credit agreement and the indenture relating to our senior notes restrict the amount of cash dividends we can pay.

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Total Return Graph

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Steel Dynamics, Inc., the NASDAQ Composite Index
and the S&P Steel Index

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*

$100 invested on 12/31/05 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth the selected consolidated financial and operating data of Steel Dynamics Inc. The selected consolidated financial and operating data as of and for each of the years in the five-year period ended December 31, 2010 were derived from our audited consolidated financial statements. You should read the following data in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations* and our consolidated financial statements and notes appearing elsewhere in this Form 10-K.

You should also read the following information in conjunction with the data in the table on the following page:

On June 9, 2008, we completed the acquisition of Recycle South, a privately-held, regional scrap metal recycling company located in the southeastern United States. Recycle South operations are reflected in our metals recycling and ferrous resources operating segment.

On October 26, 2007, we completed the acquisition of OmniSource Corporation, a privately-held scrap metal recycling and trading company. OmniSource operations are reflected in our metals recycling and ferrous resources operating segment.

On July 2, 2007, we completed the acquisition of The Techs, three flat rolled steel galvanizing facilities. The Techs operations are reflected in our steel operating segment.

For purposes of calculating our "ratio of earnings to fixed charges", earnings consist of earnings from continuing operations before income taxes, extraordinary items and before adjustments for noncontrolling interests, adjusted for the portion of fixed charges deducted from these earnings, plus amortization of capitalized interest. Fixed charges consist of interest on all indebtedness, including capitalized interest, and amortization of debt issuance costs.

For purposes of calculating our "operational working capital" we consider cash invested in trade receivables, inventories and income taxes receivable, less current liabilities other than debt as reported on our consolidated balance sheets.

Due to the immaterial impact of recasting our 2006 financial statements pursuant to the January 1, 2009 adoption of ASC 810-10-65-1, *Noncontrolling Interests in Consolidated Financial Statements,* we have not restated our 2006 operating income and net income (loss) before noncontrolling interests, or equity at December 31, 2006. There is no impact to our consolidated net income attributable to Steel Dynamics, Inc.

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	Years Ended December 31,				
	2010	2009	2008	2007	2006
	(dollars in thousands, except per share data)				
Operating data:					
Net sales	$ 6,300,887	$ 3,958,806	$ 8,080,521	$ 4,384,844	$ 3,238,787
Gross profit	675,666	399,076	1,231,259	915,694	829,992
Operating income	364,753	119,531	846,368	690,745	659,114
Net income (loss)	129,599	(11,019)	454,514	394,157	396,707
Net income (loss) attributable to Steel Dynamics, Inc.	140,709	(8,184)	463,386	394,566	
Basic earnings (loss) per share	$ ..65	$ (.04)	$ 2.45	$ 2.12	$ 2.11
Weighted average common shares outstanding	216,760	200,704	189,140	186,321	187,863
Diluted earnings (loss) per share	$ .64	$ (.04)	$ 2.38	$ 2.01	$ 1.89
Weighted average common shares and share equivalents outstanding	234,717	200,704	194,586	196,805	211,548
Dividends declared per share	$ .300	$ .325	$ .400	$ .300	$ .250
Other financial data:					
Capital expenditures	$ 133,394	$ 330,052	$ 412,497	$ 395,198	$ 128,618
Ratio of earnings to fixed charges	2.20x	.78x	5.44x	9.37x	17.20x
Other data:					
Shipments					
Steel operations (tons)	5,295,852	4,045,787	5,608,898	5,550,207	4,757,610
Metals recycling and ferrous resources					
Ferrous metals (gross tons)	5,179,812	3,631,102	4,958,518	973,891	80,490
Nonferrous metals (thousands of pounds)	961,288	780,084	911,832	137,417	
Mesabi Nugget (metric tons)	67,485				
Iron Dynamics (metric tons)	225,545	201,897	232,593	223,805	217,211
Steel fabrication operations (tons)	164,431	145,259	286,612	276,836	236,012
Steel operations production (tons)	5,413,093	4,187,526	5,584,019	5,471,314	4,696,455
Shares outstanding (in thousands)	217,575	216,000	181,820	190,324	193,967
Number of employees	6,180	5,990	6,652	5,940	3,490
Balance sheet data:					
Cash and equivalents	$ 186,513	$ 9,008	$ 16,233	$ 28,486	$ 29,373
Operational working capital	1,221,170	989,068	1,072,730	1,024,997	669,052
Net property, plant and equipment	2,213,333	2,254,050	2,072,857	1,652,097	1,136,703
Total assets	5,589,934	5,129,872	5,253,577	4,519,453	2,247,017
Long-term debt (including current maturities)	2,386,821	2,222,754	2,650,384	2,029,845	438,878
Equity	2,076,835	2,003,265	1,632,313	1,540,234	1,231,108

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Forward-Looking Statements

This report contains some predictive statements about future events, including statements related to conditions in domestic and global economies, conditions in the steel and recycled metals marketplaces, our revenue, costs of purchased materials, future profitability and earnings, and the operation of new or existing facilities. These statements are intended to be made as "forward-looking," subject to many risks and uncertainties, within the safe harbor protections of the Private Securities Litigation Reform Act of 1995. Such predictive statements are not guarantees of future performance, and actual results could differ materially from our current expectations. Factors that could cause such predictive statements to turn out other than as anticipated or predicted include, among others: the effects of the timing , extent and nature of general economic recovery; specific sector (i.e., automotive, consumer appliance or construction) economic conditions affecting steel or recycled metals consumption; the impact of price competition, whether domestic or the result of foreign imports; difficulties in integrating acquired businesses; risks and uncertainties involving new products or new technologies; changes in the availability or cost of steel scrap or substitute materials; increases in energy costs; occurrence of unanticipated equipment failures and plant outages; labor unrest; and the effect of the elements on production or consumption.

More specifically, we refer you to the sections titled *Special Note Regarding Forward-Looking Statements* and *Risk Factors* in this report, as well as in other reports which we file with the Securities and Exchange Commission, for a more detailed discussion of some of the many factors, variable risks and uncertainties that could cause actual results to differ materially from those we may have expected or anticipated. These reports are available publicly on the SEC web site, *www.sec.gov*, and on our web site, *www.steeldynamics.com*. Forward-looking or predictive statements we make are based upon information and assumptions, concerning our businesses and the environments in which they operate, which we consider reasonable as of the date on which these statements are made. Due to the foregoing risks and uncertainties however, as well as, matters beyond our control which can affect forward-looking statements, you are cautioned not to place undue reliance on these predictive statements, which speak only as of the date of this report. We undertake no duty to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Operating Statement Classifications

Net Sales. Net sales from our operations are a factor of volumes shipped, product mix and related pricing. We charge premium prices for certain grades of steel, product dimensions, value-added processing or coating of steel, and with regard to recycled metals, for certain grades of scrap and larger quantities. Except for our steel fabrication operations segment, we recognize revenue from sales and the allowance for estimated costs associated with returns from these sales at the time the title of the product is transferred to the customer. Provision is made for estimated product returns and customer claims based on estimates and actual historical experience. Revenues from steel fabrication operations are recognized from construction contracts utilizing a percentage-of-completion method, which is based on the percentage of steel consumed to date as compared to the estimated total steel required for each contract.

Costs of Goods Sold. Our costs of goods sold represent all direct and indirect costs associated with the manufacture of our products. The principal elements of these costs for our steel operations are steel scrap and scrap substitutes (which represent the most significant single component of our consolidated costs of goods sold), alloys, zinc, natural gas, argon, direct and indirect labor and related benefits, electricity, oxygen, electrodes, depreciation, materials and freight. The principal elements of these costs for our metals recycling and ferrous resources operations are the costs of procuring the

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unprocessed scrap materials, material transportation costs, and processing expenses, such as direct and indirect labor, depreciation and utilities. The principal elements of these costs for our steel fabrication operations include purchased steel and direct and indirect labor and related benefits.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist of all costs associated with our sales, finance and accounting, and administrative departments. These costs include, among other items, labor and related benefits, professional services, insurance premiums, property taxes, profit sharing, and amortization of intangible assets.

Interest Expense, net of Capitalized Interest. Interest expense consists of interest associated with our senior credit facilities and other debt (described in the notes included herein to our financial statements) net of interest costs that are required to be capitalized during the construction period of certain capital investment projects.

Other (Income) Expense, net. Other income consists of interest income earned on our temporary cash deposits and any other non-operating income activity, including gains on certain short-term investments and income from non-consolidated investments accounted for under the equity method. Other expense consists of any non-operating costs.

Overview

We are one of the largest steel producers and one of the largest metals recyclers in the United States based on a current estimated annual steelmaking capability of 6.4 million tons and actual metals recycling shipping volumes during 2010 and 2009 of 5.2 million gross tons and 3.6 million gross tons of ferrous materials, respectively, and 961 million pounds and 780 million pounds of nonferrous metals, respectively. Our steel production during 2010 and 2009, excluding The Techs, was 4.7 million tons and 3.5 million tons, respectively. During 2010, we reported net sales of $6.3 billion and an operating margin of 6%, as compared to net sales of $4.0 billion and an operating margin of 3% during 2009, and net sales of $8.1 billion and an operating margin of 10% during 2008.

The primary sources of our revenues are from the manufacture and sale of steel products; processing and sale of recycled ferrous and nonferrous metals; and to a lesser degree, fabrication and sale of steel joist and decking products. Our operations are managed and reported based on three operating segments: steel operations, metals recycling and ferrous resources operations, and steel fabrication operations.

We achieved record revenues and operating income during 2008, with very strong demand and pricing in each of our operating segments, resulting in strong margins and record operating results. However, beginning in the fourth quarter of 2008 and persisting throughout 2009, there were significant declines associated with the global economic slowdown impacting, among other things, non-residential construction, residential construction and automobile manufacturing activity, which drove down both our volumes and sales prices, thereby decreasing our total revenues while increasing our per unit cost to convert our raw materials to finished goods. Due to lower of cost or market inventory adjustments required in the first quarter of 2009, we experienced our lowest gross margin percentage results during that quarter with gross margins subsequently trending upward through the remainder of 2009 as the economic environment slowly improved and we continued to focus on cost reductions.

During 2010, we continued to experience improved net sales compared to 2009, driven by the general improvement of the domestic economy, resulting in increasing customer demand and pricing for our products. Steel operations experienced overall improved customer order volume and pricing, although there was some market volatility during the year. The most impactful demand improvement in 2010 versus 2009 was in our sheet and special bar-quality steel products as the automotive, transportation, industrial, and agricultural and construction equipment markets showed signs of recovery. Late in the fourth quarter, we experienced increased order entry and pricing in our steel

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operations, particularly in sheet products. Operating income in our steel operations for 2010 was up $243.6 million, or 124%, compared with that of 2009 due to the improved volumes and pricing.

Our metals recycling operations experienced improved shipping volumes and pricing of both ferrous and nonferrous metals in 2010, as demand improved due in large part to domestic and international steel production utilization rates increasing as compared to 2009. As a result of much stronger metals recycling operations, as well as those of Iron Dynamics, operating income in our metals recycling and ferrous resources operations increased $24.4 million, to $19.7 million, compared with 2009. The construction of the Mesabi Nugget facility was completed in 2009, and initial production of iron nuggets commenced January 2010. Throughout 2010 we have been refining the production process and changing equipment configurations as needed in order to increase production and plant availability. During 2010, Mesabi Nugget produced 75,000 metric tons of iron-nuggets for use by our own steel mills. During 2011, we anticipate reaching much improved sustainable production levels, moving towards the facility's anticipated annual production capacity of 500,000 metric tons. The Mesabi Nugget start-up operating losses (excluding noncontrolling interests) reduced consolidated pretax earnings by $42 million in 2010 versus $8 million in 2009, when the location was being constructed.

2011 Outlook

Looking ahead to 2011, we are optimistic regarding slow but steady growth in the U.S. economy, which could result in increased volumes compared to 2010 for both our steel and metals recycling operations. We expect steel consumption to grow in 2011 in the automotive, transportation, energy, industrial, and agricultural and construction equipment sectors. We believe residential and non-residential construction activity has likely reached its bottom. The fruition of these combined factors should result in an improved operating environment for all our segments in the coming year.

Our focus will continue to be on disciplined cost control, revenue optimization, and product growth opportunities, while continuing to manage risk in an uncertain economic environment. We currently plan to spend less than $200 million in capital investments during 2011. We believe our current operations and sources of cash are adequate to meet the cash requirements associated with these possible investments.

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Segment Operating Results 2010 vs. 2009 (*dollars in thousands*)

	Years Ended December 31,				
	2010	% Change	2009	% Change	2008
Net sales					
Steel	$ 3,999,639	53%	$ 2,606,969	(52)%	$ 5,399,719
Metals recycling and ferrous resources	3,179,032	89%	1,682,133	(54)%	3,692,421
Steel fabrication	177,378	12%	158,008	(58)%	375,532
Other	88,355	55%	56,846	(60)%	141,096
	7,444,404		4,503,956		9,608,768
Intra-company	(1,143,517)		(545,150)		(1,528,247)
Consolidated	$ 6,300,887	59%	$ 3,958,806	(51)%	$ 8,080,521
Operating income (loss)					
Steel	$ 439,795	124%	$ 196,225	(77)%	$ 843,030
Metals recycling and ferrous resources	19,686	518%	(4,709)	(104)%	104,847
Steel fabrication	(25,056)	(294)%	(6,356)	(136)%	17,875
Other (1)	(66,189)		(45,356)		(140,291)
	368,236		139,804		825,461
Intra-company	(3,483)		(20,273)		20,907
Consolidated	$ 364,753	205%	$ 119,531	(86)%	$ 846,368

(1) Other consists of the results of subsidiary operations that are below the quantitative thresholds required for reportable segments as well as unallocated corporate accounts, including profit sharing.

Steel Operations

Steel Operations. Steel operations consist of our five electric-arc furnace mini-mills, producing steel from steel scrap, utilizing continuous casting, automated rolling mills, and various downstream finishing facilities, including The Techs. Collectively, our steel operations sell directly to end users and service centers. These products are used in numerous industry sectors, including the automotive, construction, commercial, transportation and industrial machinery markets. Our steel operations accounted for 61% of our consolidated net sales and $439.8 million of consolidated operating income

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in 2010, compared to 63% and $196.2 million, respectively, in 2009, and 63% and $843.0 million, respectively, in 2008. Steel operations shipping volumes for the respective periods were as follows:

	Years Ended December 31,					
	2010	% of external	2009	% of external	2008	% of external
Shipments (tons)						
Flat Roll Division	2,642,681		2,060,874		2,328,805	
The Techs	715,512		644,612		823,661	
Sheet products	3,358,193	68%	2,705,486	71%	3,152,466	61%
Structural and Rail Division	630,224		477,116		1,095,095	
Engineered Bar Products Division	568,360		303,616		566,190	
Roanoke Bar Division	504,613		356,829		530,452	
Steel of West Virginia	234,462		202,740		264,695	
Long products	1,937,659	39%	1,340,301	35%	2,456,432	48%
Total shipments	5,295,852	107%	4,045,787	106%	5,608,898	109%
Intra-segment	(69,705)		(55,013)		(82,609)	
Segment shipments	5,226,147		3,990,774		5,526,289	
Intra-company	(276,014)		(196,652)		(365,120)	
External shipments	4,950,133		3,794,122		5,161,169	

Sheet Products. Our Flat Roll Division sells a broad range of sheet steel products, such as hot rolled, cold rolled and coated steel products, including a large variety of specialty products such as light gauge hot rolled, galvanized, Galvalume® and painted products. The Techs operations, comprised of three galvanizing lines, also sells specialized galvanized sheet steels used in non-automotive applications. During 2010, our sheet operations represented 63% of our steel segment's operating income, as compared to 57% during 2009, and 45% during 2008. The increasing prominence of sheet steels as a percentage of our steel operations income is a reflection of the more prolonged depression of the long products market, particularly within structural steel, due to the continued weakness in non-residential construction activity.

Long Products. Our Structural and Rail Division sells structural steel beams and pilings and a variety of standard and premium-grade rail for the railroad industry. Our Engineered Bar Products Division primarily sells special bar quality and merchant bar quality rounds and round-cornered squares. Our Roanoke Bar Division sells billets and merchant steel products, including angles, plain rounds, flats and channels. Steel of West Virginia primarily sells merchant beams, channels and specialty structural steel sections.

Net sales from our steel operations increased $1.4 billion, or 53%, during 2010 as compared to 2009, but were still 26% below the record sales achieved during 2008. Net sales during 2010 were increased by both improved volumes and pricing. Steel segment shipments increased 1.2 million tons, or 31%, and average selling prices per ton shipped increased $112 during 2010, as compared to 2009, but also were still below record shipments of 5.5 million tons and average selling prices per ton shipped of $977 achieved during 2008.

As compared to the recessionary period of 2009, an improved 2010 U.S. economic climate provided stronger demand for our steel products, specifically within the automotive, transportation, industrial, and agricultural and construction equipment markets, which resulted in increased volumes and product pricing. As an example, automobile units produced in 2010 in the U.S. increased 25% as compared to 2009, as noted in *Automotive News*. As steel service center and other customer inventories

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remained relatively low during the year in comparison to historic levels, any increase in end-user order activity directly impacted our own orders.

We saw stronger increases in demand related to our sheet products versus our long products in general during 2010; however, within our long product operations, special bar quality steel demand was especially strong and continues to remain so as agricultural and construction equipment markets continue to improve. Sheet product shipments increased 24%, as average selling prices per ton shipped increased $126, while long product shipments increased 45%, as average selling prices per ton shipped increased $80.

Metallic raw materials used in our electric arc furnaces represent our most significant manufacturing cost. Our metallic raw material cost per ton consumed in our steel operations increased $107 during 2010, as compared to 2009, and decreased $83 as compared to the peak-pricing that occurred during 2008. During 2010, 2009, and 2008, our metallic raw material costs represented 62%, 52%, and 63%, respectively, of our steel operation's total manufacturing costs, excluding the operations of The Techs, which purchases rather than produces the steel it further processes. The lower relationship of scrap costs to total costs in 2009 is due to a decrease of 45% in the cost per ton of metallic raw materials consumed in 2009 versus 2008, while conversion and other costs held relatively steady.

Gross margins increased $33 per ton during 2010, as compared to 2009, largely due to lower conversion and other costs per ton, as increases in metallic raw materials were offset by improved product prices. This increased gross margin per ton and the increase in volumes in 2010 versus 2009 resulted in improved steel segment operating income of $439.8 million, a 124% increase as compared to 2009; but a decrease of 48% from 2008, when product pricing increases outpaced the increases in metallic raw materials costs.

Steel Operations Average Selling Prices and Volumes

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Metals Recycling and Ferrous Resources Operations

Metals Recycling and Ferrous Resources Operations. This operating segment includes our metals recycling operations, liquid pig iron manufacturing facility, Iron Dynamics (IDI), and iron nugget manufacturing facility, Mesabi Nugget. Metals recycling and ferrous resources shipping volumes during the respective periods were as follows:

	Years Ended December 31,				
	2010	% Change	2009	% Change	2008
Ferrous metal shipments (gross tons)					
Combined	5,179,812	43%	3,631,102	(27)%	4,958,518
Intra-company	(2,161,145)		(1,434,602)		(2,027,479)
External	3,018,667	37%	2,196,500	(25)%	2,931,039
Nonferrous shipments (thousands of pounds)					
Combined	961,288	23%	780,084	(14)%	