



June 13, 2008

To: All Members

From: Tom Smith

Subject: Member Update- June 08

Ladies and Gentlemen; this report will update you on the operations and program developments at Steel Plus Network.

Steel Plus Conference and Annual Meeting:

This year's conference attendance was slightly ahead of last year. I want to take the opportunity to thank all members and suppliers for taking the time to join us in Jupiter this year. Planning is already underway for next year's event, and we will advise all members of the location and dates as soon as they are finalized.

For a review of this year's meeting, please visit the SPN web-site to view the 2008 conference survey, conference presentations, as well as our photo gallery of the 2008 convention.

SPN financial report;

Audited year/end financial statements and Schedule K 1 forms for United States members have been mailed to all members.

As well, we have invoiced all members for the 3rd and final installment of your Class A member equity payment. Please ensure that you pass this invoice on to your accounts payable department for prompt payment.

For the 1st quarter of 2008, SPN is tracking in line with our latest projections. We continue to invest in recruiting strategies and technology solutions that will move the business forward.

With the addition of the final Class A member equity payment, SPN "paid up" equity has risen to almost \$5 million dollars, providing us with the financial strength necessary to advance our corporate objectives.

Member rebate cheques will be mailed to all members within the next two weeks.

Discrepancies between members and suppliers caused an enormous amount of additional work this year. With our direct invoicing initiative, we hope to improve this situation in the future.

Supplier Recruiting:

The SPN preferred supplier network in Canada has been secured for 2008/09. All preferred suppliers in Canada continue to support our company, and we continue to work with these suppliers to develop programs that will grow our business and increase our performance with these regional suppliers.

In the United States, core programs with Sherwin Williams, Fastenal, Flexalloy, O'Neal Steel, Triad Metals as well as service and equipment programs have been set for 08/09.

As outlined at the SPN annual meeting, we have moved forward with our partnership with the North American Steel Alliance (NASA). As announced previously, we have new programs with 13 operational suppliers under this new umbrella relationship. You can now view these suppliers and programs in the member's zone on the SPN web site (click on agreements). These programs are additional programs for all Steel Plus Network members.

Additionally, we have new preferred supplier programs with 13 steel service center companies located throughout the United States. Again, these suppliers, contacts and products can be viewed on the SPN web site, in the member zone under agreements.

Effective July 1, 2008, our SPN web site will reflect two groups of suppliers. Steel suppliers (service centers, mills) will be grouped in one category for both the United States and Canada. All other suppliers will be grouped as Non-steel suppliers for both Canada and the U.S. (fasteners, gas, paint, operational suppliers, etc.) on the web site.

SPN Steel Distribution;

I want to advise all members that we are continuing to investigate this business opportunity in Columbia City, Indiana. As outlined at the Annual meeting, a recommendation will be presented to the Board later this summer.

In the interim, we are continuing to investigate the opportunity to develop a rebate program with steel mills in the United States, using the distribution center and our new relationship with NASA as leverage. We will advise you of the status of this initiative as we progress.

Direct Invoicing System;

We have successfully established an EDI (Electronic Data Interchange) direct invoicing program with Fastenal, Praxair, and BOC / Linde gas. This means that all invoices for these companies are now processed through our Steel Plus hub for posting to member document centers. We are also testing Sherwin Williams and UCP paint. We are currently contacting all of our product suppliers (steel, gas, paint and consumables) to discuss this opportunity and expand the program. We believe that the direct invoicing program offers our suppliers significant benefits.

Benefit One: Reduced Administrative Costs

By participating in EDI with SPN, your company will benefit significantly by:

- Reduced labor costs in the preparation of invoices
- Elimination of the sorting and filing of invoices in preparation for postal service
- Faster document processing to the customer
- Instant document retrieval by your company and the customer
- Remove reliance on the postal service- all invoices are delivered via secure internet connections

Benefit Two: Reduce Paper and do our bit for the environment

Paper-based trading relationships have some inherent disadvantages when compared with their electronic trading equivalents:

- Stationery and printer consumable costs
- Document storage costs
- Lost or misplaced customer copies of invoices due to postal or filing issues
- Postage costs

Benefit Three: Reduce lead times and invoicing/payment delay

- Integrating electronic documents means they can be processed much faster, again reducing lead times and speeding up payments.
- The invoices are received by members the same day you process, enabling them to update costs, even before the goods arrive.
- Auditable confirmation that every invoice has been received and acknowledged by the customer

For Steel Plus and our members there are also significant opportunities, including an improved relationship with our suppliers, more accurate and current information on purchasing volumes and more accurate information on rebate performance, collection of rebates and verification of amounts owed. We believe that the continuing development of this program will pay dividends to Steel Plus and our members and I would ask all members to actively promote this initiative with our preferred suppliers over the coming months.

Please remember that this initiative is a direct invoicing system and not central billing. You continue to pay supplier invoices directly with your suppliers as in the past. The main difference will be that you will be able to retrieve all supplier invoices from the secure SPN “member zone” rather than by mail. We are investigating some central payment programs with a few suppliers and we will advise you of any changes as we proceed.

Steel Plus Web-site;

We are pleased to advise that there are several significant enhancements to the SPN web site. Effective July 1, 2008 members are now able to enter the SPN ‘member zone’ www.steelplusllc.com and view all supplier information. This will include contact information, rebate program information for all operational suppliers, and contact information and product information for all SPN/NASA service center suppliers. We will be posting all contact information and program information, terms and conditions (excluding rebate percentages) for all current SPN suppliers in next few weeks. This will be of great benefit to your purchasing department in contacting suppliers on a regular basis.

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As well, we have enhanced our classified ads section of the web site and are now able to offer a more aggressive approach to selling both products and services between members. There is no charge to this service for members, and web ads will be shared with all members and suppliers.

SPN Member Relations and Recruiting;

As outlined and approved at the annual meeting, we are actively contacting potential new members with an opportunity to join SPN as Affiliate members.

As well, our regional managers (Bob Winchester and Matt Chapman) are working closely with existing members to strengthen our relationships and add more value to our network. . Matt and Bob are also working with members to ensure that all information finds its way into the appropriate member contact. They are also responsible for making sure that questions and concerns expressed by members are addressed by SPN and that there is a general free flow of information.

SPN staffing;

You have now had the opportunity to work with our regional managers, Bob Winchester and Matt Chapman. These individuals are a direct benefit to all members and are willing and able to work with you on program developments and networking opportunities within Steel Plus, as well as reach out to prospective members to the network.

Internally, we will not be replacing our technology solutions position on staff. We have worked out contract relationships with key technology systems providers to provide, in our opinion, a more cost effective and responsive support program to our systems development plans. Should you have any questions related to any internal computer systems issues, please contact either Bob or Matt, for communications issues/web site, contact Lily, or for admin issues, contact either Jean or myself.

In our purchasing department, Guy and I are working on plans to ensure that we have the proper resources in place to allow us to continue to grow and expand our supplier programs. We are committed to be more active in the field with our suppliers and members and Guy and I will be recommending strategies to accomplish growth in both steel and non-steel product lines in the coming weeks. We will keep you up to date as we progress.

In closing, as always, I want to thank all members for your on-going support. If you have any questions or suggestions, please never hesitate to call me.

Regards, Tom