

STEEL DYNAMICS INC  
Form 424B3  
March 08, 2006

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Registration No. 333-131100

Dear Shareholder:

I am pleased to invite you to the special shareholders meeting to consider the proposed merger of Roanoke Electric Steel Corporation into a new wholly-owned subsidiary of Steel Dynamics, Inc. The meeting will be held in the auditorium of the American Electric Power Company Building, 40 Franklin Road, S.W., Roanoke, Virginia on Tuesday, April 11, 2006 at 11:00 a.m. EDT.

In the merger, you will be entitled to receive 0.4 shares of Steel Dynamics common stock and \$9.75 in cash for each outstanding share of Roanoke Electric Steel common stock that you own at the effective time of the merger. Steel Dynamics common stock is listed and trades on the Nasdaq National Market under the symbol "STLD." The closing price of Roanoke Electric Steel common stock on October 17, 2005, the day before the announcement of the proposed merger, was \$21.26. The closing price of Steel Dynamics common stock on October 17, 2005 was \$28.77.

**Our board of directors has reviewed and considered the terms of the merger, the merger agreement and the related plan of merger, has determined that the proposed merger is advisable, fair to and in the best interest of Roanoke Electric Steel and its shareholders, and unanimously recommends that you vote "FOR" the approval of the merger agreement and the related plan of merger.**

The accompanying proxy statement/prospectus explains the merger in greater detail and provides detailed information about Steel Dynamics, Roanoke Electric Steel and the special shareholders meeting. Please give this information, as well as the information incorporated by reference into the proxy statement/prospectus, your careful attention. **In addition, you should carefully consider the risk factors relating to the proposed merger beginning on page 16.**

To approve the merger, you must vote "FOR" the proposal by following the instructions on the enclosed proxy card. Approval of the merger will require the affirmative vote of holders of more than two-thirds of the shares of Roanoke Electric Steel common stock outstanding and entitled to vote. If you do not vote at all, you will, in effect, have voted against the proposal. Whether or not you plan to attend the meeting, please complete and return your proxy card in the envelope enclosed for your convenience. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card. Your prompt cooperation will be greatly appreciated.

On behalf of our entire board of directors, we thank you for your support and urge you to vote "FOR" approval of the merger agreement and the related plan of merger.

Sincerely yours,

---

Donald G. Smith  
Chairman and Chief Executive Officer

If you have any questions concerning the proposed merger, please call our proxy solicitors, MacKenzie Partners, Inc., toll free at (800) 322-2885. **Please do not send in your stock certificates with your proxy card.** If the proposed merger is completed, you will be sent written instructions for exchanging your Roanoke Electric Steel common stock for the merger consideration.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger or the Steel Dynamics common stock to be issued in the merger or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

**PROXY STATEMENT/PROSPECTUS**

This proxy statement/prospectus is dated March 8, 2006, and is first being mailed to Roanoke Electric Steel shareholders on or about that date.

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON APRIL 11, 2006**

To Roanoke Electric Steel Corporation Shareholders:

NOTICE IS HEREBY GIVEN that we will hold a special meeting of shareholders of Roanoke Electric Steel Corporation, a Virginia corporation, at 11:00 a.m., EDT, on Tuesday, April 11, 2006 in the auditorium of the American Electric Power Company Building, 40 Franklin Road, S.W., Roanoke, Virginia for the following purposes:

1. To consider and vote on a proposal to approve the Agreement of Merger and Reorganization by and among Steel Dynamics, Inc., RS Acquisition Corporation and Roanoke Electric Steel Corporation, dated as of October 17, 2005, and the related plan of merger, attached as Annexes A and B, respectively, to the accompanying proxy statement/prospectus.
2. To consider and vote on a proposal to authorize the proxyholders to vote to adjourn or postpone the special meeting, in their sole discretion, for the purpose of soliciting additional votes for the approval of the merger agreement and the related plan of merger.
3. To transact such other business as may properly come before the special meeting.

We describe the merger, the merger agreement and the related plan of merger more fully in the proxy statement/prospectus attached to and forming part of this notice. You are encouraged to read the entire document carefully. As of the date of this notice, Roanoke Electric Steel's board of directors knows of no other business to be conducted at the special meeting.

**The board of directors of Roanoke Electric Steel unanimously recommends that Roanoke Electric Steel shareholders vote "FOR" approval of the merger agreement and the related plan of merger.**

Only shareholders of record of Roanoke Electric Steel common stock at the close of business on January 31, 2006, the record date for the special meeting, are entitled to notice of, and will be entitled to vote at, the special meeting or any adjournment or postponement thereof. Approval of the merger agreement and the related plan of merger will require the affirmative vote of holders of more than two-thirds of the shares of Roanoke Electric Steel common stock outstanding and entitled to vote as of the record date. Authorizing the proxyholders to vote to adjourn or postpone the special meeting for the purpose of soliciting additional votes for the approval of the merger agreement and the related plan of merger will require that the number of votes for this authorization exceed the number of votes against this authorization from holders of the shares of Roanoke Electric Steel common stock represented in person or by proxy and entitled to vote at the special meeting.

**Your vote is important. To ensure that your shares are represented at the special meeting, you are urged to complete, date and sign the enclosed proxy and mail it promptly in the postage-paid envelope provided, whether or not you plan to attend the special meeting in person. Completing a proxy now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote. If you do not return or submit the proxy or vote in person at the special meeting, the effect will be the same as a vote against the merger agreement proposal.**

You may revoke your proxy in the manner described in the accompanying proxy statement/prospectus at any time before it has been voted at the special meeting. If you attend the special meeting you may vote in person even if you returned a proxy. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote in person at the special meeting, you must obtain from the record holder a proxy issued in your name.

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Please do not send your stock certificates at this time. If the merger is completed, you will be sent instructions regarding the surrender of your stock certificates.

By Order of the Board of Directors,

William M. Watson, Jr.  
General Counsel and Secretary

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**IMPORTANT**

This document constitutes both a proxy statement of Roanoke Electric Steel and a prospectus of Steel Dynamics for the shares of Steel Dynamics common stock that Steel Dynamics will issue to Roanoke Electric Steel shareholders in the merger. Steel Dynamics has filed a registration statement on Form S-4 to register the shares of Steel Dynamics common stock to be issued to Roanoke Electric Steel shareholders in the merger. This proxy statement/prospectus is part of the registration statement, but does not contain all of the information set forth in the registration statement, some portions of which have been omitted as permitted by the rules and regulations of the Securities and Exchange Commission. This additional information may be obtained, without charge, from the SEC's principal office in Washington, D.C. or from the website maintained by the SEC at <http://www.sec.gov>.

In accordance with the rules of the SEC, this proxy statement/prospectus incorporates important business and financial information about Steel Dynamics, Roanoke Electric Steel and their affiliates that is contained in documents filed with the SEC. The information incorporated by reference is deemed to be part of this proxy statement/prospectus, except for any information superseded by information in this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 107. You can also obtain the documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at one of the following addresses:

Steel Dynamics, Inc.  
6714 Pointe Inverness Way  
Suite 200  
Fort Wayne, Indiana 46804  
Attn: Chief Financial Officer  
260-459-3553

Roanoke Electric Steel Corporation  
P.O. Box 13948  
Roanoke, Virginia 24038  
Attn: General Counsel  
540-342-1831

**If you would like to request any documents, you must do so by April 4, 2006 in order to receive them before the special meeting of Roanoke Electric Steel shareholders.**

We are not incorporating the contents of the websites of the SEC or any other person into this document. We are only providing the information about how you can obtain certain documents that are incorporated by reference into this proxy statement/prospectus at those websites for your convenience.

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**SUMMARY OF THE PROXY STATEMENT/PROSPECTUS**

*This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the other documents to which you are referred for a more complete understanding of the merger. You should also read the documents attached to this proxy statement/prospectus, including the merger agreement, the related plan of merger and the fairness opinion of Jefferies & Company, Inc., which are attached as Annexes A, B and C, and made part of this proxy statement/prospectus. In addition, we have incorporated by reference important business, financial and other information about Roanoke Electric Steel and Steel Dynamics. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in "Where You Can Find More Information" beginning on page 107. This summary and the balance of this proxy statement/prospectus contain forward-looking statements concerning events that we cannot assure you are certain to occur as described, or at all, and you should not place undue reliance on those statements. Please carefully read "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 24.*

**The Companies**

**Information about Roanoke Electric Steel Corporation (page 87)**

P. O. Box 13948  
Roanoke, Virginia 24038  
Telephone: 540-342-1831

Roanoke Electric Steel, directly and through its subsidiaries, is engaged in the manufacturing, fabricating and marketing of merchant steel products, specialty steel sections, billets and open-web steel joists, as well as the processing of scrap metal.

**Information about Steel Dynamics, Inc. (page 83) and RS Acquisition Corporation**

6714 Pointe Inverness Way  
Suite 200  
Fort Wayne, Indiana 46804  
Telephone: 260-459-3553

Steel Dynamics is the sixth largest steel producer in the United States, with 2004 consolidated shipments totaling 3.4 million tons of steel. Steel Dynamics produces its steel principally from steel scrap, using electric arc furnaces, continuous casting and automated rolling mills and currently operates three steelmaking mini-mills. Steel Dynamics also operates a scrap substitute manufacturing facility, a 50%-owned facility that sells secondary and excess prime flat roll steel products, and a company which produces steel building components, including joists, girders, trusses and steel roof and floor decking.

RS Acquisition is an Indiana corporation and a wholly owned subsidiary of Steel Dynamics formed by Steel Dynamics on September 29, 2005 for the sole purpose of entering the merger agreement and effecting the merger.

**Structure of the Transaction: the Merger (see page 70)**

Roanoke Electric Steel will merge into RS Acquisition under the terms of the merger agreement. You will receive 0.4 shares of Steel Dynamics common stock and \$9.75 in cash for each share of Roanoke Electric Steel common stock you own. You will also receive cash for any fractional shares of Steel Dynamics common stock that you would otherwise receive in the merger.

The value of the portion of the merger consideration comprised of Steel Dynamics common stock will change with fluctuations in the market price of Steel Dynamics common stock. The 0.4 exchange

ratio is a fixed exchange ratio, meaning that you will receive 0.4 shares of Steel Dynamics common stock for each share of Roanoke Electric Steel common stock you own plus \$9.75 in cash regardless of the trading price of Steel Dynamics common stock on the effective date of the merger. The market value of the Steel Dynamics common stock you will receive in the merger, therefore, will increase or decrease as the trading price of Steel Dynamics common stock increases or decreases. Accordingly, the aggregate market value may be different at the time the merger is completed than it was at the time the merger agreement was signed or at the time of the special meeting. For example, we show below the implied value of the aggregate merger consideration based on the Steel Dynamics common stock closing price of \$28.77 on October 17, 2005, the day before the public announcement of the proposed merger and of \$47.67 on March 1, 2006:

	<u>Implied Value</u>
October 17, 2005	\$21.26
March 1, 2006	\$ 28.82

Market prices of Steel Dynamics common stock may vary at any time prior to the completion of the merger or at any time thereafter. You are urged to obtain current trading prices for Steel Dynamics common stock and Roanoke Electric Steel common stock.

Each Roanoke Electric Steel stock option will be converted into an option to purchase 0.7389 of a share of Steel Dynamics common stock for each share of Roanoke Electric Steel common stock subject to the option, rounded to the nearest whole share of Steel Dynamics common stock. The exercise price per share will be equal to the per share exercise price of the Roanoke Electric Steel option immediately before the merger divided by 0.7389, rounded to the nearest cent. Consequently, these option holders receive an option to purchase Steel Dynamics common stock in the merger, while holders of Roanoke Electric Steel common stock receive a combination of cash and Steel Dynamics common stock as the merger consideration.

**The Special Meeting of Roanoke Electric Steel Shareholders (see page 26)**

The special meeting will be held on Tuesday, April 11, 2006, at 11:00 a.m., EDT, in the auditorium of the American Electric Power Company Building, 40 Franklin Road, S.W., Roanoke, Virginia.

The purpose of the special meeting is to:

consider and vote upon a proposal to approve the merger agreement and the related plan of merger;

consider and vote upon a proposal to authorize the proxyholders to vote to adjourn or postpone the special meeting, in their sole discretion, for the purpose of soliciting additional votes for the approval of the merger agreement and the related plan of merger; and

transact such other business as may properly come before the special meeting or any postponements or adjournments of the special meeting.

Approval of the merger agreement and the related plan of merger will also constitute approval of the merger and the other transactions contemplated by the merger agreement.

Approval of the merger agreement and the related plan of merger by Roanoke Electric Steel's shareholders is required by Virginia law. Approval requires the affirmative vote of the holders of more than two-thirds of the shares of Roanoke Electric Steel common stock outstanding and entitled to vote as of January 31, 2006, which we refer to as the record date. As of the record date, Roanoke Electric Steel's directors, executive officers and their affiliates held approximately 9.0% of the shares entitled to

vote at the special meeting. Neither Steel Dynamics nor any of its directors or executive officers owns any shares of Roanoke Electric Steel common stock.

#### **Steel Dynamics Shareholder Approval**

Steel Dynamics shareholders are not required to approve the issuance of the shares of Steel Dynamics common stock as part of the merger consideration.

#### **Recommendation of Roanoke Electric Steel's Board of Directors (see page 26)**

After careful consideration, Roanoke Electric Steel's board of directors has unanimously approved and adopted the merger agreement and the related plan of merger and unanimously recommends that Roanoke Electric Steel shareholders vote "**FOR**" approval of the merger agreement and the related plan of merger.

#### **Opinion of Jefferies & Company, Inc. (see page 45)**

Roanoke Electric Steel engaged Jefferies & Company, Inc., or Jefferies, to serve as Roanoke Electric Steel's financial adviser in connection with the merger and to render an opinion to Roanoke Electric Steel's board of directors as to the fairness, from a financial point of view, to holders of Roanoke Electric Steel common stock of the merger consideration to be received by holders of Roanoke Electric Steel common stock pursuant to the merger agreement. On October 17, 2005, Jefferies rendered to Roanoke Electric Steel's board of directors its opinion as investment bankers to the effect that, as of that date and based upon and subject to the various considerations and assumptions set forth in the opinion, the merger consideration to be received by holders of Roanoke Electric Steel common stock pursuant to the merger agreement was fair, from a financial point of view, to those holders. The full text of the Jefferies opinion, which sets forth the assumptions made, matters considered and limitations on the scope of review undertaken by Jefferies in rendering its opinion, is attached to this proxy statement/prospectus as Annex C. Roanoke Electric Steel and its board of directors encourage the Roanoke Electric Steel shareholders to read the Jefferies opinion carefully and in its entirety.

**The Jefferies opinion was provided to Roanoke Electric Steel's board of directors in connection with its consideration of the merger and addresses only the fairness, from a financial point of view and as of the date of the Jefferies opinion, of the merger consideration to be received by the holders of Roanoke Electric Steel common stock, and does not address any other aspect of the merger. The Jefferies opinion does not constitute a recommendation as to how any shareholder should vote on the merger or any matter relevant to the merger agreement.**

#### **Interests of Certain Persons in the Merger (see page 55)**

In considering the recommendation of Roanoke Electric Steel's board of directors with respect to the merger agreement and the related plan of merger, Roanoke Electric Steel shareholders should be aware that some of Roanoke Electric Steel's executive officers and directors have interests in the merger and have arrangements that are different from, or in addition to, those of Roanoke Electric Steel's shareholders generally.

These interests and arrangements include the following:

T. Joe Crawford, president of Roanoke Electric Steel, will hold options to acquire 8,867 shares of Steel Dynamics common stock as a result of conversion of his Roanoke Electric Steel options;

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Roanoke Electric Steel executive officers will receive cash payments under employment continuity agreements and the management incentive plan; and

Mr. Crawford and another executive officer have entered into employment agreements with Steel Dynamics which become effective when the merger occurs.

The Roanoke Electric Steel board of directors was aware of these arrangements and considered them in its decision to approve and adopt the merger agreement and the related plan of merger.

### **Risk Factors (see page 16)**

In evaluating the merger, the merger agreement and the related plan of merger and before deciding how to vote your shares of Roanoke Electric Steel common stock at the special meeting, you should read this proxy statement/prospectus carefully and especially consider certain factors, risks and uncertainties discussed in "Risk Factors" beginning on page 16.

### **Conditions to the Merger (see page 79)**

Each party's obligations to complete the merger are subject to the prior satisfaction or waiver, where permissible, of each of the conditions specified in the merger agreement, including the following conditions:

the merger agreement and the related plan of merger must be approved by the holders of more than two-thirds of the outstanding shares of Roanoke Electric Steel common stock as of the record date entitled to vote at the special meeting;

there must be no temporary restraining order, preliminary or permanent injunction or other order or decree issued by any court of competent jurisdiction or other statute, law, rule, legal restraint or prohibition in effect preventing the completion of the merger;

specified consents, approvals and authorizations must have been obtained and be in full force and effect;

there must not be any event, change, effect, development, condition or occurrence that individually or in the aggregate have had a material adverse effect on the other party; and

each party must have received an opinion of counsel to the effect that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code.

We do not currently expect to waive any material condition to completion of the merger. If either Steel Dynamics or Roanoke Electric Steel determines to waive any condition to the merger that would result in a material and adverse change in the terms of the merger to Roanoke Electric Steel shareholders, including any change in the tax consequences of the transaction to Roanoke Electric Steel shareholders, we would circulate a revised proxy statement/prospectus and solicit shareholder approval.

### **Termination of the Merger Agreement (see page 80)**

The merger agreement may be terminated by mutual consent, or by either Steel Dynamics or Roanoke Electric Steel, at any time before the completion of the merger under circumstances specified in the Merger Agreement, including:

if the merger is not completed through no fault of the terminating party by the later of:

April 30, 2006, unless otherwise extended in writing by both parties, or



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July 30, 2006, in the event that on April 30, 2006 all conditions other than those relating to the absence of governmental litigation and governmental consents are satisfied or are capable of being satisfied; and

if Roanoke Electric Steel's shareholders do not approve the merger agreement and the related plan of merger at the special meeting.

The merger agreement may also be terminated by Steel Dynamics if Roanoke Electric Steel's board of directors changes its recommendation to the shareholders of Roanoke Electric Steel that they approve the merger agreement and the related plan of merger.

The merger agreement may be terminated by Roanoke Electric Steel if:

Roanoke Electric Steel's board of directors authorizes it to enter into a binding written agreement concerning a business combination that constitutes a "superior proposal," as defined in the merger agreement; and

within the specified five business day period, Steel Dynamics does not make a counter-offer that the board of directors of Roanoke Electric Steel determines, as provided in the merger agreement, is at least as favorable to Roanoke Electric Steel's shareholders as that superior proposal.

### **Payment of Termination Fee (see page 81)**

Roanoke Electric Steel has agreed to pay Steel Dynamics a termination fee of \$7.5 million, plus expenses in an amount not to exceed \$1 million, if the merger agreement is terminated under circumstances specified in the merger agreement.

### **No Solicitation of Transactions Involving Roanoke Electric Steel (see page 77)**

The merger agreement contains restrictions on Roanoke Electric Steel's ability to solicit or discuss other acquisition proposals. However, the merger agreement provides that, in some circumstances, Roanoke Electric Steel may furnish non-public information to a third party and engage in negotiations, if it receives an unsolicited proposal from a third party that its board of directors determines in good faith is, or is reasonably likely to be, superior to the merger.

### **Material U.S. Federal Income Tax Consequences of the Merger (see page 64)**

Roanoke Electric Steel and Steel Dynamics have each received tax opinions, from McGuireWoods LLP and McDermott Will & Emery LLP, respectively, to the effect that the merger will qualify for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code and that each of Roanoke Electric Steel, RS Acquisition Corporation and Steel Dynamics will be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code. Assuming the merger qualifies as a "reorganization," a Roanoke Electric Steel shareholder generally will, for U.S. federal income tax purposes, recognize gain, but not loss, equal to the lesser of:

the excess, if any, of the fair market value of the Steel Dynamics common stock and the amount of cash received by the shareholder over the shareholder's adjusted tax basis in the Roanoke Electric Steel common stock exchanged in the merger, or

the amount of cash received by the shareholders in the merger.



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This treatment may not apply to all shareholders. For further information concerning material U.S. federal income tax consequences of the merger, please see "The Merger Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 64.

**Tax matters are very complicated and the consequences of the merger to any particular Roanoke Electric Steel shareholder will depend on that shareholder's particular facts and circumstances. Roanoke Electric Steel shareholders are urged to consult their own tax advisors to determine their own tax consequences from the merger.**

### **Regulatory Matters (see page 63)**

The merger is subject to U.S. antitrust laws. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, referred to as the HSR Act, each of Steel Dynamics and Roanoke Electric Steel must file Hart-Scott Rodino notification and report forms with the Antitrust Division of the Department of Justice, referred to as the DOJ, and the U.S. Federal Trade Commission, referred to as the FTC, and specified waiting periods must be terminated or expire, before the merger can be completed. Even after the waiting period expires or is terminated, the DOJ and the FTC, as well as any state attorney general or a private person, will have the authority to challenge the merger at any time before or after its completion. Each of Steel Dynamics and Roanoke Electric Steel filed a notification and report form for the merger with the DOJ and the FTC on December 16, 2005 and on December 23, 2005 received notice of early termination of the waiting period.

### **No Appraisal Rights (see page 69)**

Under Virginia law, you are not entitled to appraisal rights in connection with the merger.

### **Certain Effects of the Merger (see page 88)**

Upon completion of the merger, Roanoke Electric Steel shareholders will become shareholders of Steel Dynamics. The internal affairs of Steel Dynamics are governed by Indiana law and Steel Dynamics' articles of incorporation and bylaws. The internal affairs of Roanoke Electric Steel are governed by Virginia law and Roanoke Electric Steel's articles of incorporation and bylaws. Due to differences between the governing documents and governing state laws of Steel Dynamics and Roanoke Electric Steel, the merger will result in you having different rights once you become a Steel Dynamics shareholder. These rights are summarized in "Comparison of Rights of Shareholders of Steel Dynamics and Shareholders of Roanoke Electric Steel" beginning on page 88.

**QUESTIONS AND ANSWERS ABOUT THE MERGER**

*The following are some questions that you, as a shareholder of Roanoke Electric Steel, may have regarding the merger and the other matters being considered at the special meeting and brief answers to those questions. We urge you to read carefully the remainder of this proxy statement/prospectus, including the documents attached to this proxy statement/prospectus, because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the special meeting. Additional important information is also contained in the documents that are incorporated by reference in this proxy statement/prospectus.*

**Q: Why am I receiving this proxy statement/prospectus?**

A: Roanoke Electric Steel and Steel Dynamics have agreed to the acquisition of Roanoke Electric Steel by RS Acquisition Corporation, a wholly-owned subsidiary of Steel Dynamics, under the terms of a merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A. In order to complete the merger, Roanoke Electric Steel shareholders must approve the merger agreement, the related plan of merger and the transactions contemplated thereby. This proxy statement/prospectus contains important information about the merger, the merger agreement and the special meeting, which you should read carefully. The enclosed voting materials allow you to vote your shares without attending the special meeting. Your vote is very important. We encourage you to vote as soon as possible.

**Q: When and where will the special meeting take place?**

A: The special meeting is scheduled to take place at 11:00 a.m., EDT, on Tuesday, April 11, 2006 in the auditorium of the American Electric Power Company Building, 40 Franklin Road, S.W., Roanoke, Virginia.

**Q: Who is entitled to vote at the special meeting?**

A: Only holders of record of Roanoke Electric Steel common stock as of the close of business on January 31, 2006 are entitled to vote at the special meeting. Each shareholder has one vote for each share of Roanoke Electric Steel common stock that the shareholder owns on the record date.

**Q: When do you expect to complete the transaction?**

A: Steel Dynamics and Roanoke Electric Steel are working toward completing the merger as quickly as possible, and we anticipate that it will be completed in April 2006. In order to complete the merger, Roanoke Electric Steel shareholders must approve the merger and the other closing conditions under the merger agreement must be satisfied, obtained or waived.

**Q: How does the Roanoke Electric Steel board of directors recommend that Roanoke Electric Steel shareholders vote?**

A: Roanoke Electric Steel's board of directors unanimously recommends that Roanoke Electric Steel shareholders vote "FOR" the approval of the merger agreement and the related plan of merger.

**Q: What do I need to do now?**

A: After carefully reading and considering the information contained in and incorporated by reference into this proxy statement/prospectus, please mail your signed proxy card in the enclosed return envelope as soon as possible, so that your shares may be represented and voted at the special meeting in accordance with your instructions. You may also attend the special meeting and vote in person.

**Q: If my shares of Roanoke Electric Steel are held in "street name" by my broker, will my broker vote my shares for me?**

**A:** Yes, but only if you provide instructions to your broker on how to vote. You should receive directions provided by your broker on how to instruct your broker to vote your shares of Roanoke

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Electric Steel common stock, and you should follow those instructions. Without those instructions, your shares of Roanoke Electric Steel common stock will not be voted.

**Q: What if I do not vote, do not fully complete my proxy card or fail to instruct my broker?**

A: It is very important for you to vote. If you do not submit a proxy or, if your shares are held in street name, instruct your broker how to vote your shares, or if you do not vote in person at the special meeting, the effect will be the same as if you voted "**AGAINST**" the approval of the merger agreement and the related plan of merger. If you submit a signed proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted "**FOR**" the approval of the merger agreement and the related plan of merger. However, if your shares are held in "street name" and you do not instruct your broker how to vote your shares, your broker will not vote your shares, this failure to vote being referred to as a broker non-vote, which will have the same effect as voting "**AGAINST**" the approval of the merger agreement and the related plan of merger. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares in order to ensure that your shares will be voted at the special meeting.

**Q: Can I change my vote after I have delivered my proxy?**

A: Yes. You may change your vote at any time before the vote takes place at the special meeting. To change your vote, you may:

submit a new proxy card bearing a later date by mail; or

send a signed written notice bearing a date later than the date of the proxy to the Secretary of Roanoke Electric Steel stating that you would like to revoke your proxy.

You may also change your vote by attending the special meeting and voting in person, although your attendance alone will not revoke your proxy. However, if you elect to vote in person at the special meeting and your shares are held by a broker, bank or other nominee, you must bring to the meeting a legal proxy from the broker, bank or other nominee authorizing you to vote the shares.

**Q: Do I need to attend the special meeting in person?**

A: No. It is not necessary for you to attend the special meeting to vote your shares, so long as Roanoke Electric Steel has previously received your proxy, although you are welcome to attend.

**Q: Should I send in my stock certificates now?**

A: No. After the merger is completed, Computershare Investor Services, acting as our exchange agent, will send you instructions, including a letter of transmittal, explaining how to exchange your shares of Roanoke Electric Steel common stock for the merger consideration. Please do not send in your stock certificates with your proxy.

**Q: How will Roanoke Electric Steel shareholders receive the merger consideration?**

A: Following the merger, you will receive a letter of transmittal and instructions on how to obtain the merger consideration in exchange for your shares of Roanoke Electric Steel common stock. You must return the completed letter of transmittal and your Roanoke Electric Steel stock certificates as described in the instructions, and you will receive the merger consideration as soon as practicable after Computershare Investor Services, the exchange agent, receives your completed letter of transmittal and Roanoke Electric Steel stock certificates. If you hold shares through a brokerage account, your broker will handle the surrender of stock certificates to Computershare Investor Services.

**Q:**

**Who can I call with questions?**

A:

If you have any questions about the merger, how to submit your proxy or other matters discussed in this proxy statement/prospectus or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact MacKenzie Partners, Inc., proxy solicitor for Roanoke Electric Steel, at (800) 322-2885.

**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF STEEL DYNAMICS, INC.**

The following table summarizes selected historical consolidated financial data of Steel Dynamics which should be read in conjunction with the consolidated financial statements of Steel Dynamics, the notes thereto, included as part of Steel Dynamics' Annual Report on Form 10-K for the fiscal year ended December 31, 2004 incorporated by reference into this proxy statement/prospectus. The financial data for the five years ended December 31, 2004 has been derived from the audited consolidated financial statements of Steel Dynamics. The financial data as of and for the nine months ended September 30, 2005 and 2004 has been derived from the unaudited consolidated financial statements of Steel Dynamics included as part of Steel Dynamics' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2005 incorporated by reference into this proxy statement/prospectus. In the opinion of Steel Dynamics' management, all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial data for the nine months ended September 30, 2005 and 2004 have been reflected therein. Operating results for the nine months ended September 30, 2005 are not necessarily indicative of the results that may be expected for the full year.

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

Steel Dynamics reclassified certain prior year amounts to conform to the fiscal 2004 presentation. Steel Dynamics reclassified certain costs related to the receipt of materials, internal transportation of inventories and related employee salaries and benefits from selling, general and administrative expenses to costs of goods sold. Generally, Steel Dynamics' annual gross margin was reduced by approximately 1% due to this reclassification; however, total operating income was not affected.

During the fourth quarter of 2004, Steel Dynamics adopted Emerging Issues Task Force (EITF) Issue No. 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings Per Share." EITF 04-8 is effective for reporting periods ending after December 14, 2004 and requires companies to include shares related to convertible debt instruments in the calculation of diluted earnings per share, regardless of whether the provisions of conversion have been satisfied. Therefore, Steel Dynamics was required to restate its 2003 and 2002 diluted earnings per share for the potentially dilutive effect of the issuance of shares of Steel Dynamics common stock related to its \$115 million 4% convertible subordinated notes due 2012.

For purposes of calculating Steel Dynamics' "ratio of earnings to fixed charges", earnings consist of earnings from continuing operations before income taxes and extraordinary items, 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 the year ended December 31, 2001, earnings were insufficient to cover fixed charges by \$7.3 million.

For purposes of reporting Steel Dynamics' shipments and production, "Steel" operations include its Flat Roll Division, Structural and Rail Division and Bar Products Division and "Other" operations include New Millennium Building Systems, Paragon Steel Enterprises and Iron Dynamics.

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	Years ended December 31,					Nine months ended September 30,	
	2004	2003	2002	2001	2000	2005	2004
(dollars in thousands, except per share and per ton data)							
<b>Operating Data:</b>							
Net sales	\$ 2,144,913	\$ 987,248	\$ 864,493	\$ 606,984	\$ 692,623	\$ 1,615,221	\$ 1,544,543
Cost of goods sold	1,541,423	841,920	646,958	527,713	538,866	1,270,028	1,110,507
Gross profit	603,490	145,328	217,535	79,271	153,757	345,193	434,036
Selling, general and administrative expenses	96,581	48,721	59,168	53,346	48,354	65,916	67,120
Operating income	506,909	96,607	158,367	25,925	105,403	279,277	366,916
Interest expense	38,907	34,493	30,201	18,480	20,199	26,443	30,565
Gain from debt extinguishment		13,987					
Other (income) expense	(7,031)	664	3,689	2,333	719	(2,203)	(5,704)
Income before income taxes	475,033	75,437	124,477	5,112	84,485	255,037	342,055
Income tax expense	179,719	28,289	46,600	1,968	30,690	98,189	129,187
Net income	\$ 295,314	\$ 47,148	\$ 77,877	\$ 3,144	\$ 53,795	\$ 156,848	\$ 212,868
<b>Basic earnings per share:</b>							
Net income	\$ 5.99	\$ .99	\$ 1.65	\$ .07	\$ 1.15	\$ 3.48	\$ 4.32
Weighted average common shares outstanding	49,287	47,829	47,144	45,655	46,822	45,117	49,299
<b>Diluted earnings per share:</b>							
Net income	\$ 5.27	\$ .91	\$ 1.64	\$ .07	\$ 1.15	\$ 3.05	\$ 3.80
Weighted average common shares and share equivalents outstanding	56,527	54,890	47,592	45,853	46,974	52,146	56,546
Cash dividends declared per share:	\$ .25	\$ .25	\$ .25	\$ .25	\$ .25	\$ .30	\$ .15
<b>Other financial data:</b>							
Capital expenditures	\$ 102,046	\$ 137,061	\$ 142,600	\$ 90,714	\$ 110,379	\$ 45,355	\$ 72,872
Ratio of earnings to fixed charges	10.02x	2.54x	3.32x	0.79x	2.78x	9.04x	8.23x
<b>Other data:</b>							
Shipments (net tons)							
Steel operations	3,423,372	2,799,760	2,357,528	1,945,479	1,913,069	2,644,519	2,574,288
Other operations	359,410	206,718	204,153	183,648	52,200	336,057	263,632
Intercompany							