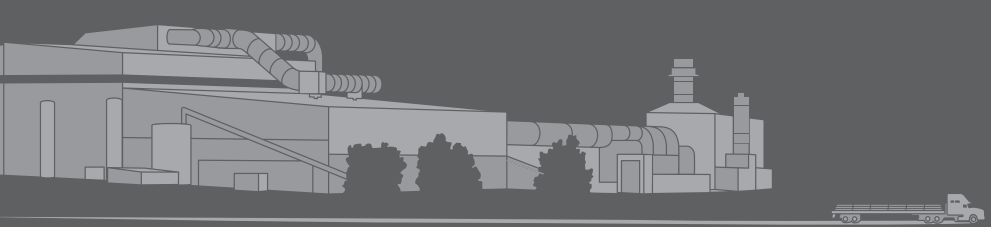
2008 ANNUAL REPORT



TAKING THE LONG VIEW

From the beginning, we at Steel Dynamics have looked to the future with confidence and optimism. When we started the company in 1993, we had little more than a plan and a dream. We knew what was possible, and we set out to do it.

Over the past 15 years, we have built a company of many strengths. We have benefited from the skills, commitment, and hard work of tens, hundreds, and now thousands of employees. We have invested in productive assets, refined our steelmaking capabilities, and gained better access to raw materials. Our success and growth in 2008 suggest we are on the right track.

Yet, today, our industry, our economy, and our country face challenging times. We believe Steel Dynamics can cope because of our low, variable cost of production and because of our ability to increase or decrease production levels in accord with demand. We believe that patience and persistence will prevail, and that better times will return.

And when today's challenging times are behind us, we expect Steel Dynamics to be in a strong position to grow again. We remain confident and optimistic.

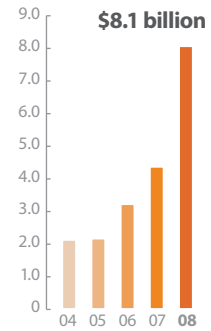
Depicted in the drawing on the cover is our newly expanded Columbia City, Indiana, Structural and Rail Division steel mini-mill. At right, wide-flange beams, 245 feet long, roll onto the new mill's cooling bed.


SDI
Steel Dynamics, Inc.®

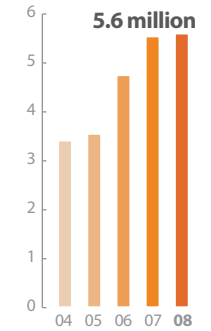
TABLE OF CONTENTS

Forward-looking statements
This publication contains predictive statements about future events. These statements are intended to be made as "forward-looking" within the safe-harbor protections of the Private Securities Litigation Reform Act of 1995. Reference is made to the "risk factors" section in SDI's most recent Annual Report on Form 10-K, which describes the many factors and risks that may cause such predictive statements to turn out differently. The 2008 Form 10-K is included with this Annual Report.

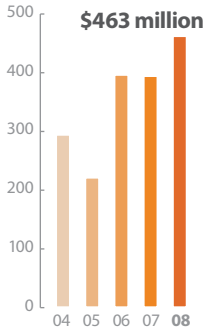
NET SALES
(billions of dollars)



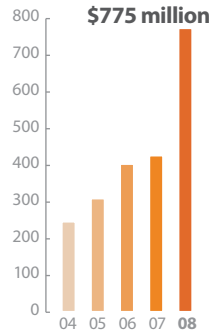
STEEL OPERATIONS SHIPMENTS
(net tons in millions)



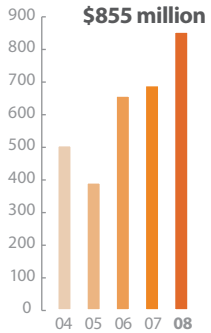
NET INCOME
(millions of dollars)



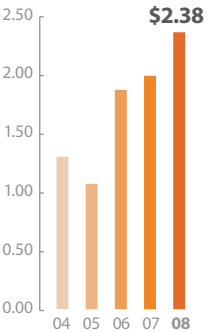
CASH FLOW FROM OPERATIONS
(millions of dollars)



OPERATING INCOME
(millions of dollars)



DILUTED EPS
(dollars)



SELECTED FINANCIAL DATA

(millions of dollars)	2008	2007	2006	2005	2004
Net sales	**$8,081**	$4,385	$3,239	$2,185	$2,145
Operating income	**855**	691	659	393	507
Net income	**463**	395	397	222	295
Cash flow from operations	**775**	428	405	311	248
Total assets	**5,254**	4,519	2,247	1,758	1,734
Long-term debt (incl. current maturities)	**2,650**	2,030	439	441	448
EARNINGS PER SHARE*					
Net income per share—diluted	**$2.38**	$2.01	$1.89	$1.09	$1.32
Year-end shares outstanding (thousands)	**181,820**	190,324	193,967	172,736	193,943
DIVIDENDS*					
Cash dividends declared per share	**$0.40**	$0.30	$0.25	$0.10	$0.063

** Adjusted for March 2008 2-for-1 stock split.*

SELECTED OPERATING DATA

SHIPMENTS (thousands of tons)	2008	2007	2006	2005	2004
Steel operations	**5,609**	5,550	4,758	3,559	3,423
Steel fabrication operations	**287**	277	236	141	96
Metals recycling: Ferrous	**5,554**	1,091	90	-	-
Metals recycling: Nonferrous	**912**	137	-	-	-
(millions of pounds)					
Metals recycling shipments to steel operations	**2,271**	445	-	-	-
EMPLOYEES					
Number of full-time employees	**6,650**	5,940	3,490	1,795	1,645
OPERATING RATIOS					
Operating margin	**11%**	16%	20%	18%	24%
Operating income per ton shipped**	**$153**	$136	$154	$122	$162
Return on sales	**6%**	9%	12%	10%	14%
Pre-tax return on average assets	**15%**	19%	32%	21%	30%

***Steel operations segment*

Note: Additional historical data can be found in Part II, Item 6 of our Form 10-K.

TO OUR SHAREHOLDERS

April 9, 2009

Steel Dynamics had another outstanding year of growth in 2008. We achieved record revenues of $8.1 billion, an increase of 84 percent compared with net sales of $4.4 billion in 2007. Net income for 2008 was a record $463 million, a 17 percent increase from $395 million in 2007. Diluted earnings per share were $2.38, up 18 percent from $2.01 in 2007. Net cash flow from operating activities grew to a record $775 million, compared with $428 million in 2007.

There were three main factors that contributed to our top-line growth in 2008: (1) the acquisitions in 2007 and 2008 of sizeable metals-recycling operations whose revenues in 2008 contributed $2.3 billion net of internal sales, (2) a full-year contribution to revenue from the acquisition of The Techs, and (3) higher average transaction prices for steel products.

Because of the precipitous decline in demand for steel in the fourth quarter, we did not achieve the increase in the volume of steel shipments for the year that we had anticipated. At the end of the year, we had shipped 5.6 million tons of steel, up only 1 percent from 2007. Our steel-mill shipments (shipments of steel that we produced in our mills, excluding The Techs) were down 6 percent to 4.8 million tons as our fourth quarter mill utilization rate dropped to about 50 percent.

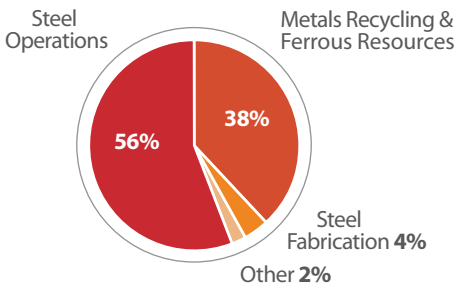
continued on next page

KEITH BUSSE
Chairman and
Chief Executive Officer

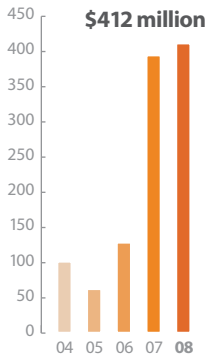
Flat Roll Division equipment upgrades are expected to allow the Butler mill to produce 3 million tons of hot band per year. A rolling-mill operator controls the hot mill, relying on flat-screen displays that provide real-time data and video.

As it enters the rolling mill, a glowing slab of steel is descaled using high-pressure water sprays.

2008 NET SALES BY OPERATING SEGMENT



CAPITAL EXPENDITURES
(millions of dollars)



PROFITABILITY. For the year, our operating income grew to $855 million, a 24 percent increase over 2007. In the fourth quarter, both our steel-producing operations and steel-fabrication operations generated modest operating income, but much lower than originally projected. Our fourth-quarter operating loss of $91 million was primarily attributable to losses in our metals-recycling operations. During the quarter, it was necessary to make certain non-cash adjustments, writing down the values of metals inventories in our steel and metals-recycling operations and recognizing unrealized losses in nonferrous-metals hedging activities.

Needless to say, we were surprised by the quickness of the chill in the global economy in the fourth quarter. Metals values plunged, resulting in a rapid decline in values of our metals inventories. We then experienced an unprecedented steep and abrupt deterioration in orders for steel and scrap metals. As a result, we immediately adjusted our operating rates to match the pace of orders, reducing utilization at some facilities to 30 or 40 percent of capacity in some months.

Fortunately, because Steel Dynamics benefits from low fixed costs and highly variable labor and direct costs, we generally are able to produce a return at even very low operating rates. The only caveat would be that low operating rates cause raw materials on-hand to be utilized less quickly; therefore, with FIFO accounting, our steel operating profits can be squeezed until higher-cost inventories are consumed.

There is a similar effect in metals recycling, but normally raw materials purchased in one month are processed and sold within a month. When the purchase price falls rapidly, the value of the material being processed declines, and the processed scrap may have to be sold at a loss. Ordinarily, the price changes are minor and an adequate profit margin can be maintained month to month. But this was not the case for OmniSource and the metals-recycling industry in much of the second half of the year, as scrap prices fell quickly and sharply.

A new OmniSource automobile-shredding facility opened in 2008 on a 90-acre brownfield site near downtown Indianapolis. Above, cranes feed crushed auto bodies onto a conveyor leading to the 6,000-horsepower shredder that pulverizes them.

SDI's operating margin in 2008 declined to 11 percent from 16 percent in 2007—due, of course, to the fourth quarter's effect on profits, but also because our steel segment is now a smaller proportion of our business. For some manufacturing businesses, as well as some of our direct competitors, low double-digit operating margins would be welcome news, but for us they serve as an incentive to do better in the future.

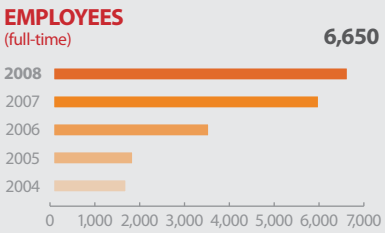
With our revised business mix, historical operating margins approaching 20 percent or greater likely will be difficult to realize. Given these circumstances, our goal going forward will be to achieve operating margins in the mid- to upper-teens. We believe this is attainable at reasonable levels of production as we continue to focus on operational excellence in steel production, and commit to enhance productivity in our metals-recycling operations through improved practices and technology.

FOCUS ON CASH. With the dramatic change in the economy in the second half of 2008, we quickly adjusted our operations to control expenses and conserve cash. With the onset of tighter credit markets, we are also focused on maintaining liquidity. Our free cash flows from operations allowed us to reduce debt outstanding by $226 million in the fourth quarter. A more detailed discussion of our capital structure, liquidity, and availability of funds appears in a financial discussion following this letter.

Over the past several years, Steel Dynamics has invested heavily in capital projects that have allowed us to produce new products and enter new markets, increase the production capacity of existing facilities, increase the productivity of our plants and workforce, improve on the protection of our workers and the environment, and promise lower-cost future supplies of raw materials. In 2008 we invested $412 million in such projects. In 2009 we intend to reduce capital expenditures, but still hope to be able to continue work on two important projects that are under way: an expansion of our structural and rail mill and the construction of the Mesabi Nugget plant. Although we will continue to study and plan for future growth, we do not expect to embark on any new major capital projects in 2009.

Mesabi Nugget aerial photos courtesy of Aero-environmental Consulting.

Construction of the Mesabi Nugget plant at Hoyt Lakes, Minnesota, proceeded on schedule in 2008. The facility is expected to produce 500,000 metric tons per year of high-grade iron nuggets, more than enough pig iron to meet our steel mills' current requirements. (Above: August 2008 photos. See page 18 for updated photos.)



The number of full-time employees grew by 12 percent in 2008 related to metals recycling, Mesabi Nugget, and the Structural and Rail Division.

Corporate office promotions in 2008 included Brent Ritenour, vice president–internal audit; Rick Poinsatte, vice president and treasurer; and Ben Eisbart, vice president of human resources.

SHAREHOLDER VALUE. During 2008 we continued to focus on shareholder value. We effected a two-for-one stock split of the company's common shares, effective March 31, 2008. Concurrent with the split, our quarterly dividend increased 33 percent to $0.10 per post-split share. During 2008 the company repurchased approximately 22 million outstanding shares at a cost of $502 million. Our shareholders in 2008 approved an increase in the number of authorized shares to 900 million; 182 million shares were outstanding at year-end.

CONTINUED GROWTH. Steel Dynamics continues to see opportunity for growth in the American steel marketplace. Since we began steel shipments in 1996, we have expanded our operations to offer a very wide range of steel products. We have acquired complementary businesses and have been successful in improving their performance. We have nurtured a culture that encourages and rewards risk-taking, teamwork, creativity, cost-consciousness, and profit-making.

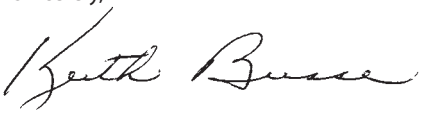
As our corporate family has grown to more than 6,600 employees, the company has rewarded them for their success—granting stock options and providing annual profit-sharing awards, while basing their compensation on meeting performance goals. As the economy improves and new opportunities arise, we believe we will be able to take advantage of the investments we have made to increase productive capacity.

OUTLOOK. As this letter goes to press in mid-March, we not only believe that we are in an excellent competitive position to maintain our growth, but we also recognize the uncertainty and volatility of the economic conditions we face. Nevertheless, we must always plan on the basis of what we consider to be the most credible information available to us at any given time. In the near term, and possibly throughout this year and next, we are prepared to operate at reduced rates of production as steel-market conditions dictate. Our management team will do all we can to win orders and operate at a maximum feasible rate to ensure the best returns for our shareholders and our employees.

I'm very pleased that we have a strong leadership team in place to navigate these waters: Dick Teets heads up all our steel operations, Mark Millett is in charge of metals recycling and ferrous resources, and Gary Heasley leads our fabricating operations. Supporting them, we are fortunate to have a nucleus of experienced managers and supervisors in our mills, plants, and yards. And most of all, we have a cadre of dedicated, productive employees. Representative of these employees are the teams of people shown later in this report, highlighting the progress they made on key projects in 2008.

As always, we remain confident in the ability of our employees and the company to perform very well even under difficult conditions, and we're optimistic that better days lie ahead. We appreciate your support.

Sincerely,



Keith Busse
Chairman & CEO

A MESSAGE FROM OUR CHIEF FINANCIAL OFFICER

As stewards of your capital, we continue to be guided by our proven cornerstone financial principles.

We will all remember the year 2008 as one of the most paradoxical periods in modern economic history: from excess to scarcity, from unrestrained optimism to extreme pessimism. No one has been immune to the impact of this economic downturn, but we want to underscore our commitment to the cornerstone financial management and operating principles that have continued to guide our way:

Cost Discipline—sustaining the lowest, most highly variable operating cost structure.

Ownership—investing for total return and thinking like shareholders.

Preparedness—maintaining a disciplined balance sheet and appropriate capital structure.

We believe we are the lowest-cost domestic steel manufacturer, and we remain committed to not only maintain this distinction, but to further reduce our cost structure wherever possible. We are also implementing this same philosophy at our recently acquired metals-recycling operations. During this challenging period in the global economy, we have an even greater and renewed focus on working efficiently and intelligently.

During 2008, we invested over $400 million in capital projects at our existing facilities and acquired a strong, regional metals-recycling organization, Recycle South, for $376 million. Notably, during 2008 our consolidated return-on-assets (excluding goodwill, intangible, and construction in progress assets) was 21 percent, with our steel operations being as high as 36 percent. This further evidences our judicious investment protocol.

Currently, we plan to spend about $300 million in capital investments during 2009, most significantly pertaining to the completion of our $265 million Mesabi Nugget Project. However, in light of the economic slowdown and industry-wide weakness, capital investments, including those projects currently in process, will be monitored even more closely and could, if necessary, be postponed in order to retain sufficient availability of cash resources.

The strength of our financial results during the previous years allowed us to return significant value to shareholders. In addition, prior to the precipitous decline in the financial markets during the last quarter of 2008, we also purchased just over 22 million shares, or about 10 percent, of our outstanding common stock, and, during the year, paid annual cash dividends of $0.40 per share.

LONG-TERM DEBT MATURITIES
(millions of dollars)

Long-term debt maturities as of December 31, 2008. SDI's outstanding balance on our senior-secured revolving credit facility at December 31, 2008, was $366 million.

Our current capital structure is primarily composed of a senior secured $874 million revolving credit facility, of which $366 million was outstanding at the end of 2008, a $568 million term loan (both maturing July 2012) and various issues of unsecured senior notes totaling $1.7 billion (earliest maturity, December 2012). Our term loan amortizes $65 million per year until maturity. This is the only meaningful debt service currently required.

We have prioritized our use of available cash during 2009 as: first, to provide maximum available liquidity; second, to fund critical capital investments; and third, to support appropriate shareholder dividends.

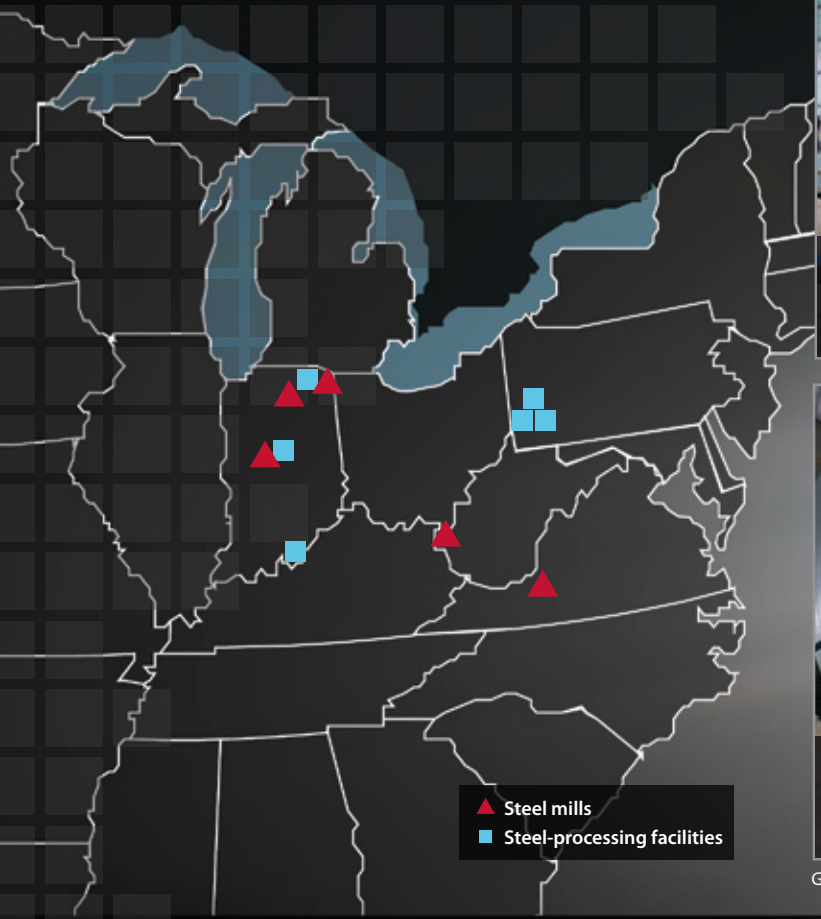
Looking toward the future, we will continue to manage our business guided by our proven financial and operating principles, and in doing so, we expect to create value for you, our shareholders.

Respectfully,

Theresa E. Wagler

Theresa E. Wagler
Chief Financial Officer

STEEL OPERATIONS



NEW PRODUCTS

In August 2008, we shipped the first order of beams produced by the new Columbia City medium-section rolling mill. In the mill's shipping bay, an overhead crane loads bundles of wide-flange beams onto a customer's truck.

Contrasting a Galvalume® coil (right), which affords better corrosion protection, with a traditional zinc-coated cold-rolled galvanized coil. Early in 2008, our Jeffersonville, Indiana, plant began Galvalume production, using a coating process combining zinc and aluminum.

Galvalume® is a registered trademark of BIEC International, Inc.

STEEL OPERATIONS LEADERSHIP TEAM

Glenn Pushis
Vice President & General Manager
Flat Roll Division

Barry Schneider
Vice President & General Manager
Engineered Bar Products Division

John Nolan
Vice President & General Manager
Structural and Rail Division

Joe Crawford
Vice President & General Manager
Roanoke Bar Division

Jim Anderson
General Manager
The Techs

Tim Duke
President
Steel of West Virginia

Steelmaking is SDI's principal business. The company's five EAF mini-mills produce carbon steel in a variety of shapes — both flat-rolled and long products — and our six finishing facilities add value to our steel, applying such processes as galvanizing, painting, heat-treating, and polishing.

DICK TEETS
Executive Vice President
President and Chief Operating Officer of Steel Operations

Our steel operations performed very well in 2008. Until the fourth quarter's economic meltdown that substantially reduced orders, nearly all our steel divisions were on pace to achieve record annual revenues, shipments, and profits. But due to weaker activity in the fourth quarter, our mills' steel shipments for 2008 (excluding The Techs) fell 6 percent, from 5 million tons in 2007 to 4.8 million.

The year's steel shipments of 5.6 million tons (including The Techs) were only narrowly higher than 2007. Nevertheless, due to the strength of demand through the first three quarters of 2008, steel operations did achieve record sales of $5.5 billion and record operating income of $861 million for the year.* This amounts to $153 in operating income per ton of steel shipped compared with $136 per ton in 2007.

The year's performance, including producing a small operating profit in the fourth quarter despite working down high-cost ferrous scrap inventories and running our mills at roughly 50 percent of capacity, is testimony to our low cost structure, our variable-cost business model, and our dedicated, productive workforce. Our talented employees continue to be our most important asset.

During 2008, we continued to invest to improve mill productivity and to leverage the capabilities of our existing facilities for future growth in volume and profitability. As we entered 2009, our mills continued to operate well below their potential capacities without a clear view of when demand would pick up. We are confident that when it does, our mills will be well-positioned to provide solid returns on these investments.

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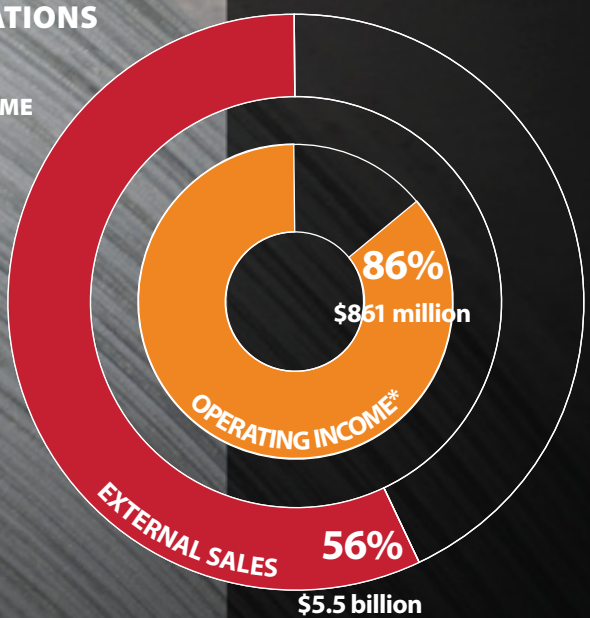
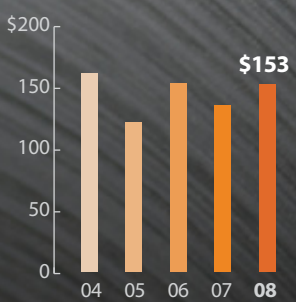
PERCENTAGES CONTRIBUTED BY STEEL OPERATIONS

2008 SALES AND OPERATING INCOME



OPERATING INCOME PER TON



*** Segment operating income excludes profit-sharing costs and amortization related to the segment's intangible assets.**

Both electric-arc furnaces in the Butler flat-roll mill melt shop are being upgraded with shells that are 5 feet taller than the previous shells used. The increased capacity will allow the insertion of a single 180-ton scrap charge from the scrap bucket (upper right).

When the three graphite electrodes are energized to melt the solid scrap in the furnace, they consume 115 megawatts of electricity, equivalent to the usage of a medium-size city. When the mill is running at full production, its monthly electric bill can exceed $6 million.

2008 RESULTS: STEEL DIVISIONS

FLAT ROLL DIVISION. Flat Roll shipments of 2.3 million tons for 2008 accounted for 41 percent of SDI's steel shipments (excluding flat-rolled galvanized steel shipped by The Techs). Shipments declined 7 percent from 2.5 million tons in 2007. Operating profit for the division was very strong for the first three quarters, but fell off sharply in the fourth quarter.

With the Butler, Indiana, mill's flat-roll capacity of 2.8 million tons in 2008, the Flat Roll Division operated at 83 percent average utilization for the year, with a rate of 94 percent in the first three quarters and 52 percent in the fourth quarter. After making planned melt-shop modifications (discussed above) that are scheduled for 2009, we expect flat-roll production capacity to reach 3 million tons per year.

Early in the year, our Jeffersonville, Indiana, galvanizing plant brought its new paint line and Galvalume® processing facilities on line.

THE TECHS. In its first full year as part of Steel Dynamics, The Techs' results mirrored those of the Flat Roll Division. The Techs' three galvanizing plants in Pittsburgh, Pennsylvania, turned in strong results for the first three quarters, and experienced the same drop-off in business during the rest of the year. Its shipments of 824,000 tons represented 15 percent of SDI's steel shipments. The Techs plants have the capacity to coat 1 million tons of flat-rolled steel per year, obtaining most of the steel they coat from outside sources.

Coils of galvanized steel await shipment from GalvTech, one of three Pittsburgh galvanizing facilities of The Techs.

FLAT ROLL

"When we open the furnace roof, we waste time and energy. With the new larger furnace shells, we open the furnace roof just once per heat. This will save us five or six minutes per cycle. It may not sound like much, but it could allow us to increase the mill's annual production by 350,000 tons."

Ricky Rollins is melt shop manager at the company's Flat Roll Division. Over the past several years, incremental improvements have been made to increase the production capacity of the Butler, Indiana, hot mill. The goal is to produce 3 million tons of hot bands per year, well above the mill's original rated capacity of 1.8 million tons. Streamlining operating procedures and optimizing production schedules have increased throughput, but capital improvements have also been required.

Following investment in 2006 to increase the capacity of casting equipment, melt-shop modifications began in the second half of 2008. The first of the mill's two twin-shell electric-arc furnaces was retrofitted with new, larger furnace shells, and a new baghouse was built to more effectively process furnace gases and dust. The mill's second furnace is to be upsized in 2009.

A new baghouse (white building) was completed in 2008, which, when combined with the existing baghouse, nearly doubles our capacity to handle melt-shop dust. About 40 pounds of mill dust are generated for each ton of steel produced. The new baghouse can process 1.2 million cubic feet of off-gases per minute.

Pictured in the melt-shop bay across from the upgraded EAF are (front row to back row, left to right) Tim Bosserman, melt shop electrical supervisor; Ricky Rollins, melt shop manager; Joe Ostrowski, plant mechanical engineer; Brian Butcher, project engineer; Tim Burkett, maintenance coordinator; Yury Krotov, melting and casting metallurgist; and Bob LaRoy, daytime melting supervisor.

STRUCTURAL AND RAIL DIVISION

Structural shipments of 1.1 million tons for 2008 were 7 percent lower than 2007, the first year-over-year decline since the start-up of the mill in 2002. Only nominal tons of rail were produced and shipped in 2008. The division accounted for 20 percent of SDI's 2008 steel shipments. With a good year overall, 2008 operating profit for the division was very strong. Although the division's orders fell off later than orders for flat-rolled steel, they declined precipitously late in the year.

During 2008 a new medium-section rolling mill at Columbia City, Indiana, began operations (discussed on page 12).

ENGINEERED BAR PRODUCTS DIVISION.

2008 shipments increased 4 percent to 566,000 tons from 547,000 tons in 2007. The Pittsboro, Indiana, division continued to gain customer approvals and orders for new grades of Special Bar Quality (SBQ) steel and to take advantage of its specialty-bar-finishing facility. Engineered-bar products represented 10 percent of SDI's steel shipments. The division contributed solid operating profits in a competitive environment for alloyed round bars.

A heat-treating furnace lid rises, revealing a row of long, glowing round steel bars. After heat-treating, the bars are straightened, cut, and polished in our Engineered Bar Products SBQ-finishing facility at Pittsboro, Indiana.

STEEL OF WEST VIRGINIA

"We take pride in being the best in the industry in producing custom-profile steel sections to meet our customers' unique requirements. When a lift-truck manufacturer asked us last year to provide a family of four new custom-shaped pieces, our rolling team took on the challenge. We didn't let them down."

So says roll pass designer Johnny Adkins at the Huntington, West Virginia, mill. Creating custom steel shapes involves designing sets of rolls that shape red-hot steel during multiple passes through the rolling mill. After the roll-and-pass design is engineered, the mill's roll-turning group prepares the rolls, and rolling-mill employees set up and fine-tune the process, adjusting guides to meet dimensional tolerances. Designing and dimensioning the rolls and guides to impart the desired shape through multiple roll passes is a combination of art and science.

With this lift-truck application, the SWVA team gained new business while providing the customer a lower-cost solution. We gained the business after a competitor had given up, and had suggested the parts instead would have to be produced using a more expensive extruding process.

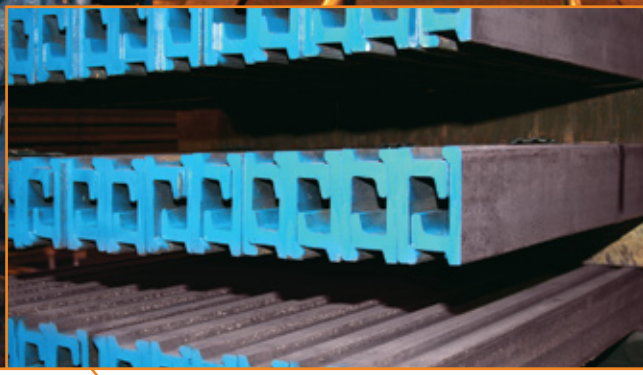
Pictured are (at center) Dan Queen, roll shop manager, and (clockwise, from top left) roll pass designer Johnny Adkins, assistant roll pass designer Joe Schenk, and roll turners Daniel Adkins and Ben Roberts.

ROANOKE BAR DIVISION. The Roanoke, Virginia, merchant-bar division contributed 9 percent of SDI's steel shipments in 2008. The division experienced strong volume and strong financial results until the fourth quarter, when its business turned down as well. Shipments for the year were 530,000 tons, down 11 percent from 595,000 tons in 2007. Production capacity of semi-finished steel is 650,000 tons per year, of which up to 500,000 tons per year can be rolled at the Roanoke mill, and the remainder can be sold as billets.

Our Roanoke Bar Division casts steel billets, which are then rolled to produce merchant bars. Here, continuous-cast billets exiting the caster at Roanoke, Virginia, are cut to length using automated torches. To make the cut, the torches move along at the same rate of speed as the moving cast steel.

STEEL OF WEST VIRGINIA (SWVA, INC.) It was a tough year at the Huntington, West Virginia, mill, with lackluster demand all year for its principal product, truck-trailer beams. The business adapted well, restoring discontinued products, introducing new products, and establishing new customer accounts (discussed above). Shipments for the year were 265,000 tons, down 7 percent from 284,000 tons in 2007. Production capacity is 350,000 tons per year. This subsidiary represented 5 percent of SDI's steel shipments in 2008.

From left, roller Dave Bruce and mill production employees Clyde Bess and Danny Eplion make adjustments to one of the rolling-mill stands that produce specialty shapes. Roll-design, rolling-mill, and roll-shop groups work together to perfect the design.



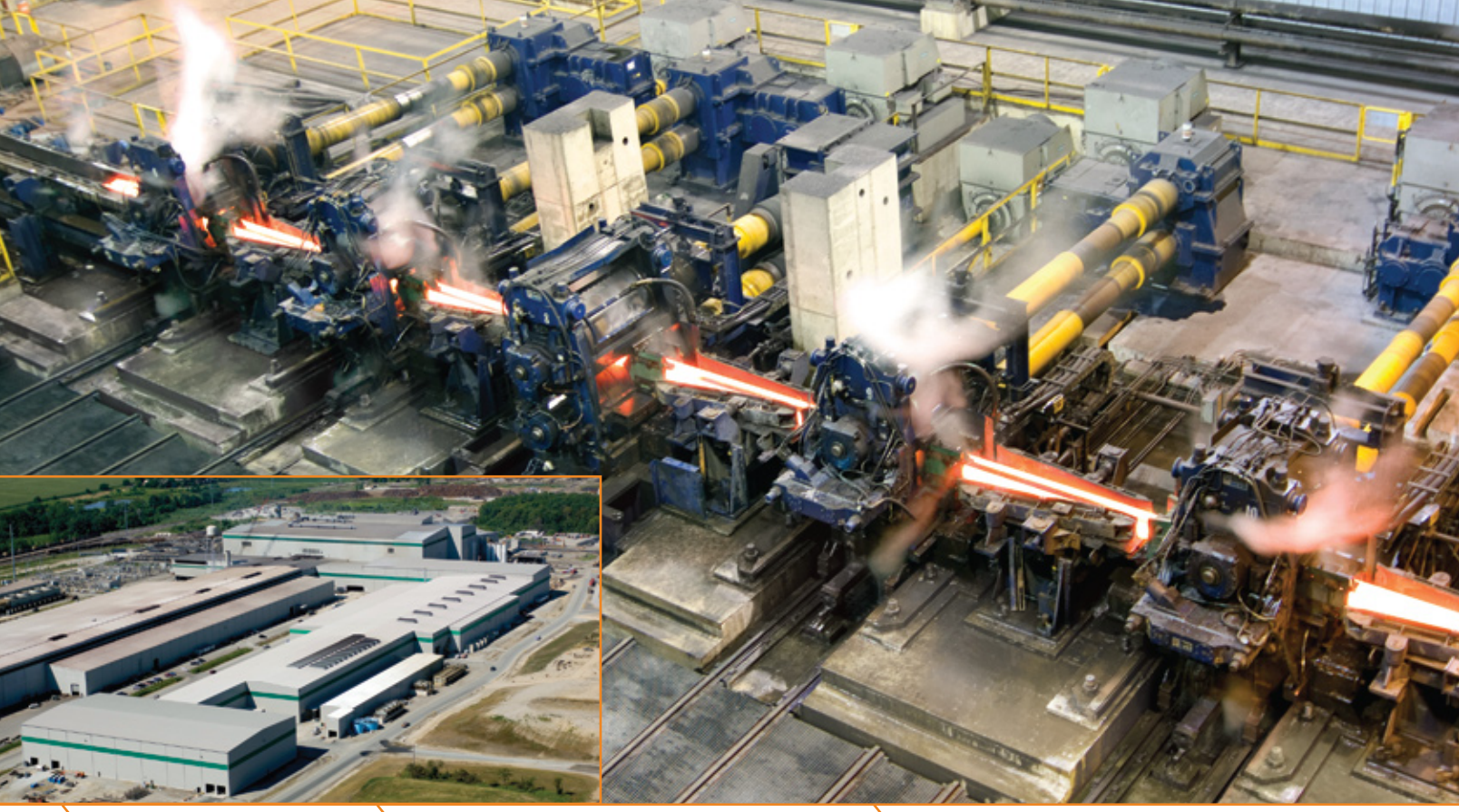
Above, one of the four shapes provided for the lift-truck application. In 2008, Steel of West Virginia rolled 185 different profiles for a wide range of products and customers.

GROWTH AHEAD IN STEELMAKING

Steel Dynamics continues to see opportunities for growth in North America's steel markets. We believe we have the opportunity to gain additional market share because of our relative size and our competitive advantages over other domestic steel producers and steel importers. Since the start-up of our first steel mill in 1996, we have successfully grown our business by introducing products in multiple steel categories, which we sell in numerous end-use markets.

Continued growth in our steelmaking capabilities remains a part of our strategic vision. With the planned completion of multiple initiatives in 2009, we expect our mills' combined raw steelmaking capacity to reach 6.7 million tons per year. That compares with a capacity of 3 million tons per year just five years ago. Some of that growth has been by acquisition and some by fine-tuning and building out our greenfield mills. In the future, we will consider the possibility of continued greenfield investments, acquisitions, and joint ventures.

A building was constructed to house the new coil-painting line at our Flat Roll Division's Jeffersonville, Indiana, galvanizing plant. In 2008, the new paint line began production of painted light-gauge steel. The line's annual capacity is 190,000 tons of painted steel.



The new rolling mill (at right of inset picture above) is capable of producing approximately 1 million tons per year of light structural beams and shapes.

The mill began production at the end of July 2008 and had commissioned about 20 sizes of beams and channels by March 2009.

Above, mill stands are shown rolling a 6-inch beam. A total of 15 in-line mill stands converts a 42-foot rectangular billet into a beam more than 700 feet long. The beam is sheared into three 245-foot lengths before reaching the cooling bed (photo, above right and cover).

MAJOR PROJECTS

EXPANSION AT STRUCTURAL AND RAIL MILL. Our primary investment in steelmaking in 2008 was continued work on an expansion project at our Structural and Rail Division at Columbia City, Indiana. At a capital cost of approximately $320 million, the division's capacity will double, increasing annual rolling capacity to at least 2 million tons of structural steel and rail. The project consists of two parts: a second rolling mill on the site (shown above), and a second casting facility to increase the supply of billets to the new rolling mill. Construction of the caster began in 2008, and it is expected to begin operation by the end of 2009.

The first phase of the project was completed in July 2008, with the start-up of a new medium-section rolling mill capable of producing a range of smaller wide-flange beams and other structural shapes, such as angles and channels. Some of these are new product offerings for the division. First commercial shipments from the new mill were made in August 2008.

Transitioning the lighter-weight sections from the original mill to the new mill allows the first mill to focus on heavier sections and rail, products for which it is better suited and more productive. On the other hand, the design of the medium-section mill enables it to produce lighter structural sections much faster and more efficiently. After the project is complete, each rolling mill is expected to be able to produce about 1 million tons per year.

The original mill's melt shop had sufficient capacity to produce more than 2 million tons of steel per year, but we were short of casting capacity to produce sufficient blooms and billets to meet the requirements of both the rolling mills. The second caster now under construction will provide the added casting capacity needed to supply both rolling mills.

During 2008, 130 jobs were added at Columbia City, with additional hiring planned as the caster project is completed.

STRUCTURAL AND RAIL

"I was happy to see how genuinely excited the new guys were in producing the new mill's first beams. We have a great mix of people—those who gained experience in operating our first structural mill and employees new to steelmaking. We share a strong sense of satisfaction seeing the results of long hours of hard work."

Dennis Black is the manager of SDI's new medium-section rolling mill, started up in 2008. He discusses with pride the moment when everyone involved in designing and building the new mill gathered together to observe its first production run. Some said it was like watching a child taking his first steps—a certain amount of awe, but also a sense of accomplishment and pride, as well as expectations for the future.

Steel Dynamics employees execute all the company's expansion projects, from concept, to construction, to commissioning. The team of SDI employees pictured here participated in each of these phases and now operates the new mill. Previously, these supervisors had contributed to the construction and start-up of the division's first rolling mill in 2002, and now they have the responsibility to manage "a mill of their own."

Pictured are (at center) Dennis Black, rolling mill manager, and (clockwise from lower left) mill supervisors Todd Bashford, Dean Scheumann, Bob Johnson, and Aaron Fahl.

ADDING CAPACITY AT FLAT ROLL AND SBQ MILLS. We are also adding incremental production capacity at the flat-roll and engineered-bar-products mills.

Expansion at the flat-roll mill in 2008 included replacing the EAF furnace shells in the first of two melt-shop furnaces, enabling it to handle larger scrap charges and reducing cycle time. Also, a second baghouse was constructed for the handling of off-gases and particulate matter (discussed on page 8).

At our engineered-bar-products mill, we plan to increase annual production capacity from 575,000 to 725,000 tons. This project, whose completion date has been delayed due to business conditions, will also give the mill the capability to produce large-diameter round bars of higher strength.

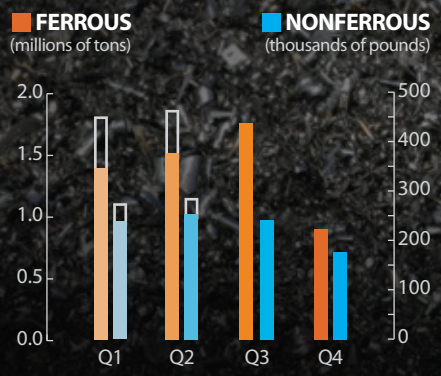
At the controls, in the "pulpit" at the new medium-section mill, are supervisor Aaron Fahl, mill operator Eric Rasmussen, and mill gap setter Dave Tinney.

STELLAR EMPLOYEE PERFORMANCE

Most of our steelmaking employees earned record pay in 2008 and received a generous profit-sharing payout early in 2009. Most earned record bonuses through the third quarter as we ran very efficiently at high mill-utilization rates. Because of the slowdown, employees' fourth-quarter earnings declined along with the company's. Under our no-layoff policy for non-union employees, these employees maintained company benefits although working shorter hours and earning less bonus pay. Also, while achieving record operating results, our employees enhanced their strong safety record, which is among the best in the industry.

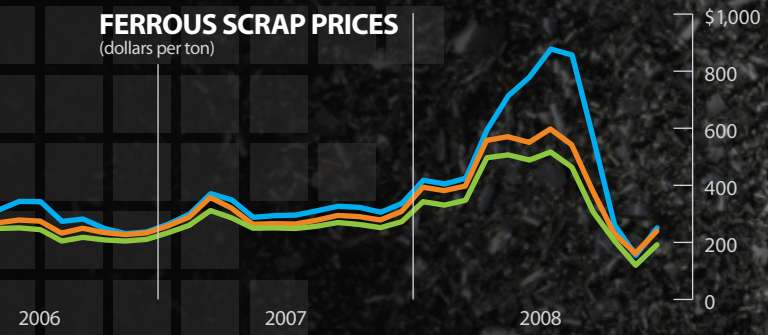
METALS RECYCLING AND FERROUS RESOURCES

METALS RECYCLING 2008 SHIPMENTS



Note: Outlined bars show actual volume for Recycle South in first half prior to its acquisition.

FERROUS SCRAP PRICES
(dollars per ton)



Prompt Shredded Heavy Melt

Source: RMDAS, trademark of Management Science Associates, Inc.

A significant mid-year 2008 bubble in metals pricing was followed by a sharp decline, both in pricing and scrap metals demand. OmniSource shipments (right, above) declined sharply in the fourth quarter.

OMNISOURCE LEADERSHIP TEAM

Marvin Siegel
EVP, OmniSource Southeast

Thomas Tuschman
EVP, Strategic Sourcing and Business Development

Larry Adelman
EVP, Nonferrous Group

Steve Alberico
VP, Sourcing and Marketing

Jeff Rynearson
VP, Nonferrous Operations

Denny Luma
VP, President of Superior Aluminum Alloys

Paul Everett
VP, Finance

Jason Redden
VP, National Accounts and Foundry Sales

Bob Brewer
VP, Ferrous Operations

Rich Brady
VP, Ferrous Sourcing and Marketing

EXECUTIVE VICE PRESIDENTS | NONFERROUS GROUP | FINANCE | FERROUS GROUP

By acquiring OmniSource, SDI became a major metals recycler, internally sourcing more of our own ferrous scrap. We've also taken steps to produce the pig iron our mills use. Being able to supply resources to our steel business is of strategic importance.

MARK MILLETT
Executive Vice President
Metals Recycling and Ferrous Resources
President and Chief Operating Officer
OmniSource Corporation

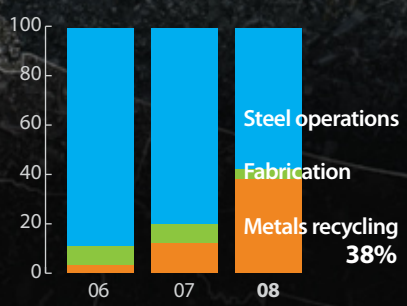
In its first year as part of Steel Dynamics, OmniSource supplied 41 percent of the ferrous scrap purchased by SDI's steel divisions. Steel Dynamics quickly recognized the benefits of an internal supply of ferrous resources to augment purchases from other suppliers. Unfortunately, in the second half of 2008 we abruptly discovered a potential downside to the scrap business: the effects of rapid changes in scrap prices in a volatile market.

Despite the resulting significant losses at OmniSource in the second half, this segment did contribute to SDI's success in 2008 with net sales of $3.7 billion, representing 38 percent of Steel Dynamics' sales. Operating income was $128 million.*

Notwithstanding last year's humbling experience, we are convinced the company's entry into metals recycling—and our expansion into iron mining and iron-nugget production—are the right moves to enhance our prospects for continued success in the mini-mill steel industry and for stronger profitability over the long term.

continued on next page

OPERATING SEGMENTS' PERCENTAGES OF NET SALES
(percent)



A large crane grabs an auto body and hurls it onto a long conveyor belt leading into OmniSource's new Indianapolis shredder.

* Segment sales and operating income include Iron Dynamics. Operating income excludes profit-sharing costs and amortization related to the segment's intangible assets.

OMNISOURCE

"Our new Holt Road metals-recycling facility isn't what comes to mind when you picture a scrap yard. The modern auto-shredding plant, built on a 90-acre brownfield site near downtown Indianapolis, is surrounded by grassy fields and looks like a high-tech processing plant, which is basically what it is."

So says the facility's manager, Matt Cole. The high-capacity shredder can instantly grind up vehicles, appliances, and other metal scrap, feeding it out as shredded metals to be sorted. Rotating magnets separate ferrous scrap from nonferrous. Once the nonferrous materials have been recovered, all that is left is "fluff"—shredded paper, plastics, textiles, rubber, and such.

Engineer Dan Mihuc has been a part of the plant's design and start-up. "The operation is designed to maximize the recovery of each metal and yield 'cleaner,' higher-value scrap," Dan says. "There's a lot of automation here—sensors feeding data to computers and programmable-logic controllers interfacing with mechanical equipment. A room-sized 6,000-horsepower electric motor drives the shredder, permitting it to devour 175 tons per hour." This highly productive plant really hums—and crunches.

Standing before the shredder's drive motor are (front row, from left) Matt Cole, Holt Road plant manager; Darroll Carr, shredder supervisor; and Dan Mihuc, OmniSource corporate engineering group; and (second row) Chuck Johnson, lead groundsman; Paul Newkirk, shredder operator; and Jerry Andrews, Southern Indiana operations manager.

Cars, trucks, buses, and other scrap metal enter the shredder from the opposite side. (See photos on pages 3 and 15.)

OMNISOURCE CORPORATION

OmniSource is one of the nation's largest suppliers of processed, recycled steel to domestic steel mills and foundries. The processing capacity of the company's 11 shredders and other ferrous-processing facilities is an estimated 7 million tons per year. In 2008 OmniSource shipped 5.6 million tons of ferrous scrap, about 65 percent of which was processed by OmniSource, and the remainder, brokered or traded. (Shipments made by our Recycle South operations before they were acquired in June are not included in these figures.) Of the 5.6 million tons of ferrous shipments, 2.3 million tons, or 41 percent, were supplied to SDI's steel mills.

A by-product of the separation of shredded materials is nonferrous metals, including copper, brass, aluminum, stainless steel, and others. The company further processes some of these metals and sells them as secondary products. The company has an annual capacity to process 1 billion pounds of nonferrous scrap, and in 2008 shipped 912 million pounds.

During 2008, we continued with our stated objective to expand the scope of OmniSource. On June 9 we purchased, for $376 million, the remaining 75 percent of equity in Recycle South that we did not already own. This business, now renamed OmniSource Southeast, is based in Spartanburg, South Carolina, and operates 26 facilities in North Carolina, South Carolina, Georgia, Tennessee, and Virginia. Although it supplies ferrous scrap to SDI's Roanoke Bar Division, it sells mostly to third parties.

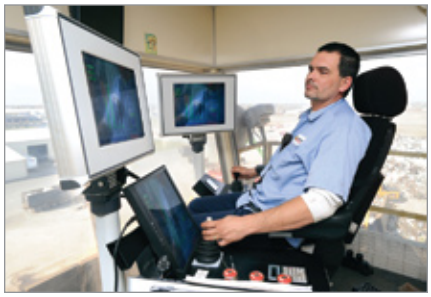
Also in June, OmniSource paid $43 million in bankruptcy proceedings for certain assets of Sturgis Iron & Metal, Inc., formerly based at Sturgis, Michigan. Later, OmniSource purchased a mega shredder at Elkhart, Indiana, for $9 million, which had been leased to and operated by Sturgis. By the end of 2008, three Sturgis facilities had reopened under OmniSource management.

The "jaws" of the shredder are set just above ground level in the tall white building. The shredder uses free-moving massive "hammers" attached to a fast-rotating drum to pound and pulverize whatever comes down the chute.

A conveyor brings scrap fragments of various size from the shredder into the drum magnets stand. Two large, powerful rotating electromagnets (center of above photo) separate the ferrous and nonferrous scrap, throwing the ferrous onto a large, V-shaped conveyor belt (foreground).

In July 2008, OmniSource completed construction and began operation of a new high-capacity shredding operation on a 90-acre site in central Indianapolis. This highly productive facility now serves as a hub for five feeder yards in the Indianapolis area and two other yards in central Indiana. The shredder's central-Indiana location makes it ideal to supply all three of SDI's Indiana steel mills. (See discussion above.)

We expect to continue to expand OmniSource's footprint, redeploying processing assets that we already own to provide coverage of new geographical territories, and opening additional feeder yards. In addition to this "greenfield" growth, we continue to be on the lookout for properly valued metals-recycling operations that will complement our existing network.



ABOVE: Shredder operator Paul Newkirk, sitting in a rotating chair in a cab atop the Holt Road shredder, observes scrap flowing in from the conveyor down the feed chute. Color monitors permit him to "see" into the shredder and track operating conditions. BELOW: Shredder product: a pile of No. 2 shredded ferrous scrap.

Regarding OmniSource's 2008 financial performance, our second half non-cash losses resulted primarily from changes in the values of metals inventories and from nonferrous-hedging activities. Prices of both ferrous and nonferrous metals had reached historical highs by mid-year 2008 as a result of high global demand for scrap metals, iron ore, copper, and other metals. Then, as it became clear that demand was weakening around the world, metals prices fell precipitously. For several consecutive months in the second half, metals that we had purchased for processing declined in value, and, by the

Infrastructure installed in 2008 to support the plant includes natural-gas lines, electrical-power lines, and rail spurs to be used for delivery of raw materials and shipment of iron nuggets.

Inside the large building is a 180-foot-diameter gas-fired rotary-hearth furnace (RHF) that, through a chemical reduction process, will yield millions of glowing iron nuggets.

In the far building, iron-ore concentrate, coal, and binding agents will be mixed and dried to form marble-sized "dry balls." These balls will then be melted in the RHF to form iron nuggets.

time we had processed them, had to be sold at a loss or written down in value.

These were unprecedented conditions, as metals prices in the past had typically traded in a tighter range, with smaller pricing changes month to month. Late in 2008, metals prices stabilized at more normal levels, in some cases rebounding modestly. As a result, we entered 2009 with expectations of more normal scrap-market conditions and a return to profitability, although with uncertainty regarding the outlook for scrap flow and processing volume.

Tapping a 60-ton ladle of liquid pig iron from the submerged-arc furnace at Iron Dynamics, Butler, Indiana.

IRON DYNAMICS

Iron Dynamics produced 256,000 net tons of pig iron and direct-reduced iron briquettes (DRI) in 2008, all of which were consumed by the company's Flat Roll Division. Operationally, Iron Dynamics tallied a second year with very strong performance, producing at near capacity, and achieved an operating profit.

During the year, Dave Bednarz, who has managed Iron Dynamics since 2000, was promoted to vice president–iron resources, and now has additional responsibility for the Mesabi Nugget operations.

MESABI NUGGET

"We made significant progress in 2008 constructing the Mesabi Nugget plant. Then, enduring a severe winter, contractors and our people worked together to keep the project on schedule. With improved conditions this spring, we should be able to pick up the pace to enable production of iron nuggets to begin late this summer."

So says Steve Rutherford, operations manager of the Mesabi Nugget project on the Iron Range in northeastern Minnesota. The two main processing buildings were constructed during 2008, plus numerous ancillary structures. The plant will be the world's first full-scale demonstration facility using new technology that is both more energy-efficient than traditional blast furnaces and more environmentally friendly. The nugget plant sits on a 6,000-acre iron-mining site that Steel Dynamics bought in 2007.

Mesabi Nugget and the planned Mesabi Mining taconite operations are expected to provide an ample annual supply of 500,000 tonnes of iron nuggets. Ultimately, the nugget plant will use iron ore mined and concentrated on site. The nuggets will be used in SDI's mini-mills as feedstock for the production of flat-rolled steel, displacing imported pig-iron ingots.

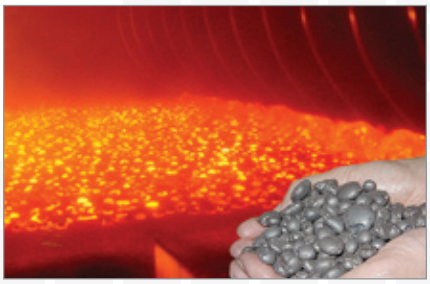
Standing on the inside deck of the rotary-hearth furnace are (from left) Mesabi Nugget management team members Steve Rutherford, operations manager; Tom Lutes, mining manager; Dave Bednarz, SDI vice president–iron resources; and Jeff Hansen, engineering manager.

MESABI NUGGET

At a groundbreaking ceremony in June 2008 to celebrate "the beginning of a new age of iron" on northeastern Minnesota's Iron Range, Mark Millett shared the stage with Minnesota Governor Tim Pawlenty. Mark discussed how this "first-in-the-world" Mesabi Nugget project uniquely positions SDI to domestically produce high-quality pig-iron nuggets to be used in electric-arc-furnace steelmaking. The plant will utilize the ITmk3® process pioneered by Kobe Steel, Ltd., of Japan, which is a 19-percent equity partner in the project.

Construction of the facility had begun late in 2007, but the ceremony was deferred until more moderate weather. Since the spring of 2008, much progress has been made in the construction of the Hoyt Lakes, Minnesota, plant. (See discussion above.)

The $265 million facility is targeted for completion and start-up in the third quarter of 2009. When it reaches full operation, the plant is expected to produce 500,000 metric tons per year of small nuggets that are of 96 to 98 percent pure iron. These nuggets will be transported by rail to SDI's mills, where they will be melted as feedstock in steelmaking.



Mesabi iron nuggets were produced successfully at a pilot plant in Minnesota in 2004.

Steel Dynamics has purchased more than 6,000 acres of iron-bearing property near the plant, from which mining operations, when developed, are expected to provide a long-term supply of iron for nugget production.

ITmk3® is a registered trademark of Kobe Steel, Ltd.

STEEL FABRICATION

SDI's fabrication business, New Millennium Building Systems, is a major national producer of custom joists and decking for use in commercial construction. As a "downstream" business, it utilizes steel produced by other SDI divisions.

GARY HEASLEY
Executive Vice President

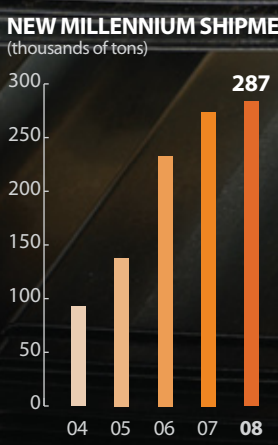
Our fabricating plants are among the most well-equipped and efficient joist-and-deck plants in the United States. As a result, our hard-driving, skilled workforce is undoubtedly the nation's most productive. After recent modernizations, the annual capacities of our plants total 225,000 tons of joists, trusses, and girders, and 175,000 tons of decking.

Despite the challenges confronting the non-residential construction markets in 2008, New Millennium reported combined shipments of 287,000 tons, up 4 percent from 2007 shipments and an all-time record for the company. By comparison, shipments were down about 18 percent across the industry in 2008.

New Millennium Building Systems covers construction markets in the eastern United States.

Decking (background) is formed from sheet steel made at SDI's Flat Roll Division.

Bowstring joists—used by architects and builders to achieve a rounded-roof profile—are one of many specialty products made by New Millennium Building Systems.



NEW MILLENNIUM BUILDING SYSTEMS. Net sales for 2008 were $376 million, up slightly from $361 million in 2007. Operating income for the year was $18 million, down 39 percent from $29 million in 2007, due primarily to high steel costs and weak market conditions in the second half of the year, when fewer commercial, industrial, institutional, and government buildings were built.

Our plants roll-form, rig, and weld lengths of steel to construct joists, trusses, and girders, and roll-form sheet steel to produce decking. Our joists, trusses, and girders are custom-designed and engineered to meet the specifications of each building project. In 2008, we shipped 173,000 tons of joists and 114,000 tons of steel decking.

Due to weakness in the non-residential market and to achieve better utilization of our facilities, in December 2008 we closed our Florence, South Carolina, plant. The customers who had been served by our Florence facility are now being supplied from our Salem, Virginia, and Lake City, Florida, plants. Also, in March 2009, we announced the closure of our Continental, Ohio, facility. Customers who have been served by our Continental facility will be served by our Butler, Indiana, facility in the future. We expect the wide geographic coverage of our Indiana, Virginia, and Florida plants, as well as their production and service capabilities, to allow us to make these transitions with no impact in service to our customers.

When market conditions improve, we will consider relocating production equipment from the idle plants to new areas that would permit us to serve other geographic markets. After this rationalizing of our operations in the eastern United States, we believe that New Millennium will continue to gain market share in the current market environment and into the future, as the economy improves.

SDI's Flat Roll Division and Roanoke Bar Division are key steel suppliers to New Millennium Building Systems.

A team of welders finish-welds a girder at the New Millennium joist plant in Butler, Indiana.

BERT HOLLMAN RETIRES

Bert Hollman, president of New Millennium Building Systems and a vice president of Steel Dynamics, retired in February 2009. Bert founded New Millennium Building Systems and had served as its president for nearly 10 years. In 1998, Bert and Keith Busse, having worked together in the industry for many years, began to formulate a business plan to re-enter the joist-and-deck business. New Millennium Building Systems was organized in September 1999 and very quickly constructed its first plant at Butler, Indiana; hired and trained its workforce; began production of joists; and made its first joist shipments in May 2000.

In addition to spearheading the Butler start-up and managing the growth of the new enterprise, Bert oversaw the planning of the Lake City plant in 2004–05 and guided the upgrading of the former Roanoke Electric joist plants in 2006–07. Bert is well-respected for his keen engineering expertise, his excellent project-management skills, and throughout his career, his ability to lead, motivate, and inspire employees to perform beyond their highest expectations.

RECOGNITION

BUSSE RECEIVES STEEL VISION AWARD. In June 2008, Keith Busse received the 18th Willy Korf/Ken Iverson Steel Vision Award at the Steel Strategies Conference in New York City. The award recognizes Keith's contributions in advancing positive change and promoting the goodwill and integrity of the steel industry. Because of the close relationship he had with Ken Iverson at Nucor Corporation, Keith said, "This award has special meaning to me. I'm deeply honored to receive it." Presenting the award was Astrid Korf.

STEEL DYNAMICS EARNS RECOGNITION FROM *FORTUNE*. Based on its survey of our industry peers, *FORTUNE* magazine cited SDI as "Most Admired Company in the Metals Sector" for 2008. Dick Teets and Mark Millett accepted the award at the company's Fort Wayne headquarters from Tracy McEachern, on behalf of *FORTUNE*. Steel Dynamics won the award in its first year qualifying, based on 2007 sales. Our 2008 sales growth earned Steel Dynamics a listing for the first time in the 2009 FORTUNE 500.