

May 31, 2011

To Our Valued Customers;

In 2004, the steel framing business changed forever due to severe pricing escalation that left many manufacturers, distributors and contractors with a large number of job quotation commitments at very low prices. At that time it was thought to be a singular event, but after five of the last eight years yielding the same price volatility, we believe these pricing trends are the new normal. (See the attached chart)

Also since 2004, the risk of carrying inventory has greatly increased because of these big price swings. Traditionally, large jobs were quoted and most of the smaller jobs came out of a distributor's inventory. What has now developed is a system where distributors want job quotations for nearly every order and in quantities as low as 8,000 lbs. Currently, fifty-one percent of our quote requests are for 1 truckload or less.

During these past eight volatile years, the steel framing manufacturers have continued to provide job quotations which function as "options" and assume most of the risk if the market price goes up. If the market price of steel framing exceeds the quoted price, the buyer can exercise the "option" to buy this material below its market value. If the price falls, the buyer will simply ask for a re-bid based on current market conditions.

This model creates a built-in failure mechanism and has resulted in a significant amount of consolidation in the steel framing industry over the last several years. If this situation is not repaired the ongoing health of all stakeholders will continue to be at risk without a disciplined pricing policy.

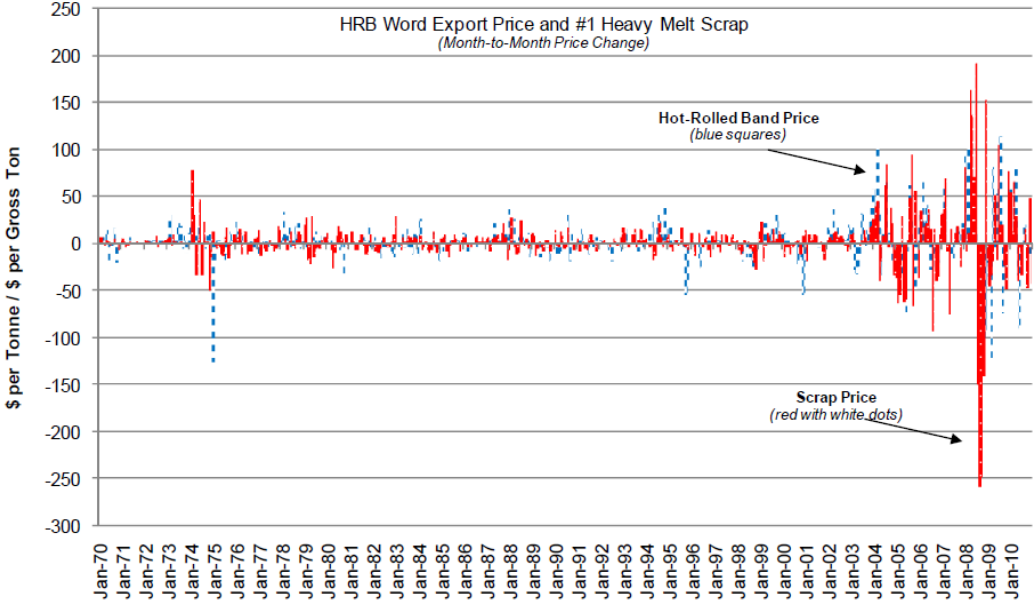
Effective July 1, 2011 ClarkDietrich Building Systems will offer 2 types of purchasing arrangements:

1. **30 Day Notice Price Sheets:** As of July 1, all stock price sheets will be valid until further notice. ClarkDietrich will guarantee 30 day notice prior to increasing any published price sheet.
2. **Project 200 Agreements** for single, identifiable projects in excess of 200,000 lbs. The agreements are valid for a maximum of 6 months and must be confirmed in writing within 90 days of issuance. The ClarkDietrich agreement is a commitment by all parties, thus protecting all participants against large market swings. With known volumes, ClarkDietrich can hedge buy knowing we have a firm purchase commitment.

ClarkDietrich will no longer be providing job quotations for quantities below 200,000 pounds under this new policy. All job quotations made prior to this announcement will be honored in accordance with our prior job quotation policy.

We believe this policy is consistent with the level of volatility and risk in our market. Not unlike other commodity-based products, such as lumber and asphalt, steel framing's volatility must be addressed in our policies going forward.

Steel Buyer/Seller Cardiac Arrest



Source: PriceTrack, SteelBenchmark™ and AMM