

STEEL DYNAMICS INC
Form S-4
March 24, 2015
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As filed with the Securities and Exchange Commission on March 24, 2015

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT

STEEL DYNAMICS, INC.

(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction of
incorporation or organization)

3312
(Primary Standard Industrial
Classification Code Number)

35-1929476
(I.R.S. Employer
Identification No.)

7575 West Jefferson Blvd.
Fort Wayne, Indiana 46804
(260) 969-3500

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Mark D. Millett
Chief Executive Officer
Steel Dynamics, Inc.
7575 West Jefferson Blvd.
Fort Wayne, Indiana 46804
(260) 969-3500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Robert S. Walters, Esq.
Barrett & McNagny LLP
215 East Berry Street
Fort Wayne, Indiana 46802
(260) 423-9551

Approximate date of commencement of proposed Exchange:
as soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Note	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
5.125% Senior Notes due 2021	\$ 700,000,000	\$ 1,000	\$ 700,000,000	\$ 81,340(1)
5.500% Senior Notes due 2024	\$ 500,000,000	\$ 1,000	\$ 500,000,000	\$ 58,100(1)
Guarantees by certain Steel Dynamics Subsidiaries(2)				(3)
Totals	\$ 1,200,000,000	\$ 1,000	\$ 1,200,000,000	\$ 139,440

(1) The registration fee was calculated pursuant to Rule 457(f) under the Securities Act of 1933, as amended. For purposes of this calculation, the offering price per note was assumed to be the stated principal amount of each original note that may be received by the registrant in the exchange transaction in which the notes will be offered.

(2) The subsidiary guarantors and Additional Registrants are: Jackson Iron & Metal Company, Inc.; Marshall Steel, Inc.; New Millennium Building Systems, LLC; OmniSource Corporation; OmniSource Southeast, LLC; OmniSource Transport, LLC; Roanoke Electric Steel Corporation; Steel Dynamics Sales North America, Inc.; Steel Dynamics Columbus, LLC; Steel of West Virginia, Inc.; Superior Aluminum Alloys, LLC; SWVA, Inc.; and The Techs Industries, Inc. We neither paid nor received any consideration for any of the guarantees.

(3) Pursuant to Rule 457(n), no separate fee is payable with respect to the guarantees.

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ADDITIONAL REGISTRANTS

Exact Name of Registrant as Specified in its Charter	State or Other Jurisdiction of Incorporation of Organization	Primary Standard Industrial Classification Code Number	IRS Employer Identification Number	Address, including Zip Code and Telephone Number, including Area Code, of each Registrant's Principal Executive Office
Jackson Iron & Metal Company, Inc.	MI	423930	38-2604041	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
Marshall Steel, Inc.	DE	533110	62-1527726	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
New Millennium Building Systems, LLC	IN	533110	35-2083989	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
OmniSource Corporation	IN	423930	35-0809317	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
OmniSource Southeast, LLC	DE	423930	56-2256626	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
OmniSource Transport, LLC	IN	423930	35-2084965	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
Roanoke Electric Steel Corporation	IN	533110	20-3663442	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
Steel Dynamics Sales North America, Inc.	IN	533110	32-0042039	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
Steel Dynamics Columbus, LLC	DE	533110	20-3297920	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500

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Steel of West Virginia, Inc.	DE	533110	55-0684304	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
Superior Aluminum Alloys, LLC	IN	423930	35-2007173	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
SWVA, Inc.	DE	533110	55-0621605	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500
The Techs Industries, Inc.	DE	533110	20-0540361	7575 West Jefferson Blvd. Fort Wayne, IN 46804 260-969-3500

THE REGISTRANT AND EACH ADDITIONAL REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL SUCH REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SEC, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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The information in this prospectus is not complete and may be changed. We may not sell these securities nor accept offers to buy these securities until the registration statement filed with the Commission becomes effective. This prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities in any jurisdiction where such offer, solicitation or sale is prohibited.

Subject to Completion, Dated March 24, 2015

Exchange Notes	
2021 Notes:	Cusip #858119 BC3
2024 Notes:	Cusip #858119 BD1
Old Notes	
Old 2021 Notes:	Cusip #858119BA7 (144A) Cusip #U85795AM1 (Reg S)
Old 2024 Notes:	Cusip #858119BB5 (144A) Cusip #U85795AN9 (Reg S)

PROSPECTUS

OFFER TO EXCHANGE

ALL OUTSTANDING UNREGISTERED \$700,000,000 AGGREGATE PRINCIPAL AMOUNT OF OUR 5.125% SENIOR NOTES DUE 2021 (OLD 2021 NOTES) AND ALL OUTSTANDING UNREGISTERED \$500,000,000 AGGREGATE PRINCIPAL AMOUNT OF OUR 5.500% SENIOR NOTES DUE 2024 (OLD 2024 NOTES) (WHICH WE REFER TO COLLECTIVELY AS THE OLD NOTES) FOR UP TO \$700,000,000 AGGREGATE PRINCIPAL AMOUNT OF OUR NEWLY ISSUED 5.125% REGISTERED SENIOR NOTES DUE 2021 (2021 NOTES) AND UP TO \$500,000,000 AGGREGATE PRINCIPAL AMOUNT OF OUR NEWLY ISSUED 5.500% REGISTERED SENIOR NOTES DUE 2024 (2024 NOTES), WHICH WE COLLECTIVELY REFER TO AS THE EXCHANGE NOTES.

THE EXCHANGE NOTES WILL BE REGISTERED UNDER THE SECURITIES ACT OF 1933 AND WILL BE FULLY AND UNCONDITIONALLY GUARANTEED AS TO THE PAYMENT OF PRINCIPAL AND INTEREST BY THE SUBSIDIARY GUARANTORS LISTED IN THIS PROSPECTUS.

We hereby offer, upon the terms and subject to the conditions set forth in this Prospectus and the accompanying letter of transmittal (which together constitute the Exchange), to exchange up to \$700,000,000 aggregate principal amount of our 5.125% Senior Notes due 2021, registered

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under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of any or all of our outstanding 5.125% Old 2021 Notes, which we issued on September 9, 2014, without registration under the Securities Act, and to exchange up to \$500,000,000 aggregate principal amount of our 5.500% Old 2024 Notes, registered under the Securities Act, for a like principal amount of any or all of our outstanding 5.500% Senior Notes due 2024, which we issued on September 9, 2014, without registration under the Securities Act. We refer to the Old Notes and the Exchange Notes collectively as the "Notes." The Exchange Notes are guaranteed fully and unconditionally (except as limited as described under "Description of the Exchange Notes") on a joint and several basis, as to payment of principal and interest by the wholly owned subsidiary guarantors listed in this prospectus (the "Subsidiary Guarantors"). The unregistered Old Notes have certain transfer restrictions. The Exchange Notes will be freely transferable.

These Exchange Offers will expire at 5:00 p.m. New York City time, on [•], 2015 (the 21st business day following the date of this Prospectus), unless we extend the Exchange Offers in our sole and absolute discretion.

- Tenders of outstanding unregistered Old Notes may be withdrawn at any time before 5:00 P.M. New York City time on the date the offer expires.
 - All outstanding unregistered Old Notes that are validly tendered and not validly withdrawn will be exchanged.
 - The exchange of unregistered Old Notes for registered Exchange Notes will not be a taxable event for U.S. federal income tax purposes.
 - The Exchange Notes will not be listed on any exchange.
 - We will not receive any cash proceeds from this Exchange.
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The terms of the Exchange Notes that we will issue in connection with this Exchange are identical to the terms of the outstanding Old Notes in all material respects, except for the elimination of certain transfer restrictions, registration rights and additional interest provisions relating to the outstanding Old Notes. The Exchange Notes will be issued under the same Indenture as the Old Notes. See Terms of the Exchange.

You should carefully consider the Risk Factors beginning on page 6 of this prospectus, and the risk factors incorporated by reference in this prospectus, before deciding whether to participate in this exchange.

Neither the Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offense.

Each holder of an unregistered Old Note wishing to accept an Exchange Offer must deliver the Old Note to be exchanged, together with the letter of transmittal that accompanies this prospectus, and any other required documentation, to the Exchange Agent identified in this prospectus. Alternatively, you may effect a tender of unregistered Old Notes by book-entry transfer into the Exchange Agent's account at the Depository Trust Company (DTC). All deliveries are at the risk of the holder. You can find detailed instructions concerning delivery in the sections of this prospectus called The Exchange and Procedures for Tendering, and in the accompanying letter of transmittal.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for outstanding notes where such outstanding notes were acquired as a result of market-making activities or other trading activities. See Plan of Distribution.

THE DATE OF THIS PROSPECTUS IS (●), 2015

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You should only rely on the information contained in this prospectus or incorporated by reference into this prospectus. We have not authorized anyone to provide you with any information or to make any representation about these Exchange Offers that is different.

This prospectus incorporates by reference important business and financial information about us that is not included within or delivered with this prospectus from documents we publicly file with the SEC. See the following sections entitled "Where You Can Find More Information" and "Incorporation by Reference."

In this prospectus, all references to we, us, our, the Company, or SDI are to Steel Dynamics, Inc. and all its consolidated subsidiaries, unless otherwise specified or the context otherwise requires.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also accessible through the Internet at the SEC's website at <http://www.sec.gov> and on our website at <http://www.steeldynamics.com>. The information contained on our website, however, is not part of or incorporated by reference into this Prospectus. Our common stock is quoted on the Nasdaq Global Select Market under the symbol **STLD**, and our SEC filings can also be read at the following address: Nasdaq Operations, 1735 K Street, N.W., Washington, D.C. 20006.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference into this Prospectus the information in documents we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this Prospectus, and later information that we file with the SEC will update and supersede this information. Pursuant to General Instruction B(1)(a) to Form S-4, we have elected to provide the information regarding us and our business by reference to reports we regularly file with the SEC. Unless specifically stated to the contrary, none of the information that we disclose pursuant to Items 2.02 or 7.01 of any Current Report on Form 8-K that we have furnished, or that we may from time to time furnish to the SEC, is or will be deemed incorporated by reference into this Prospectus.

We incorporate by reference the following documents, and any future filings through the termination of this Exchange, which we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"):

- Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed March 2, 2015.
- Our Current Reports on Form 8-K filed November 6, 2014; January 29, 2015 (with respect to Item 2.06 only); February 17, 2015; March 13, 2015; and March 17, 2015.

The information incorporated by reference is an important part of this Prospectus. Any statement contained in a document incorporated by reference into this Prospectus will be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document that is incorporated by reference into this Exchange modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed to constitute a part of this Prospectus except as so modified or superseded.

The documents incorporated by reference into this Prospectus are also available from us upon request. We will provide a copy of any and all of the information that is incorporated by reference into this Prospectus to any person by first-class mail, without charge, upon written or oral request. Any request for documents should be made by 5:00 p.m. New York City time on [•], 2015, to ensure timely delivery of the documents prior to the expiration of the Exchange Offers.

Requests for documents should be directed to:

Steel Dynamics, Inc.
Investor Relations Department
7575 West Jefferson Blvd.
Fort Wayne, Indiana 46804
(260) 969-3500

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Throughout this Prospectus, including documents we may incorporate by reference, we may make statements that express our opinions, expectations, or projections regarding future events or future results, in contrast with statements that reflect present or historical facts. These predictive statements, which we generally precede or accompany by such typical conditional words as anticipate, intend, believe, estimate, plan, seek, project or expect, or by the words may, will, or should, are intended to operate as forward-looking statements of the kind permitted by the Private Securities Litigation Reform Act of 1995, incorporated in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve both known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. That legislation protects such predictive and cautionary statements by creating a safe harbor from liability in the event that a particular prediction does not turn out as anticipated.

While we always intend to express our best judgment when we make statements about what we believe will occur in the future, and although we base these statements on assumptions that we believe to be reasonable when made, these forward-looking statements are not a guarantee of performance, and you should not place undue reliance on such statements. Forward-looking statements are subject to many uncertainties and other variable circumstances, many of which are outside of our control, that could cause our actual results and experience to differ materially from those we thought would occur.

The following listing represents some, but not necessarily all, of the factors that may cause actual results to differ from those we may have anticipated or predicted:

- the adverse impact of an economic recession, resulting in a decrease of demand for our products;
- the weakening of demand for our products within the non-residential construction or other metal consuming industries;
- conditions affecting steel or recycled metals consumption;
- U.S. or foreign trade policy affecting the amount of foreign imported steel, or adverse outcomes of pending and future trade cases alleging unlawful practices in connection with steel imports;
- cyclical changes in market supply and demand for steel and recycled ferrous and nonferrous metals;
- increased price competition brought about by excess domestic and global steelmaking capacity;

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- changes in the availability or cost of raw materials, such as recycled ferrous metals, iron substitute materials, including pig iron, iron concentrate, or other raw materials or supplies, which we use in our production processes;
- periodic fluctuations in the availability and cost of electricity, natural gas, or other utilities;
- the occurrence of unanticipated equipment failures and plant outages;
- margin compression resulting from our inability to pass increases in costs of raw materials and supplies to our customers;
- labor unrest, work stoppages and/or strikes involving our own workforce, those of our important suppliers or customers, or those affecting the steel industry in general;
- the impact of, or changes in, environmental law or in the application of other legal or regulatory requirements upon our production processes or costs of production or upon those of our suppliers or customers, including actions by government agencies, such as the U.S. Environmental Protection Agency or related state agencies, on pending or future environmentally related construction or operating permits;

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- the impact of U.S. government or various governmental agencies introducing laws or regulatory changes in response to the subject of climate change and greenhouse gas emissions, including the introduction of carbon emissions trading mechanisms;
- private or governmental liability claims or litigation, or the impact of any adverse outcome of any litigation on the adequacy of our reserves or the availability or adequacy of our insurance coverage;
- changes in our business strategies or development plans which we may adopt or which may be brought about in response to actions by our suppliers or customers, and any difficulty or inability to successfully consummate, implement, or integrate any planned or potential projects, acquisitions, joint ventures or strategic alliances;
- increased price and other forms of competition from other steel produces, scrap processors and alternative materials;
- the impact of regulatory or other governmental action or inaction upon our receipt of required permits or approvals, or the impact of litigation costs or outcomes, construction delays, cost overruns, technology risk or operational complications upon our ability to complete, start-up or continue to profitably operate a project or a new business, or to complete, integrate and operate any potential acquisitions as anticipated;
- increased global information technology security requirements, vulnerabilities, threats and a rise in sophisticated and targeted computer crime that pose a risk to the security of our systems and networks and to the confidentiality, availability and integrity of our data; and
- uncertainties involving new products or new technologies.

We also refer you to and urge you to carefully read the *Risk Factors* discussion in this Prospectus and under Item 1A *Risk Factors* in our Annual Report on Form 10-K for our fiscal year ended December 31, 2014, to better understand some of the principal risks and uncertainties inherent in our business or in owning our securities, as well as the section entitled *Management Discussion and Analysis of Financial Condition and Results of Operations* at Item 7. You should also review the notes to consolidated financial statements in our Annual Report on Form 10-K under headings in Note 1 *Use of Estimates* and in Note 9 *Commitments and Contingencies*.

Any forward-looking statements which we make in this Prospectus or in any of the documents that are incorporated by reference herein speak only as of the date of such statement, and we undertake no ongoing obligation to update such statements. Comparisons of results between current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

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Should one or more of the risks or uncertainties described or incorporated by reference in this Prospectus occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Prospectus, or in the documents incorporated by reference in this Prospectus, are expressly qualified in their entirety by this cautionary statement.

MARKET DATA

We obtained market and competitive position data used in this Prospectus, including documents we incorporate by reference, from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable.

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PROSPECTUS SUMMARY

This summary highlights selected information included in or incorporated by reference into this Prospectus. The summary does not contain all of the information that you should consider before deciding whether to invest in the Exchange Notes and is qualified in its entirety by the more detailed information appearing elsewhere in the prospectus and the documents incorporated herein by reference. You should carefully read the entire prospectus, including the information incorporated by reference herein, and particularly the information in the Risk Factors section beginning on page 7 of this prospectus, before making an investment decision. See Where You Can Find More Information.

Our Company

We are one of the largest steel producers and one of the largest metals recyclers in the United States based on a current estimated annual steelmaking and coating capability of approximately 11 million tons and actual recycling volumes. We reported net sales of \$8.8 billion, \$7.4 billion, and \$7.3 billion during 2014, 2013, and 2012, respectively. The primary sources of our revenues are from the manufacture and sale of steel products, processing and sale of recycled ferrous and nonferrous metals, and, to a lesser degree, fabrication and sale of steel joist and decking products. Our operations are managed and reported based on three operating segments: steel operations, metals recycling and ferrous resources operations, and steel fabrication operations. Our work force consisted of approximately 7,780 full time employees at December 31, 2014, of which approximately 9% were represented by collective bargaining agreements.

Our Operations

Steel Operations. Steel operations consist of our six electric arc furnace steel mills, utilizing continuous casting, automated rolling mills, and eight downstream coating facilities. Collectively, our steel operations sell directly to end users and service centers. These products are used in numerous industry sectors, including the automotive, construction, commercial, transportation, agriculture, industrial machinery, pipe and tube and energy (including OCTG) markets. During 2014, 2013, and 2012, our steel operations accounted for 63%, 61%, and 62% respectively, of our consolidated net sales.

Sheet Products. Our sheet operations consist of our Butler Flat Roll Division, Columbus Flat Roll Division (acquired September 16, 2014), and our downstream coating facilities. These operations sell a broad range of sheet steel products, such as hot roll, cold roll and coated steel products, including a wide variety of specialty products, such as light gauge hot roll and galvanized. Butler Flat Roll Division sells other products such as Galvalume® and painted products, while Columbus Flat Roll Division, sells other products such as high-strength OCTG pipe and non-energy line pipe products. The Techs is comprised of three galvanizing lines which sell specialized galvanized sheet steels used in non-automotive applications.

Long Products. Our Structural and Rail Division sells structural steel beams and pilings to the construction market, as well as standard grade and premium rail to the railroad industry. Our Engineered Bar Products Division primarily sells engineered, special-bar-quality and merchant-bar-quality rounds, round-cornered squares, and smaller-diameter round engineered bars. Our Roanoke Bar Division primarily sells merchant steel products, including angles, plain rounds, flats and channels. Steel of West Virginia primarily sells merchant beams, channels and specialty structural steel sections.

Metals Recycling and Ferrous Resources Operations. This operating segment primarily includes our metals recycling operations (OmniSource); our liquid pig iron production facility, Iron Dynamics (IDI); and our Minnesota ironmaking operations. Our metals recycling and ferrous resources operations segment accounted for 38%, 32%, and 32% of our consolidated net sales in 2014, 2013, and 2012, respectively. Reduced losses in the Minnesota ironmaking operations were partially offset by reductions in metals recycling operating income.

Metals Recycling. OmniSource represents our metals sourcing and processing operations and is the primary source of net sales in this segment. These operations sell ferrous metals to steel mills and foundries, and nonferrous metals, such as copper, brass, aluminum and stainless steel to, among others,

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ingot manufacturers, copper refineries and mills, smelters, and specialty mills. Our metals recycling operations represented 87%, 91% and 94% of this segment's net sales during 2014, 2013 and 2012, respectively.

Ferrous Resources. Our ferrous resource operations consist of our two ironmaking initiatives: Iron Dynamics, a liquid pig iron production facility, and our Minnesota ironmaking operations, consisting of an iron nugget production facility and operations to supply the nugget facility with its primary raw material, iron concentrate. IDI primarily produces liquid pig iron, which is used as a scrap substitute raw material input exclusively at our Butler Flat Roll Division. Our Minnesota ironmaking operations consists of Mesabi Nugget, (owned 82% by us); our iron concentrate and potential future iron mining operations, Mesabi Mining; and, our iron tailings operations, Mining Resources (owned 82% by us).

Steel Fabrication Operations. Steel fabrication operations consist of our six New Millennium Building Systems plants located throughout the United States and Northern Mexico. Revenues from these plants are generated from the fabrication of trusses, girders, steel joists and steel decking used within the non-residential construction industry. Steel fabrication operations accounted for 7%, 6%, and 5% of our consolidated net sales during 2014, 2013, and 2012, respectively.

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RISK FACTORS

The terms of the Exchange Notes are identical in all material aspects to those of the Old Notes, except for the transfer restrictions and registration rights and related special interest provisions relating to the Old Notes that do not apply to the Exchange Notes. This section describes some, but not all, of the risks of acquiring the Exchange Notes and participating in the Exchange Offer. Before making an investment decision, you should carefully consider the risk factors described below and the risk factors included in the Company's Annual Report on Form 10-K which is incorporated by reference herein.

Risks Related to Our Industry and Our Business

Our industry is affected by domestic and global economic factors including the risk of a new or prolonged recession.

Our financial results are substantially dependent not only upon overall economic conditions in the United States, in Europe and in Asia, but also as they may affect one or more of the industries upon which we depend for the sale of our products. Prolongation of the recovery from the recession that began in 2008 could stifle improving customer confidence and adversely affect demand for our products and further adversely affect our business. Metals industries have historically been vulnerable to significant declines in consumption and product pricing during periods of economic downturn or continued uncertainty, including the pace of domestic non-residential construction activity.

Our business is also dependent upon certain industries, such as automotive, commercial, residential and government construction, transportation, agriculture, industrial machinery, pipe and tube, energy, original equipment manufacturing, and metals service center industries, and these industries are also cyclical in nature. Therefore, these industries may experience their own fluctuations in demand for our products based on such things as economic conditions, energy prices, consumer demand and infrastructure funding decisions by governments. Many of these factors are beyond our control. As a result of volatility in our industry or in the industries we serve, we may have difficulty increasing or maintaining our levels of sales or profitability. If the industries we serve were to suffer a downturn, then our business may be adversely affected.

Our level of production and our sales and earnings are subject to significant fluctuations as a result of the cyclical nature of the steel industry and some of the industries we serve.

The steel manufacturing business is cyclical in nature, and the selling price of the steel we make may fluctuate significantly due to many factors beyond our control. Furthermore, many of our products are commodities, subject to their own cyclical fluctuations in supply and demand in both metal consuming and metal generating industries, including the construction industry. The timing, magnitude and duration of these cycles and the resulting price fluctuations are difficult to predict. The sale of our manufactured steel products is directly affected by demand for our products in other cyclical industries, such as automotive, commercial, residential and government construction, transportation, agriculture, industrial machinery, pipe and tube, energy, original equipment manufacturing, and metals service center industries. Economic difficulties, stagnant global economies, supply/demand imbalances and currency fluctuations in the United States or globally could decrease the demand for our products or increase the amount of imports of steel into the United States, which could decrease our sales, margins and profitability.

The scrap metal recycling industry has historically been, and is expected to remain, highly cyclical and this could have a material adverse effect on our metals recycling operations results.

Scrap metal prices have become increasingly volatile, and operating results within the metals recycling industry in general have historically been cyclical, and are expected to remain highly cyclical in nature. Similarly, but not necessarily paralleling the price fluctuations in the steel business, the purchase prices for automobile bodies and various other grades of obsolete and industrial scrap, as well as the selling prices for processed and recycled scrap metals we utilize in our own manufacturing process, or which we resell to others through our metals recycling operations, are also highly volatile. During periods of increased imports, scrap metal prices may become depressed and adversely affect the sales, profitability and margins of our scrap business. As a metals recycler, we may attempt

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to respond to changing recycled metal selling prices by adjusting the scrap metal purchase prices we pay to others, but our ability to do this may be limited by competitive or other factors during periods of low scrap prices, when inbound scrap flow may slow considerably, as scrap generators hold on to their scrap in hopes of getting higher prices later. As such, a prolonged period of low scrap prices could reduce our ability to obtain, process and sell recycled materials and this could adversely affect our metals recycling operations' results. Conversely, periodic increased foreign demand for scrap can result in an outflow of available domestic scrap, as well as resulting higher scrap prices domestically that cannot always be passed on to domestic scrap consumers, thereby further reducing available domestic scrap flows and scrap margins, all of which could adversely affect our sales and profitability of our scrap business. Additionally, during periods of high demand and resulting higher scrap prices, ferrous scrap consumers may seek and develop ferrous scrap alternatives, including pig iron and direct reduced iron. The availability and pricing of these scrap alternatives in the domestic market may have a longer term impact on scrap pricing, particularly in prime grades, which could adversely affect our sales, profitability and margins.

Imports of steel into the United States have adversely affected, and may again adversely affect, United States steel prices, which could impact our sales, margins and profitability.

Global steelmaking capacity currently exceeds global consumption of steel products. Such excess capacity sometimes results in steel manufacturers in certain countries exporting steel at prices that are lower than prevailing domestic prices, and sometimes at or below their cost of production. Excessive imports of steel into the United States, such as the record levels in 2014, have exerted, and may continue to exert, downward pressure on U.S. steel prices which negatively affects our ability to increase our sales, margins, and profitability. This may also adversely impact domestic demand for ferrous scrap and our ferrous metallics margins. U.S. steel producers compete with many foreign producers, including those in China. Competition from foreign producers is typically strong and is periodically exacerbated by weakening of the economies of certain foreign steelmaking countries. A higher volume of steel exports to the U.S. at depressed prices tends to occur when steel producing countries experience periods of economic difficulty, decreased demand for steel products or excess capacity.

In addition, we believe the downward pressure on, and periodically depressed levels of U.S. steel prices in some recent years have been further exacerbated by imports of steel involving dumping and subsidy abuses by foreign steel producers. Some foreign steel producers are owned, controlled or subsidized by foreign governments. As a result, decisions by these producers with respect to their production, sales and pricing are sometimes influenced to a greater degree by political and economic policy considerations than by prevailing market conditions, realities of the marketplace or consideration of profit or loss. However, while some tariffs and quotas are periodically put into effect for certain steel products imported from a number of countries that have been found to have been unfairly pricing steel imports to the U.S., there is no assurance that tariffs and quotas will always be levied, even if otherwise justified, and even when imposed many of these are only short-lived. When such tariffs or duties expire or if others are further relaxed or repealed, or if relatively higher U.S. steel prices make it attractive for foreign steelmakers to export their steel products to the U.S., despite the presence of duties or tariffs, the resurgence of substantial imports of foreign steel could create downward pressure on U.S. steel prices.

China's current steelmaking overcapacity in relation to its steel consumption could have a material adverse effect on domestic and global steel pricing and could result in increased steel imports into the United States.

The significant growth of new Chinese steel production capacity that began in the 2000s, coupled with the slowdown in Chinese steel consumption that began in 2008, has resulted in Chinese steel production capacity that far exceeds that country's current demand and has made China a major global exporter of steel. This combination of a slowdown in China's economic growth and steel consumption and its own expansion of steelmaking capacity generally results in a weakening of steel pricing. Should Chinese steelmaking capacity remain the same or further increase in relation to its demand, China might not only remain a net exporter of steel, but many Asian and European steel producers whose steel output previously fed China's steel import needs could redirect their steel into the U.S. market through increased steel imports, causing a further erosion of margins or negatively impacting our ability to increase our prices.

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The worldwide economic downturn that began in 2008 and the difficult conditions in the global industrial, capital and credit markets that resulted, have adversely affected and may continue to adversely affect our industry, as well as the industries of many of our customers and suppliers upon whom we are dependent.

Many of the markets in which our customers participate, such as automotive, commercial, residential and government construction, transportation, agriculture, industrial machinery, pipe and tube, energy, original equipment manufacturing, and metals service center industries, are cyclical in nature and experience significant fluctuations in demand for our steel products based on economic conditions, consumer demand, raw material and energy costs, and decisions by our government to fund or not fund infrastructure projects such as highways, bridges, schools, energy plants, railroads and transportation facilities. Many of these factors are beyond our control. These markets are highly competitive, to a large extent driven by end-use markets, and may experience overcapacity, all of which may affect demand for and pricing of our products.

A decline in consumer and business confidence and spending, together with reductions in the availability of credit or increased cost of credit, as well as volatility in the capital and credit markets, could adversely affect the business and economic environment in which we operate and the profitability of our business. We are also exposed to risks associated with the creditworthiness of our suppliers and customers. If the availability of credit to fund or support the continuation and expansion of our customers' business operations is curtailed or if the cost of that credit is increased the resulting inability of our customers or of their customers to access either credit or absorb the increased cost of that credit could adversely affect our business by reducing our sales or by increasing our exposure to losses from uncollectible customer accounts. A renewed disruption of the credit markets could also result in financial instability of some of our suppliers and customers. The consequences of such adverse effects could include the interruption of production at the facilities of our customers, the reduction, delay or cancellation of customer orders, delays or interruptions of the supply of raw materials we purchase, and bankruptcy of customers, suppliers or other creditors. Any of these events may adversely affect our profitability, cash flow, and financial condition.

Volatility and major fluctuations in scrap metal and pig iron prices and our potential inability to pass higher costs on to our customers may constrain operating levels and reduce profit margins.

Steel producers require large amounts of raw materials, including scrap metal and scrap substitute products such as pig iron, pelletized iron and other supplies such as graphite electrodes and ferroalloys. Our principal raw material is scrap metal derived primarily from junked automobiles, industrial scrap, railroad cars, railroad track materials, agricultural machinery and demolition scrap from obsolete structures, containers and machines. The prices for scrap are subject to market forces largely beyond our control, including demand by U.S. and international steel producers, freight costs and speculation. The prices for scrap have varied significantly, may vary significantly in the future and do not necessarily fluctuate in tandem with the price of steel. Moreover, some of our integrated steel producer competitors are not as dependent as we are on scrap as a part of their raw material melt mix, which, during periods of high scrap costs relative to the cost of blast furnace iron used by the integrated producers, give them a raw material cost advantage over mini-mills. While our vertical integration into the metals recycling business through our OmniSource operations and into the ironmaking business, through our Iron Dynamics facility and our Minnesota ironmaking operations should enable us to continue being a cost-effective supplier to our steelmaking operations, for some of our metallics requirements, we will still need to rely on other metallics and raw material suppliers, as well as upon general industry supply conditions for the balance of our needs.

Purchase prices for auto bodies, scrap metal and scrap substitute products such as pig iron that we consume, and selling prices for scrap and recycled metals that we sell to third parties are volatile and beyond our control. While OmniSource attempts to respond to changing recycled metal selling prices through adjustments to its metal purchase prices, its ability to do so is limited by competitive and other market factors. Changing prices could potentially impact the volume of scrap metal available to us and the volume and realized margins of processed metals we sell.

The availability and prices of raw materials may also be negatively affected by new laws and regulations, allocation by suppliers, interruptions in production, accidents or natural disasters, changes in exchange rates, worldwide price fluctuations, and the availability and cost of transportation.

If prices for ferrous metallics increase by a greater margin than corresponding price increases for the sale of our steel products, we may not be able to recoup such cost increases from increases in the selling prices of steel products. Conversely, depressed prices for ferrous scrap may constrain its supply, which may adversely affect our metals recycling operations and also the availability of certain grades of scrap for our steelmaking operations. Additionally, our inability to pass on all or any substantial part of any cost increases during periods of rapidly rising

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scrap prices, through scrap or other surcharges, or to provide for our customers' needs because of the potential unavailability of key raw materials or other inputs, may result in production curtailments or may otherwise have a material adverse effect on our business, financial condition, results of operations or prospects.

The cost and availability of electricity and natural gas are also subject to volatile market conditions.

Steel producers like us consume large amounts of energy, inasmuch as mini-mills melt ferrous scrap in electric arc furnaces and use natural gas to reheat steel or steel billets for rolling into finished products. We rely on third parties for the supply of energy resources we consume in our steelmaking activities. The prices for and availability of electricity, natural gas, oil and other energy resources are also subject to volatile market conditions, often affected by weather conditions as well as political and economic factors beyond our control. As large consumers of electricity and gas, we must have dependable delivery in order to operate. Accordingly, we are at risk in the event of an energy disruption. Prolonged black-outs or brown-outs or disruptions caused by natural disasters or by political considerations would substantially disrupt our production. In addition, a significant portion of our finished steel products are delivered by truck. Unforeseen fluctuations in the price of fuel attributable to fluctuations in crude oil prices would also have a negative impact on our costs or on the costs of many of our customers. In addition, changes in certain environmental regulations in the U.S., including those that may impose output limitations or higher costs associated with climate change or greenhouse gas emissions legislation could substantially increase the cost of manufacturing and raw materials, such as energy, to us and other U.S. steel producers.

Fluctuations in the value of the United States dollar relative to other currencies may adversely affect our business.

Fluctuations in the value of the dollar can be expected to affect our business. A strong U.S. dollar, such as was experienced in 2014, makes imported metal products less expensive, potentially resulting in more imports of steel products into the U.S. by our foreign competitors, while a weak U.S. dollar may have the opposite impact on imports.

Compliance with and changes in environmental and remediation requirements could result in substantially increased capital requirements and operating costs.

Existing environmental laws or regulations, as currently interpreted or as may be interpreted in the future, as well as future laws or regulations, may have a material adverse effect on our results of operations and financial condition.

We are subject to comprehensive local, state, federal and international statutory and regulatory environmental requirements relating to, among other things:

- the acceptance, storage, treatment, handling and disposal of solid and hazardous waste;

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- the discharge of materials into the air, including periodic changes to the National Ambient Air Quality Standards and to emission standards;
- the management and treatment of wastewater and storm water;
- the remediation of soil and groundwater contamination;
- global climate change legislation or regulation;
- the need for and the ability to timely obtain air, water or other operating permits;
- the timely reporting of certain chemical usage, content, storage and releases;
- the remediation and reclamation of land used for iron mining;

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- natural resource damages; and

- the protection of our employees' health and safety.

Compliance with environmental laws and regulations, which affect our steelmaking, metals recycling and ironmaking operations, is a significant factor in our business. We are required to obtain and comply with environmental permits and licenses, and failure to obtain or renew or the violation of any permit or license could result in substantial fines and penalties, suspension of operations and/or the closure of a subject facility. Similarly, delays, increased costs and/or the imposition of onerous conditions to the securing or renewal of operating permits, such as those required by our Minnesota ironmaking operations, could have a material adverse effect on these operations.

Private parties might also bring claims against us under citizen suit provisions and/or for alleged property damage or personal injury resulting from the environmental impacts of our operations. Moreover, legal requirements change frequently, are subject to interpretation and have tended to become more stringent over time. Uncertainty regarding adequate pollution control levels, testing and sampling procedures, and new pollution control technology are factors that may increase our future compliance expenditures. We are unable to predict the ultimate cost of future compliance with these requirements or their effect on our operations. Although we work hard to be in substantial compliance with all applicable laws and regulations, legal requirements frequently change and are subject to interpretation. New laws, regulations and changing interpretations by regulatory authorities, together with uncertainty regarding adequate pollution control levels, testing and sampling procedures, and evolving pollution control technology are among the factors that may increase our future expenditures to comply with environmental requirements. The cost of complying with existing laws or regulations as currently interpreted or reinterpreted in the future, or with future laws or regulations, may have a material adverse effect on our results of operations and financial condition.

Our manufacturing and recycling operations produce significant amounts of by-products, some of which are handled as solid or hazardous waste. For example, our mills generate electric arc furnace (EAF) dust, which the United States Environmental Protection Agency (U.S. EPA) and other regulatory authorities classify as hazardous waste and regulate accordingly.

In addition, the primary feed materials for the shredders operated by our metals recycling operations include automobile hulks and obsolete household appliances. A portion of the feed materials consist of unrecyclable material known as shredder residue. If laws or regulations, the interpretation of the laws or regulations, or testing methods change with regard to EAF dust or shredder residue, we may incur significant additional expenditures.

The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund) enables the U.S. EPA, state agencies and certain private parties to recover from owners, operators, generators and transporters the cost of investigation and cleanup of sites at which hazardous substances were disposed of. In connection with CERCLA and analogous state laws, we may be required to clean up contamination discovered at our sites including contamination that may have been caused by former owners or operators of the sites, to conduct additional cleanup at sites that have already had some cleanup performed, and/or to perform cleanup with regard to sites formerly used in connection with our operations.

In addition, we may be required to pay for, or to pay a portion of, the costs of cleanup at sites to which we sent materials for disposal or recycling, notwithstanding that the original disposal or recycling activity may have complied with all regulatory requirements then in effect.

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Pursuant to CERCLA, a party can be held jointly and severally liable for all of the cleanup costs associated with a disposal site. In practice, a liable party often splits the costs of cleanup with other potentially responsible parties. We have received notices from the U.S. EPA, state agencies and third parties that we have been identified as potentially responsible for the cost of investigating and cleaning up a number of disposal sites. In most cases, many other parties are also named as potentially responsible parties.

Because CERCLA can be imposed retroactively on shipments that occurred many years ago, and because the U.S. EPA and state agencies are still discovering sites that pose a threat to public health or the environment, we can

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provide no assurance that we will not become liable for significant costs associated with investigation and remediation of CERCLA cleanup sites.

CERCLA, including the Superfund Recycling Equity Act of 1999, limits the exposure of scrap metal recyclers for sales of certain recyclable material under certain circumstances. However, the recycling defense is subject to a number of limitations and may be found not to apply to all instances of recycling activity that we conduct.

Increased regulation associated with climate change and greenhouse gas emissions could impose significant additional costs on both our steelmaking and metals recycling operations.

The United States government or various governmental agencies may introduce additional regulatory changes in response to the potential impacts of climate change. International treaties or agreements may also result in increasing regulation of greenhouse gas emissions, including the introduction of carbon emissions trading mechanisms. Any such regulation regarding climate change and greenhouse gas, or GHG emissions, could impose significant costs on our steelmaking and metals recycling operations and on the operations of our customers and suppliers, including increased energy, capital equipment, environmental monitoring and reporting and other costs in order to comply with current or future laws or regulations concerning and limitations imposed on our operations by virtue of climate change and GHG emissions laws and regulations. Any adopted future climate change and GHG regulations could negatively impact our ability (and that of our customers and suppliers) to compete with companies situated in areas not subject to such limitations.

From a medium and long-term perspective, we are likely to see an increase in costs relating to our assets that emit significant amounts of greenhouse gases as a result of these regulatory initiatives. These regulatory initiatives may impact our operations directly or through our suppliers or customers. Until the timing, scope and extent of any future regulation becomes known, we cannot predict the effect on our financial condition, operating performance and ability to compete.

We may face significant price and other forms of competition from other steel producers, scrap processors and alternative materials, which could have a material adverse effect on our business, financial condition, results of operation or prospects.

The global markets in which steel companies and scrap processors conduct business are highly competitive and became even more so due to the recent global economic downturn and consolidations in the steel and scrap industries. Additionally, in many applications, steel competes with other materials, such as aluminum, cement, composites, plastics, carbon fiber, glass and wood. Increased use of alternative materials could decrease demand for steel and combined with increased competition could cause us to lose market share, increase expenditures or reduce pricing, any one of which could have a material adverse effect on our business, financial condition, results of operations or prospects. The global steel industry suffers from over-capacity, and that excess capacity intensifies price competition in some of our products. A decrease in the global demand for steel scrap, due to market or other conditions, generally causes a decrease in the price of scrap metals. A decrease in price could result in some scrap generators exiting the marketplace which could further decrease the availability of scrap. This shortage in availability of scrap could have a material adverse effect on both our steelmaking and our metals recycling operations and thus on our business, financial condition, results of operations or prospects.

We are subject to significant risks relating to changes in commodity prices and may not be able to effectively protect against these risks.

We are exposed to commodity price risk during periods where we hold title to scrap metal products that we may hold in inventory for processing or resale. Prices of commodities, including scrap, can be volatile due to numerous factors beyond our control. In an increasing price environment for raw materials, competitive conditions may limit our ability to pass on price increases to our consumers. In a decreasing price environment for processed scrap, we may not have the ability to fully recoup the cost of raw materials that we procure, process and sell to our customers. In addition, new entrants into the market areas we serve could result in higher purchase prices for raw materials and lower margins from our scrap. We have not hedged positions in certain commodities, such as ferrous scrap, where futures markets are not well established, and where we may from time to time hedge our positions in certain nonferrous scrap transactions, we could incur losses. Thus, our sales and inventory position will be

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vulnerable to adverse changes in commodity prices, which could materially adversely impact our operating and financial performance.

The profitability of our metals recycling operations depends, in part, on the availability of an adequate source of supply.

We procure our scrap inventory from numerous sources. These suppliers generally are not bound by long-term contracts and have no obligation to sell recyclable metal to us. In periods of low industry prices, suppliers may elect to hold recyclable metal to wait for higher prices or intentionally slow their metal collection activities. If a substantial number of suppliers cease selling recyclable metal to us, we will be unable to recycle metal at desired levels and our results of operations and financial condition could be materially adversely affected. In addition, a slowdown of industrial production in the U.S. reduces the supply of industrial grades of metal to the metal recycling industry, resulting in our having less recyclable metal available to process and market.

We may face risks associated with the implementation of our growth strategy.

Our growth strategy subjects us to various risks. As part of our growth strategy, we may expand existing facilities, enter into new product or process initiatives, acquire or build additional plants, acquire other businesses and metals assets, enter into joint ventures, or form strategic alliances that we believe will complement our existing business. These transactions will likely involve some or all of the following risks:

- the risk of entering markets in which we have little experience;

- the difficulty of competing for acquisitions and other growth opportunities with companies having materially greater financial resources than us;

- the inability to realize anticipated synergies or other benefits expected from an acquisition;

- the difficulty of integrating the new or acquired operations and personnel into our existing operations;

- the potential disruption of ongoing operations;

- the diversion of financial resources to new operations or acquired businesses;

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- the diversion of management attention from other business concerns to new operations or acquired businesses;
- the loss of key employees and customers of acquired businesses;
- the potential exposure to unknown liabilities;
- the inability of management to maintain uniform standards, controls, procedures and policies;
- the difficulty of managing the growth of a larger company;
- the risk of becoming involved in labor, commercial, or regulatory disputes or litigation related to the new operations or acquired businesses;
- the risk of becoming more highly leveraged;
- the risk of contractual or operational liability to other venture participants or to third parties as a result of our participation;
- the inability to work efficiently with joint venture or strategic alliance partners; and

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- the difficulties of terminating joint ventures or strategic alliances.

These initiatives or transactions might be required for us to remain competitive, but we may not be able to complete any such transactions on favorable terms or obtain financing, if necessary. Future transactions may not improve our competitive position and business prospects as anticipated, and if they do not, our sales and earnings may be significantly reduced.

Technology, operating and start-up risks, as well as commodity market risks associated with our Mesabi Nugget ironmaking project may prevent us from realizing its anticipated benefits and could result in a loss of all or a part of our investment.

While we and certain of our current and former joint venture partners built and operated a successful small scale pilot plant on the Mesabi Iron Range in Minnesota for the production of a cost effective iron nugget using Kobe Steel's proprietary ITmK3® ironmaking process, we have experienced numerous technology, operational, production, quality control, market and commodity cost risks associated with the start-up and operation of the world's first full scale commercial nugget plant, Mesabi Nugget, utilizing this technology. While we have recently achieved consistent production results and a sustainable cost structure, and while we continue to work to improve, there can be no assurance at this time that our original expectations that this ironmaking project might be capable of maintaining that consistency of producing high-quality iron nuggets for use as a scrap substitute feed stock in our steelmaking operations, and in sufficient quantities and at a cost that will compare favorably with the cost of ferrous scrap and other more conventional scrap substitute products, including pig iron, will be achieved. During the extended start-up and operation of the project we have continued to experience various systems or process difficulties, output quantity and quality limitations, and raw material consumption rate and cost issues. As a result, we have encountered losses, though diminishing in amount, and the expected cost benefits from the development of this iron nugget product have diminished, and in the fourth quarter of 2014 we took a pretax, noncash fixed asset impairment charge of \$260 million (\$213 million, adjusted to reflect our joint venture ownership percentage). In addition, we have encountered and could continue to encounter additional commodity market risk if the cost to manufacture the nuggets continues to be greater than projected or if the relative market price of scrap and other scrap substitutes (particularly pig iron), for which this iron nugget product is intended as a lower cost substitute, continues to be lower than projected, which could render our nuggets non-economical. Moreover, we are undertaking certain ancillary ventures related to the ironmaking process, such as our nearby Mesabi Mining facility for which we have been and are continuing to seek operating permits to allow us to mine low cost taconite ore for use in the production of nuggets. Mining is a business in which we have no previous experience and which is also subject to possible permitting and environmental risks and uncertainties.

We are subject to litigation which could adversely affect our profitability.

We are involved in various routine litigation matters, including administrative proceedings, regulatory proceedings, governmental investigations, environmental matters, and commercial and construction contract disputes. We are currently involved, along with other steel manufacturing companies, in several class action antitrust complaints filed in federal court in Chicago, Illinois, which allege a conspiracy to fix, raise, maintain and stabilize the price at which steel products were sold in the United States, during a period between 2005 and 2007, by artificially restricting the supply of such steel products. One of the complaints was brought on behalf of a purported class consisting of all direct purchasers of steel products. A second complaint was brought on behalf of a purported class consisting of all indirect purchasers of steel products within the same time period. An additional complaint was brought in December of 2010, on behalf of indirect purchasers of steel products in Tennessee and has been consolidated with the original complaints. All complaints seek treble damages and costs, including reasonable attorney fees, pre- and post-judgment interest and injunctive relief. Plaintiffs filed a Motion for Class Certification in May 2012, and on February 28, 2013, Defendants filed their Joint Memorandum in Opposition to Plaintiffs' Motion for Class Certification. A hearing on class certification was held on March 5 and 6 and on April 11, 2014, and the matter remains under advisement. A number of other original defendants have reached settlements with plaintiffs in the direct case. Due to the uncertain nature of litigation, we cannot presently determine the ultimate outcome of this litigation.

Although not presently necessary or appropriate to make a dollar estimate of exposure to loss, if any, in connection with the above matter, we may in the future determine that a loss accrual is necessary. Although we may

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make loss accruals, if and as warranted, any amounts that we may accrue from time to time could vary significantly from the amounts we actually pay, due to inherent uncertainties and the inherent shortcomings of the estimation process, the uncertainties involved in litigation and other factors. Additionally, an adverse result could have a material effect on our financial condition, results of operations and liquidity.

Unexpected equipment downtime or shutdowns could adversely affect our business, financial condition, results of operations and prospects.

Interruptions in our production capabilities could adversely affect our production costs, products available for sale and earnings during the affected period. In addition to equipment failures, our facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. Our manufacturing processes are dependent upon critical pieces of steelmaking equipment, such as our furnaces, continuous casters and rolling equipment, as well as electrical equipment, such as transformers. This equipment may, on occasion, be out of service as a result of unanticipated failures or other events. We have experienced and may in the future experience plant shutdowns or periods of reduced production as a result of such equipment failures or other events. These disruptions could have an adverse effect on our operations, customer service levels, financial results and prospects.

We may face risks to the security of our information technology.

Increased global information technology security requirements, vulnerabilities, threats and a rise in sophisticated and targeted cyber crime pose a risk to the security of our systems, our information networks, and to the confidentiality, availability and integrity of our data, as well as to the functionality of our automated and electronically controlled manufacturing operating systems. Although we have adopted procedures and controls to protect our information and operating technology, including sensitive proprietary information and confidential and personal data, there can be no assurance that a system or network failure, or security breach, will be prevented. This could lead to system interruption, production delays or downtimes and operational disruptions, the disclosure, modification or destruction of proprietary and other key information, which could have an adverse effect on our reputation, financial results and results of operations.

Governmental agencies may refuse to grant or renew some of our licenses and permits.

We must receive licenses, air, water and other permits and approvals from state and local governments to conduct certain of our operations, such as our Minnesota ironmaking operations, or to develop or acquire new facilities. Governmental agencies sometimes resist the establishment of certain types of facilities in their communities, including scrap metal collection and processing facilities. Both Mesabi Nugget and Mesabi Mining have had difficulties securing or renewing all of their necessary permits, and there can be no assurance that future approvals, licenses and permits will be granted or that we will be able to maintain and renew the approvals, licenses and permits we currently hold. Failure to do so could have a material adverse effect on our results of operations and financial condition.

Risks Related to the Exchange Notes and our Indebtedness

Our senior secured credit facility contains, and any future financing agreements may contain, restrictive covenants that may limit our flexibility.

Restrictions and covenants in our existing debt agreements, including our senior secured credit facility and any future financing agreements, may impair our ability to finance future operations or capital needs or to engage in other business activities. Specifically, these agreements may limit or restrict our ability to:

- incur additional indebtedness;
- pay dividends or make distributions with respect to our capital stock, in excess of certain amounts;
- repurchase or redeem capital stock;

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- make some investments;

- create liens on property and enter into sale and leaseback transactions;

- make some capital expenditures;

- enter into transactions with affiliates or related persons;

- issue or sell stock of certain subsidiaries;

- sell or transfer assets; and

- enter into mergers, acquisitions, or some joint ventures.

A breach of any of the restrictions or covenants could cause a default under our senior secured credit facility, our senior notes, or our other debt. A significant portion of our indebtedness then may become immediately due and payable if the default is not remedied.

Under our senior secured credit facility, we are required to maintain certain financial covenants tied to our leverage and profitability. Our ability to meet such covenants or other restrictions can be affected by events beyond our control. If a default were to occur, the lenders could elect to declare all amounts then outstanding to be immediately due and payable and terminate all commitments to extend further credit. If we are unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure such indebtedness. We have pledged substantially all of our receivables and inventories and all shares of capital stock or other equity interests of our subsidiaries and intercompany debt held by us as collateral for our senior secured credit facility.

We may not have sufficient cash flow to make payments on the Notes and our other debt.

At December 31, 2014, our total outstanding debt was \$3.0 billion and our total long-term debt to capitalization ratio, representing our long-term debt, including current maturities, divided by the sum of our long-term debt, redeemable non-controlling interests, and our total stockholders' equity, was 50.9%.

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Our ability to pay principal and interest on the Notes and our other debt and to fund our planned capital expenditures depends on our future operating performance. Our future operating performance is subject to a number of risks and uncertainties that are often beyond our control, including general economic conditions and financial, competitive, regulatory and environmental factors. For a discussion of some of these risks and uncertainties, please see [Risks Related to Our Industry and Our Business](#). Consequently, we cannot assure you that we will have sufficient cash flow to meet our liquidity needs, including making payments on our indebtedness.

If our cash flow and capital resources are insufficient to allow us to make scheduled payments on the Notes or our other debt, we may have to sell assets, seek additional capital or restructure or refinance our debt. We cannot assure you that the terms of our debt will allow for these alternative measures or that such measures would satisfy our scheduled debt service obligations.

If we cannot make scheduled payments on our debt:

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