

STEEL DYNAMICS INC
Form DEFR14A
April 02, 2012

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Steel Dynamics, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be Held on May 17, 2012**

To our Stockholders:

You are cordially invited to attend the Annual Meeting of Steel Dynamics, Inc. The information for the meeting is as follows:

TIME	9:00 a.m. EDT Thursday, May 17, 2012
PLACE	Grand Wayne Center Calhoun Ballroom 120 West Jefferson Boulevard Fort Wayne, Indiana 46802
ITEMS OF BUSINESS	<ol style="list-style-type: none">(1) To elect ten (10) Directors for a one-year term.(2) To approve the Amended and Restated Steel Dynamics, Inc.'s 2006 Equity Incentive Plan, Including an Increase in the Number of Authorized Shares.(3) To ratify the Audit Committee's appointment of Ernst & Young LLP as our independent registered accounting firm for the fiscal year ending December 31, 2012.(4) To hold an advisory vote to approve Named Executive Officer compensation.(5) To transact any other business as may properly come before the meeting or any adjournment or postponement of the meeting.
RECORD DATE	You are entitled to vote all shares of common stock registered in your name at the close of business on March 19, 2012. If your shares are held in the name of your broker or bank, your broker or bank will provide you with a form of proxy giving them authority to vote your shares.
2011 ANNUAL REPORT	Our 2011 Summary Annual Report to Stockholders, together with our Form 10-K, which are not a part of this proxy soliciting material, is enclosed.
PROXY VOTING	<p>You will be able to vote in one of four ways:</p> <ol style="list-style-type: none">(1) Mark, sign, date and return your proxy card in the enclosed envelope.(2) Call the toll-free telephone number on your proxy card and follow the instructions for telephone voting.(3) Visit the web site shown on your proxy card and follow the instructions for voting on the Internet.(4) Vote in person at the meeting. <p>You may always revoke your proxy before it is voted at the meeting by following the instructions in the accompanying proxy statement.</p>

MARK D. MILLETT
President and Chief Executive Officer

April 5, 2012

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This proxy statement and the accompanying proxy are being first sent to stockholders on or about April 5, 2012.

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**Important Notice Regarding the Availability of Proxy Materials for the
Annual Meeting of Stockholders to be Held on May 17, 2012:**

This Notice and Proxy Statement for our 2012 Annual Meeting, the enclosed form of Proxy, and our 2011 Annual Report to Stockholders and accompanying Form 10-K for the year ended December 31, 2011, are all available on the internet at the following website: <http://materials.proxyvote.com/858119>. In accordance with Securities and Exchange Commission rules, the foregoing website does not use "cookies," track user moves or gather any personal information. These materials, as well as our Annual Report on Form 10-K for the year ended December 31, 2011, which we file with the Securities and Exchange Commission, are also available on our Internet site at www.steeldynamics.com under the heading "Investor Center."

YOUR VOTE IS IMPORTANT

IMPORTANT RECENT CHANGES IN THE LAW NOW PROHIBIT BROKERS AND BANKS FROM VOTING SHARES HELD IN STREET NAME ON THE ELECTION OF DIRECTORS OR ON MANY OTHER IMPORTANT PROPOSALS, UNLESS THEY HAVE RECEIVED INSTRUCTIONS FROM THE BENEFICIAL OWNER. THEREFORE, IF YOUR SHARES ARE HELD IN THE NAME OF YOUR BROKER OR BANK, IT IS IMPORTANT THAT YOU VOTE. WE ENCOURAGE YOU TO VOTE PROMPTLY, EVEN IF YOU INTEND TO ATTEND THE ANNUAL MEETING.

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STEEL DYNAMICS, INC.

7575 West Jefferson Blvd.

Fort Wayne, IN 46804

Telephone: (260) 969-3500

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To be Held on May 17, 2012

Voting Information

Purpose. We are providing you with this proxy statement and these proxy materials in connection with the solicitation of proxies by our Board of Directors, to be voted at our 2012 Annual Meeting of Stockholders and at any postponement or adjournment thereof. We will hold the meeting on May 17, 2012, beginning at 9:00 a.m. EDT, in the Calhoun Ballroom of the Grand Wayne Center, 120 West Jefferson Boulevard, Fort Wayne, Indiana 46802.

Our fiscal year begins on January 1 and ends on December 31. References in this proxy statement to the year 2011, therefore, refer to the twelve-month period ended December 31, 2011.

Who Can Vote. You are entitled to notice of and to vote at the Annual Meeting if you were a stockholder of record at the close of business on March 19, 2012.

If your shares of common stock are registered in your name with our transfer agent, Computershare Trust Company, N.A., you are the stockholder of record. But if your shares are held in the name of a broker, custodian, bank, or other nominee, that person is the stockholder of record and you are only considered the "beneficial" owner. So if you are not present in person at the Annual Meeting, your shares can be voted only if represented by a valid proxy, as described below under "Voting of Shares."

Shares Outstanding. On March 19, 2012, there were 219,066,330 shares of common stock outstanding. A list of stockholders entitled to vote at the meeting is available at our corporate headquarters office and will also be available at the meeting. Each share is entitled to one vote on each matter properly brought before the meeting.

Annual Meeting Webcast. We will be webcasting this year's Annual Meeting. You may access the webcast at www.steeldynamics.com by selecting "webcast." However, other than our proxy statement and form of proxy, no other information on our website, including the audio webcast, is to be considered a part of our proxy soliciting materials.

Voting of Shares. We realize that most of you will probably not be able to attend the meeting in person. Therefore, it is very important that your shares be represented by proxy. This is because we can only take action at the Annual Meeting, with respect to a particular matter, if a quorum, or majority, of the total number of shares of common stock outstanding and entitled to vote on that matter is present at the Annual Meeting, in person or by proxy. *Therefore, we are asking for your proxy to authorize the persons named in the proxy to be present at the Annual Meeting, to represent you, and to vote your shares at the Annual Meeting in accordance with your instructions.* If your shares are held in the name of your

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broker or bank and you wish to vote in person at the Annual Meeting, you must request your broker or bank to issue you a proxy covering your shares.

The effect of you not voting depends on how ownership of your shares is registered and the proposal to be voted upon.

Voting Shares Held by Brokers, Custodians, Banks or Other Nominees. Many stockholders' shares are held by brokers, banks, custodians or other nominees ("Broker Held Shares"). In this situation, the "registered holder" on our stock register is that particular broker, bank, custodian or nominee. This is referred to as holding shares in "street name." In such cases, your name, as the actual "beneficial owner," does not appear in our stockholder register. Therefore, for Broker Held Shares, distributing the proxy materials and tabulating votes is a two-step process. The Broker first informs us how many of their clients are beneficial owners, and we provide them with that number of sets of proxy materials. ***Each Broker then forwards the proxy materials to its clients***, who are the beneficial owners, ***to obtain their voting instructions***. When you receive proxy materials from your Broker the accompanying return envelope is addressed to return your executed proxy card to your Broker. Shortly before the meeting, each Broker totals the votes and submits a proxy card to our vote tabulator reflecting the aggregate votes of the beneficial owners for whom it holds shares.

So if your shares are held by your Broker, you should follow your Broker's instructions included on that form.

If you do not give your voting instructions to your Broker, your broker may not be able to vote your shares. Under applicable rules of self-regulatory organizations governing brokers, your bank, broker, custodian or other nominee will be able to vote your shares only with respect to so-called "discretionary" items, not with respect to "non-discretionary" items. Discretionary items are proposals considered routine under the rules of the New York Stock Exchange, under which your Broker may vote shares held in street name, even in the absence of your voting instructions. For the 2012 Annual Meeting, the only discretionary item is Proposal 3, the ratification of the selection of our independent auditors. ***On all of the other non-discretionary items***, including the ***election of directors*** (Proposal 1), the ***approval of the Amended and Restated Steel Dynamics, Inc.'s 2006 Equity Plan, including the increase in the number of authorized shares*** (Proposal 2), and the non-binding ***advisory vote regarding executive compensation*** (Proposal 4), ***if you do not give voting instructions to your Broker, those shares will not be voted and will be treated as "broker non-votes."***

Voting Shares Held in Your Name. If you are the record owner and if you properly fill in and sign your proxy card and mail it in the enclosed, prepaid and addressed envelope, or if you submit your proxy instructions by telephone or over the Internet, your "proxy" that is, the persons named in your proxy card will vote your shares as you have directed.

With respect to shares you hold in your own name, if you send in your proxy and do not revoke it, then, unless you specify contrary instructions regarding one or more of the following proposals, your shares will be voted FOR Proposal No. 1 (the election as directors of all nominees listed under "Election of Directors"); FOR Proposal No. 2 (the "Approval of the Amended and Restated Steel Dynamics, Inc.'s 2006 Equity Plan, Including the Increase in the Number of Authorized Shares"); FOR Proposal No. 3 (the "Ratification of the Appointment of Independent Registered Accounting Firm as Auditors"); FOR Proposal No.4 (the non-binding "Advisory Vote on Named Executive Officer Compensation"); and FOR discretionary authority to vote on any other matter that may properly come before the meeting.

Required Vote. The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote at the Annual Meeting is necessary to constitute a quorum for all purposes and all proposals. For purposes of the election of directors (Proposal No. 1), the ten director nominees receiving the highest number of votes cast for directors will be elected. You may vote "FOR" all the

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director nominees "AGAINST" all the director nominees, or your vote may be "WITHHELD" from one or more nominees by checking the "Exceptions" box on the Proxy Card and writing in the name of the director with respect to whom you want to withhold your vote. Therefore, any shares not voted with respect to a particular director or nominee will have no effect.

For all proposals, other than Proposal 1 (the election of directors), the affirmative vote of a majority of the shares represented in person or by proxy and entitled to vote on the item will be required for approval. On such matters, you may vote "FOR," "AGAINST" or "ABSTAIN." A proxy marked "Abstain" with respect to an item will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the same effect as a negative vote.

Your Choices on How to Vote by Proxy. We are offering you four choices of how to vote by proxy:

You may vote by mail, by marking, signing, dating and returning your enclosed proxy card in the enclosed envelope (if your shares are registered directly in your name) or voting card (if your shares are registered in the name of your Broker).

You may vote by telephone using the toll-free telephone number and instructions shown on your proxy or voting card if your shares are registered directly in your name or, if not, if this option is also offered by your bank or broker.

You may vote via the Internet, by using the web site information and instructions listed on your proxy or voting card if your shares are registered directly in your name or, if not, if this option is also offered by your bank or broker.

You may vote in person at the meeting.

We anticipate that telephone and Internet voting will be available 24 hours a day, 7 days a week. Both the Internet and telephone voting instructions are designed to prompt you on how to proceed, and you will be able to confirm that your instructions have been properly received and recorded. For both of these methods, you will also need a control number, which is noted on your proxy or voting card. The telephone and Internet voting facilities will close at 8:00 p.m. EDT on May 16, 2012.

The method by which you vote will not limit your right to vote in person at the meeting if you decide to attend the meeting.

We do not know of any business to be transacted at the Annual Meeting, other than those matters described in this Proxy Statement. However, should any other matters properly come before the Annual Meeting, including consideration of a motion to adjourn the meeting to another time or place in order to solicit additional proxies in favor of the recommendations of the Board of Directors, the persons named as proxies and acting thereunder will have the discretion to vote on those matters according to their best judgment, to the same extent as the person granting the proxy.

Revocation of a Proxy. You may revoke your proxy at any time before it is voted at the meeting in one of four ways:

Notify our Chief Financial Officer, Theresa Wagler, in writing and before the meeting, that you wish to revoke your proxy.

Submit another proxy with a later date than your earlier proxy.

Vote by telephone or Internet on a later date than the date you earlier voted.

Vote in person at the meeting.

Multiple Stockholders Sharing the Same Address. Under rules adopted by the Securities and Exchange Commission ("SEC"), we are permitted to deliver a single copy of our proxy statement and

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Annual Report to stockholders sharing the same address. This process, called householding, allows us to reduce the number of copies of these materials that we must print and mail.

We have implemented householding for all stockholders who share the same last name and address.

However, if you share the same last name and address with other Steel Dynamics stockholders and would like to stop householding for your account, you may contact our Investor Relations Department in the manner described below under the heading "Investor Relations Department," including your name, address and account number. If you are currently receiving multiple copies of our Annual Report and proxy statement, you may also request householding by contacting us in the same manner. If you hold your shares through a Broker, you can also request householding by contacting that Broker. If you consent to householding, your election will remain in effect until you revoke it.

Cost of Preparing, Mailing and Soliciting Proxies. We will pay all of the costs of preparing, printing and mailing this proxy statement and of soliciting these proxies. We will ask Brokers to forward the proxy materials, our 2011 Annual Report and our Form 10-K to the persons who were our beneficial owners on the record date. We will also reimburse such Brokers for their expenses incurred in sending proxies and proxy materials to our beneficial owners.

In addition, proxies may be solicited on our behalf in person or by telephone, e-mail, facsimile or other electronic means, by our officers, directors and employees who will receive no additional compensation for soliciting. We have also engaged the firm of Georgeson & Co. to assist us in the solicitation of proxies. We have agreed to pay Georgeson & Co. a fee of approximately \$7,000 plus expenses for these services.

Voting Results. We will publish the voting results on our website at www.steeldynamics.com, at "Investor Center" following the Annual Meeting, as well as in a current report on Form 8-K, which we will file with the SEC within four business days following the Annual Meeting.

Investor Relations Department. You may contact our Investor Relations Department in one of four ways:

writing to Steel Dynamics, Inc., Investor Relations Department, 7575 West Jefferson Blvd., Fort Wayne, Indiana 46804;

e-mail to investor@steeldynamics.com; or

phone the Investor Relations Department at 260.969.3500.

Stockholder Communications with Directors. If you wish to communicate with the Board of Directors, with our Lead Director, with any other individual director, or with any particular Board committee, you may do so by sending a communication, marked "Stockholder Communication," in care of our Chief Financial Officer at our corporate offices, 7575 West Jefferson Blvd., Fort Wayne, Indiana 46804. Your letter should indicate that you are a Steel Dynamics stockholder. Our Chief Financial Officer will review each such communication and, depending upon the subject matter, will either forward the communication to the director or committee chair to whom it is addressed, to our Lead Director or to the Company's legal counsel, attempt to deal with the subject matter directly where it is a request for general information about the Company, or not forward or act on the matter where it consists of spam, involves junk mail, contains resumes, is primarily commercial in nature, involves personal grievances or is otherwise irrelevant to the Board governance process.

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Governance of the Company

Governance Policy. Our business affairs are managed under the direction of our Board of Directors in accordance with the Indiana Business Corporation Law and our Amended and Restated Articles of Incorporation and Bylaws. The role of our Board of Directors is to effectively govern the affairs of our Company for the benefit of our stockholders and other constituencies. The Board strives to ensure the success and continuity of our Company and its mission through the election and appointment of qualified management, which regularly keeps Board members informed regarding our business and regarding our industry. The Board is also responsible for ensuring that Steel Dynamics, Inc.'s activities are conducted in a responsible and ethical manner. We are committed to the maintenance of sound corporate governance principles.

We operate under corporate governance principles and practices that are reflected in a set of written Corporate Governance Policies, which is available on our website at www.steeldynamics.com at "Investor Center." These include the following principles:

At least a majority of our directors and all of the members of our Audit, Compensation and Corporate Governance and Nominating Committees are required at a minimum to meet, and do meet, the "independence" requirements of the Marketplace Rules of the Nasdaq Stock Market, as more fully described in the discussion of "Director Independence" below.

The Board and each Board committee has the authority to engage independent legal, financial or other advisors as they deem necessary, at our expense.

Our Board, at least annually, engages in a strategic planning meeting and periodically reviews and assesses our business strategies.

Independent and non-employee directors meet in executive session no less than quarterly.

Our Board and Board committees conduct an annual self-evaluation.

Our Board regularly reviews succession planning issues at all critical management levels, and, with respect to CEO and senior management succession, at least annually.

Directors have unrestricted access to our officers and employees.

Our independent directors utilize input from the Corporate Governance and Nominating Committee and from the Compensation Committee to conduct an annual review of our CEO's performance.

Board Leadership Structure. Keith E. Busse served as both Chief Executive Officer and Chairman of our Board of Directors from the inception of our Company in 1993 until his retirement as CEO, effective January 1, 2012. The Board, upon the recommendation of our Succession Planning Committee, following an extensive succession planning process, appointed Mark D. Millett, then serving as our Chief Operating Officer, as our new Chief Executive Officer upon Mr. Busse's retirement. Mr. Busse, if elected at the Annual Meeting, will continue to serve as a member of our Board of Directors and, if so appointed, as its Chair. The Board has also established the position of Lead Director, selected annually from among the independent directors. Joseph D. Ruffolo served in that position during 2011, until Mr. Ruffolo's death in December 2011, at which time James C. Marcuccilli was appointed as his replacement for the remainder of Mr. Ruffolo's term. The Lead Director serves at the pleasure of the Board and is appointed annually following the Annual Meeting.

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The Lead Director's functions include serving as liaison between the CEO and the Board; regularly meeting with committee chairs to review the responsibilities, agendas and work of each committee; reviewing and approving Board meeting agendas prepared by the CEO and the type of materials to be distributed to Board members in advance of Board meetings; and serving as Chair of executive sessions of the independent directors. In addition, the Lead Director serves as Chair of the

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Board's Succession Planning Sub-Committee. The Board considers that the Lead Director's active involvement in the foregoing functions and activities will enable the Board to ensure that it will be able to maintain an appropriate level of independent oversight over its critical information flow and decision-making processes.

Board's Role in Risk Oversight. The Board oversees the Company's enterprise risk management process. Management reviews the process with the full Board on a rolling periodic basis, by subject matter, including identification of key risk areas and the steps taken to address them. More specifically, our Chief Financial Officer, together with business unit leaders, the corporate treasurer and internal audit director, and in consultation with legal counsel, regularly undertakes various risk assessment analyses involving the principal risks we face, both separately and comprehensively; assessing how and in what ways these risks affect or may affect the Company or our operations; and how management, through compliance training, best practices awareness and implementation of various programs and practices, identifies, evaluates and undertakes to mitigate these risks. Whether involving financial, credit, tax, operational, electronic data systems, safety, environmental, employment-related, trade, regulatory, litigation or other legal risks, management, in addition to its reports to the Board, periodically reports to:

(a) the Audit Committee regarding (i) risks related to its duties and responsibilities prescribed in its charter, (ii) management's policies and processes for risk assessment and risk management and its periodic evaluation of the Company's risks and the steps management is taking or proposes to take to monitor and mitigate those risks, and (iii) the status and reasonableness of its disclosure controls and Section 404 controls;

(b) the Compensation Committee regarding risk assessment and mitigation activities related to compensation programs, policies and practices insofar as they may involve risk-taking or risk-inducing practices that might adversely impact stockholders and long-term stockholder value and how such factors must be considered in formulating and reviewing our compensation policies, practices and programs. Because (i) our incentive compensation at the senior corporate and senior divisional level is "team-based" and, during 2011, was based, at the corporate level, on the Company's consolidated pre-tax income in excess of a return-on-equity hurdle rate and was based, at the divisional level, on profitability in excess of a return-on-assets hurdle rate, (ii) our incentive compensation at the operational or production level is also team-based and is based upon quality and volume of production and upon the cost to convert raw materials to quality finished products, and (iii) our compensation programs do not reward risk-taking for short-term gain, we believe that the risks associated with our compensation policies and practices are within our ability to effectively monitor and manage, and that these risks are not reasonably likely to have a material adverse effect on the Company.

(c) the Corporate Governance and Nominating Committee, regarding the risks related to its duties and responsibilities prescribed in its Charter, including (i) the oversight, institution and monitoring of the Company's "good governance" best practices, (ii) oversight of the Company's company-wide and senior officer level ethics rules and practices, and (iii) maintenance of effective Board representation by ensuring that thoughtful, well qualified and diligent people are selected as director candidates and as committee members.

Committees and Meetings of the Board of Directors. During 2011, the Board of Directors had three standing committees: an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. Our Audit Committee and our Compensation Committee each consisted of four persons. Our Corporate Governance and Nominating Committee consisted of five persons.

Each of our Audit, Compensation and Corporate Governance and Nominating Committees operate under a charter that governs its authority, responsibilities and operation. We periodically

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review, both internally and with the Board, the provisions of the Sarbanes-Oxley Act of 2002, and the rules of the SEC and the Marketplace Rules of the Nasdaq Stock Market regarding corporate governance policies, processes and listing standards. In conformity with the requirement of such rules and listing standards, we have adopted Corporate Governance Policies, described earlier, and we have adopted a written Audit Committee Charter, a Compensation Committee Charter, and a Corporate Governance and Nominating Committee Charter. The Audit Committee Charter, as well as the charters of the Compensation Committee, and the Corporate Governance and Nominating Committee may all be found on our company website, at www.steeldynamics.com under "Investor Center Corporate Governance" or by writing to Steel Dynamics, Inc., Attention: "Investor Relations," 7575 West Jefferson Blvd, Fort Wayne, Indiana 46804 and requesting copies.

The Board has also had a Succession Planning Committee since 2010. The Succession Planning Committee is tasked with the broad responsibility of formulating and supervising all succession planning processes and procedures at all senior levels, including those relating to the Chief Executive Officer, and instituting appropriate processes to ensure effective leadership transition at all levels of the Company.

The Succession Planning Committee was chaired during 2011 by Joseph D. Ruffolo and since Mr. Ruffolo's death, is currently chaired by James C. Marcuccilli, our Lead Director. During 2011, the Committee consisted of five members. In addition to the Lead Director, members are the chairpersons of each of the three other standing committees, together with John C. Bates, a founding director, who is a non-employee and non-independent director.

Director Independence. Each of our Audit, Compensation and Corporate Governance and Nominating Committee charters require that each member of each committee meet: (1) all applicable criteria defining "independence" prescribed from time to time under Rule 5605(a)(2) of the Listing Rules for Nasdaq-listed companies, as well as may otherwise be prescribed from time to time pursuant to Rule 10A-3(b)(1) or other rules under the Securities Exchange Act of 1934, (2) the criteria for a "non-employee director" within the meaning of Rule 16b-3 promulgated by the SEC under the Securities Exchange Act of 1934, and (3) the criteria for what constitutes an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code.

Our Board of Directors also annually makes an affirmative determination that all such "independence" standards have been and continue to be met by the independent directors and members of each of our three standing committees, that each director qualifying as independent is neither an officer nor an employee of Steel Dynamics, Inc. or any of its subsidiaries nor an individual that has any relationship with Steel Dynamics, Inc. or any of its subsidiaries, or with management (either directly or as a partner, stockholder or officer of an entity that has such a relationship) which, in the Board's opinion, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In addition, a director is presumptively considered not independent if:

the director, at any time within the past three years, was employed by Steel Dynamics or any of its subsidiaries;

the director or a family member received payments from Steel Dynamics or any of its subsidiaries in excess of \$120,000 during any period of twelve consecutive months within the preceding three years (other than for Board or Committee service, from investments in the Company's securities or from any Company retirement plan);

the director is, or has a family member who is a partner in, an executive officer or controlling stockholder of any entity to which Steel Dynamics made, or from which Steel Dynamics received payments for property or services in the current or in any of the prior three years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more

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(other than, with other minor exceptions, payments arising solely from investments in the company's securities);

the director is a family member of a person who is, or at any time during the three prior years was employed as an executive officer by Steel Dynamics or any of its subsidiaries;

the director is, or has a family member who is employed as an executive officer of another entity where at any time within the prior three years any of Steel Dynamics' executive officers served on the compensation committee of the other entity; or

the director is, or has a family member who is a current partner of Steel Dynamics, Inc.'s independent auditing firm, or was a partner or employee of that firm who worked on the Company's audit at any time during the prior three years.

The Board made its independence determination with respect to each director for the year 2011 and for each director nominee for election to the Board of Directors at the 2012 Annual Meeting. The Board has similarly made an additional affirmative determination of independence with respect to each member of the Audit Committee, under the special Audit Committee independence criteria set forth in Rule 4350(d) of Nasdaq's Marketplace Rules.

The Board determined that during 2011 seven of the eleven members of our Board of Directors, Frank D. Byrne, M.D., Paul B. Edgerley, Richard J. Freeland, Dr. Jürgen Kolb, James C. Marcuccilli, Joseph D. Ruffolo and Gabriel L. Shaheen met all independence requirements, thus at all times constituting more than a majority of the eleven member Board. The Board has determined that, if elected at the 2012 Annual Meeting, of the ten persons nominated as directors at this time, the same persons, continue to meet all independence criteria. The Board also determined that during 2011, four of our eleven directors, John C. Bates, Keith E. Busse, Mark D. Millett and Richard P. Teets, Jr., were not independent. Messrs. Busse, Millett and Teets are considered inside directors because of their employment and, therefore, were not independent. Mr. Bates is considered a non-independent outside director as a result of ownership and control of Heidtman Steel, a substantial purchaser of steel from our Company. For 2012, Mr. Busse will continue to be considered not independent because of his recent employment by the Company.

The Board of Directors held eight regularly scheduled and special meetings during 2011, and all directors attended at least 75% of the meetings of the Board of Directors and of the various committees on which they served. Steel Dynamics, Inc.'s independent directors and at times the independent directors and the Company's other non-employee director, met in executive session at least eight times during 2011, without management present.

The Company urges all members of the Board to attend the Annual Meeting. At the 2011 Annual Meeting, all of the Board members were in attendance.

The members of each committee, and the chair of each committee, are appointed annually by the Board.

The Corporate Governance and Nominating Committee.

The Corporate Governance and Nominating Committee met six times during 2011, and all members attended at least 75% of these meetings. The members of this Committee during 2011 were Dr. Jürgen Kolb, Richard J. Freeland, Frank D. Byrne, M.D., James C. Marcuccilli and Gabriel L. Shaheen. Dr. Kolb acted as Chair of the Committee. The Board has determined that all members of the Committee are independent as defined in Rule 5605(a)(2) of the Nasdaq Listing Rules.

The Corporate Governance and Nominating Committee is responsible for:

Reviewing and evaluating developments in corporate governance practices, and reporting and recommending to the Board effective corporate governance policies and procedures applicable to the Company, including Board organization, size and composition.

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Establishing criteria for and identifying, evaluating and recommending to the Board both incumbent and prospective nominees for election as directors by Steel Dynamics' stockholders at each Annual Meeting, as well as for appointments by the Board to fill any director vacancies.

Identifying Board members for assignment to various Board committees.

Drafting and overseeing a Code of Conduct applicable to our Chief Executive Officer, our Chief Financial Officer and all financial officers and managers, as well as directors, and drafting and overseeing a Company-wide Code of Ethics, copies of which are available on our website at www.steeldynamics.com under "Investor Center Corporate Governance."

Reviewing the performance of Board and Board committee members and making recommendations to the Board concerning the number, function and composition of the Board's committees.

When considering a proposed nominee for nomination as a director at an Annual Meeting, or when a vacancy occurs on the Board of Directors, including a vacancy created by an increase in the number of directors, the Corporate Governance and Nominating Committee identifies potential nominees to fill the vacancy. Proposed nominees may be referred or recommended to the Committee from many different sources, including by members of the Committee, referrals by other directors or by community people, by Company officers, by outside persons or advisors, or by a stockholder in accordance with the procedures described below.

The Committee reviews background information on each proposed nominee, as well as the proposed nominee's accomplishments, experience, skills, business acumen, financial literacy, integrity, independence from management, informed judgment and practical wisdom, collegiality, a commitment to represent the long term interests of our Company and its stockholders without a conflict of interest, a willingness to devote the necessary time and attention to our Company's business and the needs of the Board, and the nominee's ability to work in and help maintain a productive environment. Generally, the members of the Corporate Governance and Nominating Committee first consider current Board members for re-nomination to the extent they have determined that these persons, through their prior performance, have demonstrated that they meet the applicable criteria and have developed a valuable in-depth knowledge of the Company, its history, its strengths and weaknesses, and its goals and objectives. In the case of a proposed nominee recommended by a stockholder, the Corporate Governance and Nominating Committee may take into account the number of shares held by the recommending stockholder and the length of time that such shares have been held.

The Corporate Governance and Nominating Committee will consider nominees recommended by stockholders. In order to provide the Committee sufficient time to evaluate proposed nominees, stockholders desiring to recommend a proposed nominee for consideration by the Committee for nomination at the 2013 Annual Meeting of Stockholders should send such recommendation to Steel Dynamics, Inc., Attention: Chief Financial Officer, 7575 West Jefferson Blvd, Fort Wayne, Indiana 46804, no later than December 13, 2012, who will then forward it to the Committee. Any such recommendation should include a description of the proposed nominee's qualifications for Board service, the proposed nominee's written consent to be considered for nomination and to serve if nominated and elected, stock ownership information, the proposed nominee's resume, information regarding any relationship, as well as any understandings between the proposing stockholder, the proposed nominee and any other person or organization regarding the proposed nominee's board service, if elected, and the addresses and telephone numbers for contacting the stockholder and/or the proposed nominee for more information.

The Compensation Committee

The Compensation Committee met eleven times during 2011, and all members attended at least 75% of these meetings. The members of the Compensation Committee during 2011 were

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Richard J. Freeland, Joseph D. Ruffolo, Frank D. Byrne, M.D. and Gabriel L. Shaheen. Mr. Freeland acted as chair until November 2011, at which time Mr. Shaheen was appointed chair of the Committee. The Board determined that all members of the Committee during 2011, are independent within the meaning of Rule 5605(a)(2) of the Nasdaq Listing Rules, the definition of a "non-employee director" within the scope of Rule 16b-3 under the Securities Exchange Act of 1934, and the definition of an "outside director" within the meaning of Section 162(m)(4)(C) of the Internal Revenue Code.

The Compensation Committee is responsible for:

Reviewing the performance of our executive officers, including our Chief Executive Officer.

Establishing compensation goals, objectives and elements, including performance-based criteria and the relative weight to be accorded to short-term and long-term components.

Approving the compensation programs and annual compensation of the Chief Executive Officer and the other named executive officers.

Approving, recommending to the Board, overseeing and acting as the "Administrator" or the "Committee" in connection with our equity and cash-based incentive compensation programs, including but not limited to our 2008 Executive Incentive Compensation Plan and our 2006 Equity Incentive Plan, with the authority to approve and authorize both equity and cash-based awards, options and grants thereunder.

Approving and recommending to the Board the elements and amounts of compensation for non-employee directors, including the annual cash retainer fees, and any equity-based compensation.

In addition, the Compensation Committee reviews and evaluates our compensation policies and programs for senior corporate and divisional officers, as well as for operational level employees, insofar as such policies and programs may involve risk-taking or risk-inducing activities, or the awarding of equity-based compensation. The Committee reports its findings and conclusions to the Audit Committee and to the Board.

Our Board of Directors has adopted a written Charter for the Compensation Committee, which it revises from time to time. A copy of our Compensation Committee Charter, as revised, is available on our website at www.steeldynamics.com under "Investor Center Corporate Governance." In addition, the Compensation Committee reviews our Compensation Discussion and Analysis, set forth in this Proxy Statement commencing, at page 36, and determines whether it should be included either in our Annual Report on Form 10-K or, alternatively, included in this Proxy Statement and incorporated by reference from this Proxy Statement into our Annual Report on Form 10-K.

Compensation Committee Interlocks and Insider Participation. None of our current or former officers or employees or any current or former officers or employees of our subsidiaries served as a member of the Compensation Committee during 2011. Moreover, during 2011 (a) none of our executive officers served on the compensation committee of another entity, any of whose executive officers served on our Compensation Committee, and (b) none of our executive officers served as a director of another entity, any of whose executive officers served on our Compensation Committee.

The Audit Committee.

The Audit Committee met eight times during 2011, and all members attended at least 75% of these meetings. The members of the Audit Committee during 2011 were Joseph D. Ruffolo, Paul B. Edgerley, Dr. Jürgen Kolb and James C. Marcuccilli, all of whom are independent, and Messrs. Marcuccilli and Edgerley served as Co-Chairs. The Board determined that all members of the Audit Committee are independent as defined by Rule 5605(a)(2) of the Nasdaq Listing Rules and met all criteria for independence set forth in Section 10A(m)(3) of the Securities Exchange Act of 1934 and Rule 10A-3(b)(1) thereunder.

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Our Board has also determined that, for 2011, each member of our Audit Committee, by virtue of his extensive financial and business experience and training, met and continue to meet the criteria of an "audit committee financial expert," as that term is defined in Item 401(b) of Regulation S-K under the Securities Exchange Act. None of the members of the Audit Committee served on the audit committee of more than two other public companies.

The Audit Committee is responsible, among other things, for:

The review, oversight and monitoring of our financial reporting process and the integrity of our financial statements.

Reviewing with management the adequacy and effectiveness of our internal, financial and disclosure controls and the development of our internal audit function.

The qualifications, performance and independence of our independent auditors.

Risk assessment and management and our compliance with legal and regulatory requirements.

In addition, the Audit Committee is directly responsible for the appointment, retention, compensation and oversight of our independent auditors and both the appropriateness of and the approval of the fees for audit and permissible non-audit services to be provided by the independent auditors. The Audit Committee is also responsible for the establishment of procedures for the receipt, evaluation, disposition, retention and treatment of complaints, if any, regarding accounting, internal accounting controls, auditing matters and matters involving allegations, if any, of fraud, financial mismanagement or irregularities.

The Audit Committee meets periodically with management and with our independent auditors in the discharge of its responsibilities. The Committee reviews our financial statements and discusses them with management and our independent auditors before those financial statements or the results thereof are publicly released and before they are filed with the Securities and Exchange Commission. The Audit Committee also regularly meets privately with the independent auditors.

The report of the Audit Committee is set forth in this Proxy Statement beginning at page 35.

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers to file with the SEC initial reports of beneficial ownership of our common stock and other equity securities or derivatives, as well as reports of changes in beneficial ownership. These individuals are required to provide us with a copy of their required Section 16(a) reports as and when they are filed. Based on our records and information furnished to us by our executive officers and directors, we believe that all Securities and Exchange Commission filing requirements applicable to our directors and executive officers with respect to 2011 were met, except for one report on Form 4 for Mark D. Millett in respect of bonus shares awarded February 1, 2011, timely reported by Mr. Millett but late filed on September 1, 2011 by filer.

Stockholder Proposals for 2013. Any stockholder satisfying the requirements of the Securities and Exchange Commission's Rule 14a-8 and wishing to submit a proposal to be included in our Proxy Statement for our 2013 Annual Meeting of Stockholders must submit the proposal in writing to our Chief Financial Officer, Theresa E. Wagler, at 7575 West Jefferson Blvd, Fort Wayne, Indiana 46804, on or before December 19, 2012.

In addition, any stockholder who has not submitted a timely proposal for inclusion in next year's proxy statement but still wishes to make a proposal at next year's Annual Meeting must deliver written notice to our Chief Financial Officer no later than 60 days nor more than 90 days prior to the first anniversary of the record date for this year's Annual Meeting proxy statement. Therefore, for our 2013 Annual Meeting, if such a proposal is not delivered prior to January 18, 2013, it may not be presented at the meeting at all. If a proposal is made after December 19, 2012 and prior to January 18, 2013, we will retain the discretion to vote proxies we receive with respect to any such proposals.

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**Proposal No. 1
Election of Directors**

Our stockholders will be asked to elect ten directors at the 2012 Annual Meeting. One vacancy resulting from the untimely death on December 22, 2011, of Joseph D. Ruffolo, will not be filled at the Annual Meeting due to the lack of time to select a qualified eleventh nominee. As a result, the Board may elect to fill such vacancy by appointment as and when an appropriate candidate is identified.

The persons listed below are incumbent members of our Board, and were elected at last year's Annual Meeting. All incumbent Board members' service and performance as directors during 2011 were found by the Committee to have been exemplary. Therefore, they have been recommended for nomination and re-election by the Corporate Governance and Nominating Committee and, as such, have been nominated by the Board of Directors. Each director, if elected, will serve until our 2013 Annual Meeting of Stockholders, or until a qualified successor director has been elected.

We will vote the shares you hold in your own name as you specify on the enclosed proxy card, or by telephone or Internet. If you do not specify how you want your shares voted, we will vote them FOR the election of all of the nominees listed below.

If you wish your shares voted for some but not all of the nominees, or if you wish to withhold your vote from some but not all of the nominees, you may so indicate on the proxy card or by telephone or the Internet when you vote your proxy.

If your shares are held by a Broker, be sure to instruct your Broker on how you want your shares voted, with respect to each item on the agenda. (See "Voting Shares Held by Broker" at page 2.)

As previously noted, upon recommendation of the Corporate Governance and Nominating Committee, the Board of Directors has nominated Mark D. Millett, Richard P. Teets, Jr., John C. Bates, Keith E. Busse, Frank D. Byrne, M.D., Paul B. Edgerley, Richard J. Freeland, Dr. Jürgen Kolb, James C. Marcuccilli and Gabriel L. Shaheen. All but Messrs. Millett, Teets, Bates and Busse are independent directors.

Our Board of Directors has also reviewed all transactions during 2011 between Steel Dynamics, Inc. or any of its affiliates, and companies or entities in which a director might have owned any interest, for the purpose of ensuring that such transactions, if any, were approved in accordance with our Statement of Policy For the Review, Approval or Ratification of Transactions With Related Parties, described at page 62, and, further, for the purpose of determining whether any of such transactions impacted the independence of such directors. There were no such transactions that impacted independence. The Board has affirmatively determined that none of the independent directors is an officer or employee of the Company or any of our subsidiaries and none of such persons have any relationships which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Ownership of a significant amount of our stock, by itself, does not constitute a material relationship.

Each of the nominees for election as director has indicated his willingness to serve, if elected, but in the event that any nominee at the time of the election is unable to serve or is otherwise unavailable for election, the Board, upon recommendation of the Corporate Governance and Nominating Committee, may select a substitute nominee, and in that event the persons named in the enclosed proxy intend to vote the proxy for the person so selected. We do not anticipate that any nominee will be unable to serve. If a substitute nominee is not so selected, such proxy will be voted for the election of the remaining nominees.

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**THE BOARD OF DIRECTORS RECOMMENDS A VOTE
FOR EACH OF THE FOLLOWING NOMINEES:**

**Mark D. Millett
Richard P. Teets, Jr.
John C. Bates
Keith E. Busse
Frank D. Byrne, M.D.**

**Paul B. Edgerley
Richard J. Freeland
Dr. Jürgen Kolb
James C. Marcuccilli
Gabriel L. Shaheen**

**INFORMATION CONCERNING EXPERIENCE, QUALIFICATIONS,
ATTRIBUTES AND SKILLS OF DIRECTOR NOMINEES**

Mark D. Millett

**Director Since: 1993
Age: 52**

Mark D. Millett, a co-founder of our Company and a director since 1993, was appointed our President and Chief Executive Officer effective January 1, 2012. Prior to that, from April 2011, Mr. Millett served as our President and Chief Operating Officer and, from June 2008 to April 2011, our Executive Vice President of Metals Recycling and Ferrous Resources and President and Chief Operating Officer of OmniSource Corporation. In this role, he has been responsible for SDI's "resources platform," including all ferrous and non-ferrous metals recycling operations as well as SDI's ironmaking initiatives Iron Dynamics and Mesabi Nugget. In 2008 and 2009, Mr. Millett led the design, construction and eventual start-up in January 2010, of the world's first commercial ironmaking facility utilizing the ITmk3® iron production technology. From 1998 to 2007, Mr. Millett managed the Company's Flat Roll Division at Butler, Indiana, including the hot mill, cold mill, and coating facilities. Between 1993 and 1996, Mr. Millett was responsible for the design, construction and start up operation of the Company's flat rolled, melting and casting operations. A metallurgist by training, Mr. Millett from 1981 to 1985 served as chief metallurgist for Nucor Corporation's Darlington, South Carolina, division, charged with developing the world's first commercially viable thin-slab-casting process as the manager of that project at Nucor's Hazelett facility. In 1987, Mr. Millett was given the responsibility by Nucor for the design, construction, staffing, and operation of the melting and casting facility at Nucor's world's-first thin-slab casting facility at Crawfordsville, Indiana. Mr. Millett holds a bachelor's degree in metallurgy from the University of Surrey in England, which he obtained in 1981. Mr. Millett brings to the Board both a wealth of training and experience in steel metallurgy and in casting and coating technology and, by reason of his leadership of the Company's Iron Dynamics and Mesabi Nugget projects, a comprehensive knowledge of iron making technology, as well as, by reason of his leadership of OmniSource Corporation, a strategic and operational understanding of scrap metal recycling as both a resource for a steel manufacturing business and as an independent business platform.

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Richard P. Teets, Jr.

Director Since: 1993

Age: 57

In August 2008, Mr. Teets was appointed Executive Vice President for Steelmaking and President and Chief Operating Officer of Steel Operations and is now responsible for all of the Company's steelmaking operations, including the Flat Roll Division, Structural and Rail Division, Engineered Bar Products Division, Roanoke Bar Division, The Techs, and Steel of West Virginia Inc. Mr. Teets is a co-founder of our Company and has been a director since 1993. In April 2007 Mr. Teets became an Executive Vice President overseeing the Company's four long-products steelmaking divisions and the steel fabricating business, New Millennium Building Systems. In 1998, Mr. Teets initiated the planning for construction of SDI's structural-steel mill at Columbia City, Indiana. From 1998 to 2007, he managed the construction, start-up and operation of the structural mill and was responsible for its commercial success and growth. From 1993 to early 1996, Mr. Teets was responsible for the planning and construction of SDI's pioneering flat rolled steel mill in Butler, Indiana, as well as its subsequent construction of a cold rolled facility, after which he became Vice President and General Manager of Rolling and Finishing at the flat roll mill. After a ten year career at J&L Steel (later LTV Steel), Mr. Teets joined Nucor Corporation in 1987 as an engineering manager at Crawfordsville, Indiana, where he was given broad responsibility for the design and construction of its new thin-cast-slab facility at that location. Thereafter, in 1991, he assumed responsibility for Nucor's Crawfordsville, Indiana cold-rolling and finishing operations. Mr. Teets holds a bachelor's degree in mechanical engineering from Lafayette College, which he obtained in 1977, and a master's degree in business administration from Duquesne University in 1982. Mr. Teets brings to the Board a unique background of academic training and business experience in the design, construction and operation of steel mill facilities, as well as demonstrated leadership in organizing, budgeting for and directing complex projects, both at the construction and operational levels.

John C. Bates

Director Since: 1993

Age: 68

John C. Bates is the President and Chief Executive Officer and a director of Heidtman Steel Products, Inc., which he joined in 1963, and for which he has served as its President and Chief Executive Officer and a director since 1969. Heidtman Steel Products, Inc. is a large steel service center, with plants located throughout the Midwest and Eastern Seaboard, serving the automotive, heavy truck, construction, metal building, pipe and tube and various other OEM product suppliers with hot rolled, cold rolled and various coated products. Mr. Bates is a co-founder of our Company and has been a director since 1993. Heidtman Steel is our largest customer for our steel products. Mr. Bates' intimate knowledge of the service center business, which, in addition to his own company, represents a large portion of our revenues from steel operations, is a strategic asset to both management and the Board in staying abreast of and maintaining the Company's competitive position in that marketplace.

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Keith E. Busse

Director Since: 1993

Age: 69

Keith E. Busse has been our Chairman and Chief Executive Officer and a director since 1993. Mr. Busse is a co-founder of our Company. Effective January 1, 2012, Mr. Busse retired from the Company as Chief Executive Officer and now serves as the Company's Chairman of the Board and as a director. Mr. Busse also, from 1993 until May 2007, was our President, at which time he became Chairman and Chief Executive Officer. Prior to 1993, for a period of twenty-one years, Mr. Busse worked for Nucor Corporation in various capacities, including general manager of its Vulcraft subsidiary in St. Joe, Indiana. In 1986, Mr. Busse was appointed by Nucor to be the general manager of and to head the construction and operation of the world's first flat rolled steel mini-mill utilizing thin slab casting steel technology at Crawfordsville, Indiana. Mr. Busse holds an undergraduate degree in accounting from International Business College and a degree in business finance from St. Francis College (now the University of St. Francis). He also holds a master's degree in business administration from Indiana University. Mr. Busse was named Steelmaker of the Year in 2005 by the Association of Iron and Steel Technology and was named by *Business Week Magazine* as one of the Top 10 entrepreneurs in the United States. He is also a director of Tower Financial Corporation, a publicly held bank holding company, and Accuride Corporation, also a public company. Mr. Busse's ongoing contributions to the Board, as one of the most innovative and strategic minds in the steel business, and his leadership skills as both visionary and as motivator, are invaluable, even as he has matured and is poised for further growth.

Frank D. Byrne, M.D.

Director Since: 2005

Age: 59

Frank D. Byrne, M.D. is currently (since July 2004) President of St. Mary's Hospital Medical Center in Madison, Wisconsin. Previously, he served eight years with Parkview Hospital in Fort Wayne, Indiana, as its Medical Director (1994-1995), President (1995-2002) and Executive Vice President of Parkview Health Systems between 2002 and 2004. Prior to that, Dr. Byrne practiced pulmonary and critical care medicine in Fort Wayne. Dr. Byrne holds a bachelor of science degree from the University of Notre Dame (1974), a doctor of medicine degree from S.U.N.Y. Downstate Medical Center (1977) and a degree in medical management from Carnegie Mellon University in 1999. He is currently a member of the board of directors of Lincare Holdings, Inc., a publicly traded medical equipment company, and serves on its audit committee. Dr. Byrne has been a director since 2005 and is a member of both our Compensation Committee and of our Corporate Governance and Nominating Committee. Dr. Byrne brings to the Board extensive executive leadership experience and capability, as well as extensive experience involving corporate governance, management of complex organizations, employment-related matters and compensation policies.

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Paul B. Edgerley

Director Since: 2002

Age: 56

Paul B. Edgerley has been Managing Director of Bain Capital Partners, LLC, a private equity firm since 1990. From 1988 to 1990, he served as a principal of that firm. Prior to joining Bain Capital Partners, LLC, Mr. Edgerley spent five years at Bain and Company, Inc., where he worked as a consultant and a manager in its health care information services, retail, and automotive industries. Prior to that, Mr. Edgerley served as a certified public accountant with Peat Marwick Mitchell & Company. Mr. Edgerley holds a bachelor degree from Kansas State University (1978), with emphasis on accounting, and a masters in business administration from Harvard Business School, which he obtained in 1983. He is a director of Keystone Automotive Operations, Inc. and Sensata Technologies, both of them publicly held companies. Mr. Edgerley has been a director since 2002 and is a member of and Co-chair of our Audit Committee. Mr. Edgerley's more than 20 years of experience in the complex world of venture capital and private equity investing, together with his extensive skills and experience in financial analysis and management, provides unique insight to the Board across the spectrum from budgeting to operations analysis to mergers and acquisitions analysis, financing and integration.

Richard J. Freeland

Director Since: 2000

Age: 75

Richard J. Freeland is currently Chairman, and for more than twenty-nine years prior was the President and Chief Executive Officer, of Pizza Hut of Fort Wayne, Inc. and six affiliated companies that own and operate more than 48 Pizza Hut franchised restaurants in Indiana and Ohio, having grown that company, from a start-up operation in 1972 to its present size, employing over 2,000 employees. Mr. Freeland is a self-made entrepreneur, having spent some nine years as an iron worker prior to 1972 but with no formal university or college post-high school educational training. Mr. Freeland has been a director since 2000 and is a member and was the Chairman of our Compensation Committee until November 2011 and a member of our Corporate Governance and Nominating Committee. Mr. Freeland's contribution to the Board includes his vast entrepreneurial experience, his skills in understanding and nurturing effective leadership structures in a complex organization, as well as sound business judgment.

Dr. Jürgen Kolb

Director Since: 1996

Age: 69

Dr. Jürgen Kolb, currently retired, served for fifteen years (1986-2001) as a member of Salzgitter, AG's Management Board, including responsibility as Director of Sales and Executive Vice President and Chairman of Salzgitter's world-wide Trading, Warehousing and Steel Service Center activities. Salzgitter, AG is a large German steelmaker. Dr. Kolb has served in numerous capacities within the German, European and World Steel Federation and regularly consults with both private and publicly traded steel and other industrial companies and private equity firms internationally. Dr. Kolb holds degrees from the Johann Wolfgang Goethe University in Frankfurt, Germany (1967) and from the Ruhr-University in Bochum, Germany (1976). Dr. Kolb has been a director since 1996 and is a member of our Audit Committee and the Chairman of our Corporate Governance and Nominating Committee. Dr. Kolb brings to the Board international expertise and experience, not only in steelmaking technologies, across all product lines, but also regarding the conditions and operating trends in the global steel markets.

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James C. Marcuccilli

Director Since: 2005

Age: 61

James C. Marcuccilli has served as President and Chief Executive Officer of STAR Financial Bank, a regional bank based in Fort Wayne, Indiana, since 1997. Mr. Marcuccilli serves as a director of STAR Financial Group, Inc., the holding company parent of STAR Financial Bank, as well as a director of STAR Financial Bank. Prior to that, Mr. Marcuccilli had responsibility for oversight of nine of Star's financial institutions throughout Indiana. He has also had management experience in the transportation (1965-2002) and Ready-Mix and Aggregates business (1968-2007). Mr. Marcuccilli has served as chairman of the Northeast Indiana Regional Partnership from 2008-2009 and is a board member of the Indiana Economic Development Corporation (2004 to present). Mr. Marcuccilli has been a director since 2005 and is a member of our Audit Committee and of our Corporate Governance and Nominating Committee and, since 2009, a Co-Chairman of our Audit Committee. Mr. Marcuccilli was appointed the Company's Lead Director in December 2011 to serve the remainder of Mr. Ruffolo's term upon Mr. Ruffolo's death. Mr. Marcuccilli holds a degree in business finance from the University of Notre Dame (1973). He brings to the Board his extensive experience in financial analysis and management, in banking and in organizational management and a background as a successful entrepreneur, having assisted in the growth and development of his family-owned banking enterprise from a single rural bank in the early 1970s to its status today as one of Indiana's premier banking institutions.

Gabriel L. Shaheen

Director Since: 2009

Age: 58

Gabriel L. Shaheen, from 2000 to the present, has served as President, CEO and a principal of GLS Capital Ventures, LLC and partner of NxTStar Ventures, LLC, both of them providing private advisory services to both start-up and existing life insurance, annuity insurance and other financial services organizations, as well as to entities that serve such organizations. From January 1998 through December 1999, Mr. Shaheen served as Chairman, President and Chief Executive Officer of Lincoln National Life Insurance Company, with responsibility for all of Lincoln's life and annuity operations throughout the United States. Prior to that, from November 1996 through January 1998, he served as Managing Director of Lincoln UK, Lincoln National Corporation's British subsidiary, and from May 1994 through November 1996, served as Chairman, President and CEO of Lincoln National's reinsurance business and companies, including life and health, worldwide. Mr. Shaheen is an actuary by profession, having received his bachelor degree in actuarial math from the University of Michigan in 1976 and a master's degree in actuarial science from the University of Michigan in 1977. Mr. Shaheen serves as Chairman of the board of directors of Horace Mann Educators Corp., a public company. Mr. Shaheen brings an extensive background of training, skills and experience in the world of risk assessment and management, as well as skills as chief executive officer of major operating units of a large publicly traded insurance company. Mr. Shaheen is a member of our Compensation Committee and Corporate Governance and Nominating Committee. Mr. Shaheen was appointed the Chair of our Compensation Committee in December 2011.

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The following table shows how much Steel Dynamics, Inc. common stock the directors, director nominees, the Named Executive Officers, and all directors, nominees and executive officers as a group beneficially owned as of March 19, 2012. The Named Executive Officers include the Chief Executive Officer, Chief Financial Officer and the three next most highly compensated executive officers, based upon compensation earned during 2011. For purposes of the following table, beneficial ownership is determined in accordance with the rules of the SEC.

	Beneficial Ownership as of March 19, 2012			Percent Owned*
	Current Beneficial Holdings	Shares Subject to Options	Total	
Named Executive Officers				
Keith E. Busse(1)	1,315,981	38,101	1,354,082	0.6%
Mark D. Millett(2)	2,836,478	45,779	2,882,257	1.3%
Richard P. Teets, Jr.(3)	5,139,904	45,779	5,185,683	2.3%
Gary E. Heasley(4)	69,743	45,779	115,522	0.0%
Russell B. Rinn(5)	5,470	4,785	10,255	0.0%
Theresa E. Wagler(6)	106,517	45,779	152,296	0.1%
Other Directors or Nominees				
John C. Bates(7)	484,018		484,018	0.2%
Dr. Frank D. Byrne(8)	24,352		24,352	0.0%
Paul B. Edgerley(9)	343,172		343,172	0.2%
Richard J. Freeland(10)	69,272		69,272	0.0%
Dr. Jürgen Kolb(11)	30,216		30,216	0.0%
James C. Marcuccilli(12)	23,352		23,352	0.0%
Gabriel L. Shaheen(13)	10,412		10,412	0.0%
Directors and Executive Officers as a Group (13 persons)	10,458,887	226,002	10,684,889	4.7%

Represents currently exercisable options and options exercisable within 60 days.

*

Assumes exercise of all stock options covering 8,427,610 shares currently exercisable or exercisable within 60 days, with a corresponding increase in the number of outstanding shares from 219,066,330 on the record date to 227,493,940.

- (1) Chairman of the Board of Directors and Co-founder. Retired as the Company's CEO, effective January 1, 2012.
- (2) Effective January 1, 2012, President and Chief Executive Officer. Since April 2011, President and Chief Operating Officer of the Company. Mr. Millett is Co-founder of the Company and a director.
- (3) Executive Vice President for Steelmaking, President and Chief Operating Officer of Steel Operations, Company Co-founder, and a director. Includes 94,000 shares of common stock owned by Mr. Teets' spouse and 15,364 shares held in trust for Mr. Teets' children, with respect to which Mr. Teets disclaims beneficial ownership of all these shares.
- (4) Executive Vice President for Business Development, and President of New Millennium Building Systems.
- (5) Executive Vice President for Metals Recycling and President and Chief Operating Officer of OmniSource Corporation. Mr. Rinn started employment with the Company July 2011.

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- (6) Executive Vice President and Chief Financial Officer.
- (7) Director. Consists of all shares of common stock held of record by Heidtman Steel Products, Inc., of which Mr. Bates is the President and Chief Executive Officer.
- (8) Director.
- (9) Director.
- (10) Director.
- (11) Director.
- (12) Lead Independent Director, effective December 2011.
- (13) Director. Includes 1,000 shares held in Mr. Shaheen's retirement plan.

Security Ownership of Certain Beneficial Owners

At December 31, 2011, based upon filings with the Securities and Exchange Commission, and based upon a total of 218,873,720 shares outstanding at that time, the following persons owned more than 5% of our outstanding common stock.

Name and Address	Amount of Beneficial Ownership	Percent of Class
Capital World Investors(1) 333 South Hope Street Los Angeles, CA 90071	20,045,668	9.2%

- (1) Share amounts are based on a Schedule 13G filed with the SEC on February 9, 2012, reporting beneficial ownership as of December 30, 2011, which indicates that Capital World Investors has sole voting and sole dispositive power of the shares shown.

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Proposal No. 2
Approval of the Amended and Restated
Steel Dynamics, Inc.'s 2006 Equity Incentive Plan,
Including an Increase in the Number of Authorized Shares

We are asking stockholders to approve the Amended and Restated Steel Dynamics, Inc. 2006 Equity Incentive Plan (the "Amended Plan"), so that (1) with the requested increase in the number of shares available for equity-based awards and the addition of restricted stock units and deferred stock units to the available types of equity-based awards, we may continue to attract, motivate and retain our employees, at all levels of responsibility through grants of equity-based awards, and so that (2) we may also continue to maximize our ability to receive a federal income tax deduction for any compensation in excess of \$1,000,000 paid to our named executive officers as "performance-based compensation" under the Amended Plan.

A copy of the Amended Plan, which has a remaining term of three years, is attached hereto as **Annex A**.

At our Annual Meeting of Stockholders on May 18, 2006, stockholders approved the Steel Dynamics, Inc. 2006 Equity Incentive Plan (the "Plan"), with a 10-year term through December 31, 2015. We are not seeking to extend the term of the Amended Plan. The maximum aggregate number of shares of common stock that was authorized for issuance of awards under the Plan, as adjusted for subsequent splits, has been 16,000,000 shares.

The following is a summary of the material changes that are contained in the Amended Plan as compared to the existing Plan. Please, however, also read the summary of the principal features of the Amended Plan below.

We are asking stockholders to approve an increase in the total share reserve available for awards under the Amended Plan by 15,500,000 shares. As of March 19, 2012, 1,067,927 shares remained available for grants of awards under the existing Plan, thereby creating an aggregate remaining pool of 16,567,927 shares available for awards under the Amended Plan through its scheduled termination on December 31, 2015.

If stockholders approve the Amended Plan, the total increased pool of shares will be held in a "fungible share reserve," which, in terms of how the share reserve is diminished by subsequent equity award grants, distinguishes between grants of stock options and stock appreciation rights, on the one hand, and so-called "full value" awards, on the other by utilizing the multiplier of 2.09 for full-value awards. The operation of this fungible share reserve is further described below.

The Amended Plan adds two categories of equity-based awards that, while already implicitly allowable under the existing Plan, are now made express "restricted stock units" (RSUs) and "deferred stock units" (DSUs).

The Amended Plan replaces the broad-based Regular Semi-Annual Option Grant program for all employees, as currently prescribed in Section 6.4 of the Plan, with a comparable broad-based Annual Award of RSUs program for all full time, non-union United States-based employees, described in new Section 7.7(b) of the Amended Plan, subject to such further modification as the Committee may from time to time determine.

The Amended Plan formally replaces the current Regular Annual Awards of Restricted Stock to Eligible Directors, as part of their regular approved director compensation, with an equivalent Regular Annual Award of DSUs, as set forth in Section 7.6(g) of the Amended Plan.

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**The Board of Directors Recommends a Vote "FOR" Approval of the Amended Plan.
Required Vote**

Approval of the Amended Plan requires the affirmative vote of the holders of a majority of votes cast regarding this Proposal No. 2. If stockholders fail to approve the Amended Plan, including its share increase request, the Company will be unable, beyond the 1,067,927 shares which remain authorized but unissued under the existing Plan, to issue any further kind of equity grants or awards under the existing Plan.

Background and Reasons for Amending and Restating the Plan

The Board and Compensation Committee believe that to enhance long-term stockholder value we need to maintain both industry and peer group competitiveness in employee compensation, incentive and retention programs. The purpose of the Amended Plan, therefore, is to continue to advance the interests of our stockholders by enhancing our ability to attract, retain and motivate persons across all parts of the Company, from the executive office to the shop floor, upon whom we rely to make important contributions to our Company. And, consistent with our corporate culture of empowering and motivating all employees and aligning their interests with that of our stockholders, we do this by providing them with both equity ownership opportunities and performance-based incentives, so as to instill in them the perspective of an entrepreneur with an equity stake in the well-being of the Company. We believe that such equity-based awards are a key component for why we continue to be one of the most cost effective and efficient operators in the metals industry.

We can only accommodate these equity-based compensation objectives if we are authorized to increase the number of shares available for awards as requested. The proposed amendment to increase the number of authorized shares by 15,500,000 shares is necessary, therefore, if we are to maintain our ability to offer both short-term and long-term competitive compensation opportunities, at both the executive and operational levels.

We also believe that we need to have increased flexibility to select from among a larger number of equity-based compensation types than have been expressly available under the existing Plan, in order to be able to optimally address changing accounting and tax rules, as well as corporate governance best practices. Thus, we wish to add to the currently available equity award types – namely, stock options, restricted stock, unrestricted stock, stock appreciation rights and performance awards – two additional award types: "deferred stock units" (DSUs) and "restricted stock units" (RSUs), which are described in greater detail below.

Approval of Proposal 2 will therefore allow us to continue to:

Attract and Retain Talent. A talented, motivated and effective management team and workforce has been and will continue to be key to our success, and we cannot afford to lose existing and prospective talent to competitors in our industry or to other companies that may have more flexibility to offer competitive compensation arrangements, especially in the form of equity.

Avoid Disruption in Compensation Programs. If the proposed Amended Plan is not approved, we may be required to restructure existing compensation programs for reasons not directly related to the achievement of our business objectives. Under that circumstance, in order to remain competitive without a sufficient reserve of shares available for issuance of awards under the Plan it would likely be necessary to replace components of compensation that might best be awarded in equity with cash, or with other benefits that may not as well align employee interests with those of stockholders.

Honor our Commitment to Sound Equity Compensation Practices and Pay-for-Performance. We believe that equity compensation, by its very nature, ought to embody substantial performance-based elements.

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Why Should You Vote to Approve the Proposed Amended Plan?

Although the original Plan still has slightly more than three years remaining before its expiration, the 1,067,927 shares remaining available for issuance of awards under the existing Plan, through the scheduled termination date of December 31, 2015, will be inadequate to meet our prospective needs. This is because circumstances existing at the time of the Plan's adoption have changed from those which were reasonably anticipated in May 2006. Our existing Plan, as well as this Amended Plan, is unusual among equity-based plans in its architecture and scope, in that, under Section 6.4 of the existing Plan (semi-annual broad-based grants of stock options) to be replaced under the Amended Plan with new Section 7.7 (annual broad-based grants of RSUs), we provide regular company-wide, broadly based equity awards to all eligible employees, subject always to Compensation Committee and Board oversight and authority to either modify or eliminate the program.

In May 2006, when the original Plan was approved, we had just less than 3,000 employees eligible to participate under the existing Plan. Between 2006 and today, however, as a result of the Company's overall growth, that number has expanded to over 5,500 eligible employees. Of the total number of shares subject to awards under the existing Plan, from its inception in 2006 through the present, over 97% of the awards were issued in the form of stock options under the broad-based Company-wide semi-annual stock option program. And, of these, only 1.8% of the shares subject to such options were issued to the Named Executive Officers.

Establishment and Administration of Fungible Share Reserve

All award types are valued, for purposes of determining their impact on stockholders. Accordingly, in order to distinguish between how awards such as stock options or stock appreciation rights are valued in contrast, to so-called "full value" awards such as awards of unrestricted stock awards, restricted stock, restricted stock units (RSUs), deferred stock units (DSUs) and performance awards, we are adopting a Fungible Share Reserve under the Amended Plan.

Pursuant to the Fungible Share Reserve, shares granted as awards *other than* stock options or stock appreciation rights that is, full value awards such as unrestricted stock awards, restricted stock awards, restricted stock unit (RSU) awards, deferred stock unit (DSU) awards and performance awards, will be counted against and will thereby diminish the Fungible Share Reserve in a ratio of 2.09 shares for every one share subject to such full value award. In contrast, shares underlying grants of stock options or stock appreciation rights will be counted against and will decrease the overall Fungible Share Reserve on a one-for-one basis.

If an award is settled in cash, is canceled, terminated, forfeited, expires, lapses or is repurchased (except in the case of shares tendered upon exercise of an award or shares withheld by the Company or otherwise remitted in satisfaction of related tax obligations) without having been fully exercised or vested, the unvested, canceled or forfeited shares will then become available for grant. Any shares that become available for grant upon the forfeiture, repurchase, cancellation or expiration of an award that originally counted against the fungible share reserve as 2.09 shares of common stock upon grant will be added back to the fungible share reserve as 2.09 shares of common stock for each share forfeited, repurchased, cancelled or expired or deemed not to have been issued from the plan. Stock options and stock appreciation rights will count against the fungible share reserve as one share of common stock for each share subject to such awards and will be added back to the fungible share reserve as one share of common stock for each share subject to such awards that is forfeited, repurchased, cancelled or expired or deemed not to have been issued from the plan.

Summary Description of the Amended and Restated 2006 Equity Incentive Plan.

The following is a summary of the principal features of our Amended and Restated 2006 Equity Incentive Plan, as approved by the Board, upon recommendation of the Compensation Committee, on

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February 14, 2012. This summary is not a complete description of all of the provisions of the Amended Plan, which is qualified in its entirety by the specific language set forth in the Amended Plan, attached hereto as **Annex A**.

Purpose.

The purpose of the Amended Plan is to advance the interests of our stockholders by enhancing our ability to attract, retain and motivate persons whom we expect to make important contributions to the Company and its affiliates, by providing them with both equity ownership opportunities and performance-based incentives intended to align their interests with those of our stockholders.

Administration.

The Compensation Committee, as the designated Administrator under the Amended Plan, is delegated the responsibility by the Board to administer the Amended Plan. The Committee, during 2011, consisted of four directors of the Company, all of whom were "independent" within the meaning of Nasdaq's Marketplace Rule 4200(a)(15), were "non-employee directors" (within the meaning of Rule 16b-3 under the Securities Exchange Act), and were also "outside directors," within the meaning of Section 162(m) of the Internal Revenue Code and Treasury Regulations § 1.162-27(e)(3).

The Committee has broad authority under the Plan, including the authority:

to determine "Eligible Employees," "Eligible Directors" or other "Participants" to whom awards may be made under the Amended Plan, including awards of both incentive and non-statutory stock options, stock appreciation rights, restricted stock awards, unrestricted stock awards, performance awards, deferred stock units and restricted stock units, all as more fully described below;

to determine the types or frequency of awards to be made pursuant to the Amended Plan;

to adopt regular or ongoing award programs within the Amended Plan, or to prospectively modify, suspend or terminate any such program;

to determine the number of shares that are to be the subject of awards, as well as the terms and conditions of awards, including the price (if any) to be paid for the shares;

to prescribe the manner by which an award may be evidenced;

to determine the medium of payment, vesting provisions and rights of forfeiture or repurchase with respect to an award;

to cancel, modify or waive the Company's rights with respect to, or to modify, discontinue, suspend or terminate any awards, subject in all events to legal restrictions;

to accelerate or extend the vesting or exercisability or to extend the term of any or all outstanding awards, subject, in all cases, to applicable legal restrictions, and provided that the Committee may not, without stockholder approval (A) reprice or otherwise reduce the exercise price of unexercised options or the base price of any stock appreciation right, deferred stock unit or restricted stock unit, or (B) cancel previously granted stock options, stock appreciation rights, deferred stock units or restricted stock units and issue new stock options, stock appreciation rights, deferred stock units or restricted stock units to the same option holder or award recipient at a lower exercise or base price;

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to promulgate, amend and rescind rules and regulations relating to the administration of the Amended Plan; and

to construe and interpret the provisions of the Amended Plan and apply its provisions.

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The Committee may delegate any part of its authority to one or more officers or directors of the Company, provided that the Committee may not delegate its authority with respect to awards intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code, if such delegation would cause any such award to fail to so qualify, and any discretionary awards to non-employee directors must be administered solely by an independent committee of the Board.

Eligibility for Specific Awards.

Awards under the Plan may be granted to any "Participant," designated by the Committee, to receive an award, including but not limited to "Eligible Employees" and "Eligible Directors."

Shares Authorized Under the Plan.

The maximum aggregate number of shares remaining for issuance in connection with awards under the Amended Plan, through its termination on December 31, 2015, if approved by stockholders, will be 16,508,087 shares (the requested 15,500,000 share increase, plus 1,067,927 previously unissued shares under the existing Plan).

If there is a stock dividend, stock split, reorganization or other change in the Company's capital structure, the Committee, in such manner as it deems equitable, will adjust the number of shares available for issuance pursuant to the Amended Plan, the outstanding awards under the Amended Plan and any applicable per person limits on awards, as appropriate to reflect the effect of such stock dividend, stock split, reorganization or other change in such capital structure.

Individual Share Limitations.

The maximum number of shares with respect to which awards, including stock options and stock appreciation rights, may be granted to any "Eligible Employee" in any one fiscal year are 300,000 shares.

Types of Awards.

The Amended Plan authorizes awards of stock options, stock appreciation rights, restricted stock, unrestricted stock, performance awards, deferred stock units and restricted stock units.

Stock Options: General Terms and Conditions.

A stock option is the right to acquire shares at a fixed exercise price for a fixed period of time. Stock options granted to Eligible Employees may be either non-qualified stock options or incentive stock options (which entitle employees, but not the Company, to more favorable tax treatment). The purchase price for shares subject to any option, whether incentive stock options or non-qualified stock options, must not be less than 100% of the fair market value of the shares as of market close on the last business day prior to the date the option is granted. Additional restrictions apply to an incentive stock option granted to a person who owns more than 10% of the combined voting power of all classes of the Company's stock.

The purchase price for shares purchased pursuant to exercise of an option must be paid in full upon exercise of the option, either in cash, or, in the discretion of the Committee, upon such terms and conditions as it may approve, the exercise price may be paid by (i) transferring to the Company shares of previously acquired common stock, at their fair market value on the date of delivery, (ii) by the withholding by the Company of a sufficient number of whole shares of common stock having an aggregate fair market value (determined as of the date of exercise) equal to the exercise price and any tax withholding obligation, (iii) in cash paid by a broker-dealer to whom the optionee has delivered notice of exercise and, if permitted, an order to sell some or all of the underlying shares, (iv) by a combination of these methods, or (v) in such other manner as the Committee may determine.

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No option may be exercisable after the earliest of the following: the expiration of five years after the date the option is granted; unless otherwise approved by the Committee or the Board, ninety days after the date the optionee's "continuous service" terminates (if termination is for any reason other than disability, death, or for cause); the date the optionee's continuous service terminates if termination is for cause, or 180 days after the date the optionee's continuous service terminates if termination is a result of death or disability. Stock options may be granted alone or in certain circumstances "in tandem" with stock appreciation rights. The exercise or lapse of any number of tandem stock appreciation rights will cause a corresponding reduction in the number of shares of common stock then available for purchase by exercise of any related stock option.

The Amended Plan prohibits the Board and the Committee from doing any of the following without stockholder approval: (i) re-pricing or otherwise reducing the exercise price of outstanding options granted under the Plan, or (ii) canceling previously granted options and issuing new options to the same option holder at a lower exercise price.

Each option will contain certain additional terms and conditions that will apply in the event the Committee determines that the option constitutes a "nonqualified deferred compensation arrangement" that is subject to the additional requirements of Section 409A of the Code (see "*Federal Income Tax Consequences*").

*Replacement of Regular Semi-Annual Stock Option Grants
With Regular Annual Restricted Stock Unit Grants.*

Under the Existing Plan, since its inception, the Committee and Board have administered a company-wide, broad-based semi-annual stock option award program, described therein in Section 6.4 of the existing Plan, under the terms of which twice annually, on May 21 and November 21 of each year, regular stock option awards, in conformity with the foregoing terms and limitations, have been granted to all full time non-union employees working in the United States, at an exercise price based upon 100% of the last reported sale price per share on the Nasdaq Global Market on the last business day prior to the each stock option grant date, in dollar-denominated amounts keyed to each person's job position category. The number of stock options was determined by dividing the applicable dollar-denominated amount by the applicable exercise price. Each option granted under this program vested six months after the Grant Date and was not exercisable later than five years from the Grant Date, subject to certain exceptions.

As earlier noted at the outset of this Summary, however, if approved by stockholders, the Amended Plan will eliminate this former program and will replace it with what the Committee believes to be a comparable RSU grant program, but, because of the differences between stock options and RSUs, in smaller dollar-denominated amounts. This replacement program, subject to the Committee's authority to modify is summarized in greater detail below under the heading "*Restricted Stock Unit Awards: Regular Annual Restricted Stock Unit Grants to Eligible Employees.*"

Restricted Stock Awards.

Pursuant to Section 7.1 of the Plan, the Committee may award (or sell at a purchase price determined by the Committee) shares of the Company's common stock that have either time-based, performance-based or other restrictions, including provisions requiring forfeiture and imposing restrictions upon stock transfers. In the discretion of the Committee, awards of restricted stock may or may not provide the Participant with dividends and voting rights, subject, however, to the same restrictions.

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The Committee, in respect of each grant, will determine the conditions for vesting of an award of restricted stock. In the event a recipient's continuous service with the Company terminates, the Company, if so authorized in the award, may reacquire unvested shares acquired in consideration of past services and all unvested shares of restricted stock as of the date of termination will be forfeited. If restricted stock is acquired for consideration other than prior services, the forfeiture may be accomplished by repurchasing the shares at the lesser of the original purchase price or the current fair market value.

Unrestricted Stock Awards.

The Committee may from time to time award (or sell at a purchase price determined by the Committee and the Board) unrestricted shares of the Company's common stock, which shares may be entirely free of any vesting restriction. Awards of unrestricted stock may be granted or sold in respect of past services or other valid consideration, or in lieu of cash compensation.

Performance Awards.

The Committee may grant performance awards under the Amended Plan, which may be denominated or payable in cash or stock (including restricted stock and restricted stock units) and confers on the holder the right to receive payments, in whole or in part, upon achievement of performance goals, during a specified performance period and subject to such terms and conditions as the Committee establishes in advance. Performance Awards granted to Participants who are "covered employees" under Section 162(m) of the Internal Revenue Code (*i.e.*, the chief executive officer and the three other highest paid officers other than the principal financial officer) and are intended to be "qualified performance-based compensation" under that section, to the extent required, must be conditioned solely upon the achievement of one or more pre-established objective performance goals established by the Committee within the time period prescribed by Section 162(m) and the regulations thereunder. The Committee may make Performance Awards independent of or in connection with the granting of any other award. Performance goals must be based on a pre-established objective formula or standard that specifies the manner of determining the amount of the Performance Award shares that will vest if the performance goal is attained.

Award criteria may include, by way of example and without limitation: company-wide, divisional or operating unit sales or sales growth; gross margin, operating, pre-tax or after-tax company, divisional or operating unit income metrics; earnings before interest, taxes, depreciation and amortization; earnings before interest, taxes and amortization; return on equity; return on assets; measures of liquidity or credit metrics; cash flow or cash flow per share; return on invested capital; earnings per share; share price performance; total shareholder return; production and safety goals or targets; improvement or attainment of expense levels; improvement in or attainment of working capital levels or debt reduction; or implementation or completion of critical projects. Measures of performance may be set by reference to an absolute standard, as a change from prior performance periods, or by comparison to specified companies or groups of companies or other external measures. The Committee may also establish rules during the first 90 days of a performance period to permit the Committee to adjust any evaluation of the performance under the applicable goals to exclude the effect of certain events, including asset write-downs; litigation or claim judgments or settlements; changes in tax law, accounting principles or other such laws or provisions affecting reported results; severance, contract termination and other costs related to exiting certain business activities; and gains or losses from the disposition of businesses or assets or from the early extinguishment of debt.

By granting performance awards that vest upon attainment of appropriate performance goals, the Company may be able to maximize its opportunity to deduct for federal income tax purposes the amount of such performance-based compensation in excess of \$1,000,000. No covered

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employee may receive performance awards relating to more than 300,000 shares in any year under the Amended Plan, nor does the Amended Plan permit any performance award to be paid to any Covered Employee, without satisfaction of the applicable performance goal, if that employee's employment is terminated for any reason other than death, disability, or, if so provided by the Committee, pursuant to a change of control of the Company.

The Committee must also establish the time periods in which the performance goals are to be met. Following the completion of each performance period, the Committee must certify whether the performance objectives and other material terms of a performance award have been achieved. Participants have no rights as stockholders until such shares are actually received under the Plan. Except as may be otherwise provided by the Committee, an employee's rights in all Performance Awards automatically terminate upon the employee's termination of continuous service with the Company or its subsidiaries for any reason.

Stock Appreciation Rights.

A stock appreciation right, if awarded, entitles the holder to receive the appreciation in the value of common stock underlying the stock appreciation right. The Committee may grant a stock appreciation right either as a standalone right or, if such right does not provide for the deferral of compensation within the meaning of Section 409A of the Code, in tandem with all or any part of the shares of common stock that may be purchased by the exercise of a stock option. Upon the exercise of a stock appreciation right, the Company shall pay the amount, if any, by which the fair market value of a share of common stock on the date of exercise exceeds the stock appreciation right exercise price. A stock appreciation right is not exercisable if the fair market value of a share of common stock on the grant date exceeds the fair market value of such share of common stock on the date of exercise. In the discretion of the Committee, payment with respect to the exercise of a stock appreciation right may be made either in cash or in shares of common stock, valued at fair market value on the date of exercise. Stock appreciation rights granted in relation to a stock option may be exercisable only to the extent the stock option is exercisable and the exercise or lapse of a stock option causes an equivalent reduction in the number of tandem stock appreciation rights.

A stock appreciation right may only be exercised if it becomes vested, based on the criteria established by the Committee, and they expire under the same rules applicable to options. They are also subject to the same per-person limits applicable to options.

Deferred Stock Unit Awards.

The Committee may award Deferred Stock Units to Participants, in such manner and amount as it may from time to time determine. Each Deferred Stock Unit represents an unsecured and unfunded obligation of the Company to issue to the award recipient, upon the expiration of such deferral period as may be fixed by the Committee at the time of grant, or, if applicable, satisfaction of any performance condition, one share of common stock. Except as may otherwise be determined by the Committee, Deferred Stock Units shall be awarded without payment of cash or other consideration to the Company, provided, however, that if a specified payment requirement has been established by the Committee, such payment shall be required only at the end of the deferral period. A Deferred Stock Unit issued in the name of a Participant shall be forfeited in the event that, unless otherwise determined by the Committee and reflected in applicable award agreement, the Participant's employment with the Company or service as a director, as the case may be, is terminated for cause.

Payment or settlement of Deferred Stock Units, in cash or in common stock, as may be specified in the award agreement, will be made as soon as administratively feasible following

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expiration of the applicable deferral period or satisfaction of any applicable performance condition, but in no event after the later of (1) the date that is 2¹/₂ months after the close of the Participant's first taxable year in which the Deferred Stock Units become payable, or (2) the date that is 2¹/₂ months after the close of the Company's fiscal year in which the Deferred Stock Units become payable; provided, further, that payments in respect of Deferred Stock Units that constitute deferred compensation under Section 409A of the Code shall be made in compliance with such section.

Deferred Stock Units carry no voting rights with respect to the underlying shares. No cash dividends shall be paid on outstanding Deferred Stock Units. However, Deferred Stock Units will accrue "Dividend Equivalents," i.e., an additional number of Deferred Stock Units equal in value to the cash dividends, if any, which are paid with respect to an issued and outstanding share of Common Stock during the period the Deferred Stock Unit is outstanding.

Regular Annual Awards to Eligible Directors.

Subject to modification with respect to the amount, terms, frequency or composition of the Deferred Stock Unit award as the Committee may from time to time make, including the discontinuance or replacement thereof, each Eligible Director, on June 1 of each year following the Company's annual meeting of stockholders, pursuant to the provisions set forth in Section 7.6(g) of the Amended Plan, will be entitled to receive an award of Deferred Stock Units in an amount equal to the quotient arrived at by dividing the dollar amount of the equity portion of the Eligible Director's board service retainer for such year, currently established by the Committee at \$90,000 annually, by the closing price of the Company's Common Stock at the close of business on the last business day preceding June 1.

The deferral period for such Deferred Stock Units will commence on the date of grant and, in default of a timely election to extend the deferral period, will continue until expiration of the first (1st) anniversary thereof. Each Eligible Director will be entitled, however, by a written election exercisable prior to April 1 of the award year, under rules prescribed by the Committee and subject to his or her right to change his or her deferral period for subsequent years, to continue the Deferral Period until either expiration of the fifth (5th) anniversary of the grant date or expiration of the first (1st) anniversary following the termination of his or her service as a director of the Company.

Restricted Stock Unit Awards

The Committee may from time to time award Restricted Stock Units (RSUs) to eligible Participants, as compensation or otherwise. The terms and conditions applicable to all RSUs need not be identical, except that, unless otherwise determined by the Committee, each RSU shall be subject to each of the following provisions:

Number, Value, and Manner of Payment of RSUs. Each RSU, subject to the satisfaction of any applicable service-based or performance-based conditions, will entitle the Participant to receive from the Company, upon satisfaction of the restriction, one (1) share of the Company's common stock at a specified future date established by the Committee. RSUs may be granted in consideration of services performed for or for the benefit of the Company by such Participant, without payment of cash or other consideration to the Company by the Participant. Upon delivery of the underlying share of stock at the end of the restricted period, the applicable RSU will be canceled.

Termination of Employment or Services. The Committee may permit accelerated vesting in the event of a Participant's death, disability or retirement, or in the event of a change in control, provided that, if and to the extent that the RSU is intended to qualify as

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performance-based compensation to a covered employee, no such accelerated vesting is permissible, without satisfaction of the performance restriction, except in the case of death, disability or change in control.

Dividends and Voting. No RSU will be deemed to represent an equity security of the Company, nor shall any RSU be deemed to carry any voting or dividend rights.

Hypothetical Nature of Accounts. A separate account shall be maintained by the Company for each Participant, for bookkeeping purposes only and not representing any actual funds or assets, to track the Participant's RSUs and to determine the number of shares of common stock to be issued upon satisfaction of the restriction.

RSUs may not be sold, assigned, transferred or otherwise disposed of, pledged or hypothecated during the restricted period. Each RSU will be in such form and will contain such terms, conditions and restrictions, whether service-based or performance based, as the Committee may deem appropriate. The Committee, in its discretion, may provide for an acceleration of the end of any time-based or service-based restriction, at any time and for any reason, including in the event a change in control, the death or disability of the Participant, or retirement but the Committee may not do so in connection with any performance-based restriction that has not been satisfied.

Regular Annual Restricted Stock Unit Grants to Eligible Employees.

Since inception of the existing Plan, and prior thereto, each Eligible Employee, as referenced earlier herein under the heading "*Stock Options: General Terms and Conditions: Replacement of Regular Semi-Annual Option Grants With Regular Annual Restricted Stock Unit Grants,*" has been entitled to receive a semi-annual award of stock options, in amounts determined by position category. This company-wide, broad based equity incentive program has been central to our corporate culture of empowering and motivating all employees, from the executive office to the shop floor, aligning their interests with that of our stockholders by providing them with equity ownership opportunities in order to instill in them the perspective of an entrepreneur with an equity stake in the well-being of the Company.

The Committee and the Board have determined, however, to discontinue these semi-annual automatic stock option grants and have determined, instead, to provide what the Committee believes to be a comparable opportunity, through a similar Company-wide and equally broad-based program. Accordingly, if the Amended Plan is approved by stockholders, each person who is an Eligible Employee on November 1, 2012 and each year thereafter during the remaining term of the Amended Plan, is expected to receive an annual grant of RSUs on November 21 of each such year in accordance with Section 7.7(b) of the Amended Plan, subject to such further modification, without further stockholder approval, as to the amount, terms, frequency or composition of the award, as the Committee may from time to time determine, including the suspension, discontinuance or replacement thereof. The material terms of this program may be summarized as follows:

Grant Dates. RSUs will be granted once annually, on November 21 of each year (the "Grant Date") or at such other time as the Committee may prescribe, to all Eligible Employees of the Company.

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Grant Amounts. On each Grant Date, RSUs are expected to be awarded to each Eligible Employee in the following position categories and in the following base dollar amounts, subject to adjustment by the Committee as noted above, determined by dividing the applicable Annual Grant Value by the last reported sale price per share on the Nasdaq Global Market on the last business day prior to the Grant Date.

Position	Grants Per Year	Annual Grant Value
Chief Executive Officer	1	\$ 87,000
Executive Vice President	1	69,600
Vice President	1	52,200
Category A	1	39,100
Category B	1	26,100
Category C	1	19,600
Category D	1	13,000
Category E	1	10,900
Category F	1	8,700
Category G	1	2,200

Vesting. Each RSU will vest two years after the RSU Grant Date, subject to specified exceptions set forth in the award agreement.

Effect of Mergers, Reorganizations and Consolidations on Awards.

In the event of a merger, reorganization or consolidation of the Company in which the Company is not the surviving entity, all limitations on the number of shares that can be the subject of awards to any employee in any calendar year and the actual number of shares and exercise price per share subject to any outstanding options or awards will be deemed adjusted in order to reflect any increase or decrease in the number of outstanding shares of common stock. To the extent of any outstanding awards not assumed or comparably replaced by the surviving corporation, the Participant shall have the right, exercisable prior to the consummation of the transaction, to fully exercise or receive the award, in whole or in part, without regard to any otherwise applicable vesting or performance conditions under the Amended Plan.

Amendments.

The Amended Plan may be terminated or further amended by the Board or, in certain circumstances, by the Committee. Without stockholder approval, however, no such amendment may be made which would (i) increase the total number of shares covered by the Amended Plan, (ii) change the class of persons eligible to participate, (iii) extend the term of the Amended Plan beyond the scheduled termination date under the Amended Plan, (iv) contravene any Nasdaq or other applicable governance standards, or (v) result in any re-pricing or other reduction in the exercise price of unexercised options or in the cancellation of previously granted options in exchange for new options having a lower exercise price.

Term of Plan.

Unless sooner terminated by the Board in its sole discretion, the Plan will expire on December 31, 2015.

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Federal Income Tax Consequences.

The federal income tax consequences to the Company and to its employees, directors or other Participants of any awards under the Amended Plan are complex and subject to change. The following discussion is not exhaustive and (i) is only a summary of some of the rules generally applicable to awards under the Amended Plan, based on federal income tax laws in effect on the date of this Proxy Statement, (ii) is not intended as a discussion of the income tax laws of any state, municipality or non U.S. taxing jurisdiction, or the gift, estate, excise (including many of the complex rules applicable to deferred compensation under Code § 409A), or other tax laws, (iii) is not intended to provide legal advice with respect to any Participant, and (iv) is not intended to be used, and cannot be used, for the purposes of avoiding taxpayer penalties.

Because individual circumstances may vary, we strongly advise all participants to consult with their tax advisors concerning the tax implications and treatment of awards granted under the Plan.

Code Section 162(m) generally denies a tax deduction to any publicly held corporation for compensation that exceeds one million dollars paid to certain senior executives in a taxable year, subject to an exception for "performance based compensation" as defined in the Code. Although the Company believes that, to the extent of the performance-based awards that may be awarded under the Amended Plan, such awards will meet Section 162(m)'s requirement, the Company cannot provide assurance that awards denominated as performance-based will always meet such requirements. Thus, Section 162(m) could limit the deductibility of a portion of such awards, as well as awards that are not performance-based. In any event, the Company reserves the right to award non-deductible compensation as it deems appropriate.

Incentive Stock Options. An incentive stock option is a stock option intended to meet the requirements for special tax treatment under Section 422 of the Internal Revenue Code of 1986, as amended. There will be no federal income tax consequences to the Company or the employee as a result of the grant of an incentive stock option. The optionee also will not recognize income when the incentive stock option is exercised during employment or within three months thereafter in the event of death or permanent and total disability), except that the spread between the exercise price and the fair market value of the shares at the time of exercise may be treated as an adjustment in computing alternative minimum taxable income in the year of exercise. Generally, the Company receives no deduction at the time of exercise.

In the event of a disposition of shares acquired upon exercise of an incentive stock option, the tax consequences depend upon how long the employee has held the shares. If the employee does not dispose of the shares within two years after the incentive stock option was granted, or within one year after the incentive stock option was exercised and shares were purchased, then the participant should be entitled to treat the gain or loss as a long-term capital gain or loss. The Company is not entitled to any deduction under these circumstances. If the optionee fails to satisfy either of the foregoing holding periods, then he or she must recognize ordinary income in the year of disposition (referred to as a "disqualifying disposition"). The amount of such ordinary income generally is determined under the rules applicable to non-qualified options based on the spread between the shares' basis and the sales price at the date of exercise. The Company, in the year of the disqualifying disposition, is entitled to a deduction equal to the amount of ordinary income recognized by the optionee.

Non-qualified Options and Stock Appreciation Rights. Under current federal income tax law, the grant of a non-qualified stock option or a stock appreciation right will have no federal income tax consequences to the Company or the optionee, so long as the exercise price is at least equal to the fair market value of the underlying stock on the grant date. Generally, upon exercise of a non-qualified stock option or a stock appreciation right, the spread, or the excess of the fair market value of the stock at the date of exercise over the option or target price, would be taxable to the Participant as ordinary income. All such amounts taxable to a Participant would generally be deductible by the

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Company as compensation expense. A Participant will recognize gain or loss on the subsequent sale of shares acquired upon exercise of a non-qualified stock option or a stock appreciation right in an amount equal to the difference between the amount realized and the tax basis of such shares. Such gain or loss will be long-term or short-term capital gain or loss, depending upon whether the shares have been held for more than one year. The taxable income resulting from the exercise of a non-qualified stock option or a stock appreciation right will constitute wages subject to withholding.

Restricted Stock and Unrestricted Stock Awards. Awards of stock under the Amended Plan may, in the determination of the Committee, be granted without restrictions or may be subjected to certain performance or other conditions, to rights of repurchase or to other transfer restrictions. The tax consequences of such awards under the Amended Plan depend on whether the stock is subject to restrictions and, if so, whether the restrictions are deemed to create a "substantial risk of forfeiture" under Internal Revenue Code Section 83. If stock is not subject to a restriction or, even if restricted in some manner, the shares are not subject to a "substantial risk of forfeiture," the recipient normally will recognize taxable ordinary income equal to the value of the stock in the year in which the stock is granted, less the amount, if any, paid for that stock. If the stock is subject to a "substantial risk of forfeiture," however, the recipient, subject to his or her right to elect an alternative treatment, described below, will normally recognize taxable ordinary income as and when the "substantial risk of forfeiture" lapses, in the amount of the fair market value of the shares no longer subject to the "substantial risk of forfeiture," less the amount paid, if any, for the stock. Upon disposition of the stock, the recipient will recognize a capital gain or loss equal to the difference between the selling price and the sum of the amount paid for the stock plus any amount recognized as ordinary income upon grant or vesting of the stock. The gain or loss may be long or short-term depending on how long the recipient held the stock. A recipient of stock subject to a "substantial risk of forfeiture" may, however, make a timely election under Internal Revenue Code Section 83(b) to recognize ordinary income in the year the recipient receives or purchases the restricted stock, rather than waiting until the "substantial risk of forfeiture" lapses. The Company will generally be entitled to a business expense deduction equal to the taxable ordinary income realized by the stock recipient.

Deferred Stock Units. Because a DSU only represents an unsecured and u