



To: All Valued Steel King Customers

From: Jay Anderson, President

Date: August 13, 2008

Re: August Steel Surcharge Announcement

The most recent structural steel costs and surcharges have been announced. **Surprise**, the Raw Material Surcharge (RMS) has DECREASED by \$59 per ton, while the Base price increased by \$29 per ton. The net effect is that transaction pricing will decrease by \$30 per ton or \$0.015 per pound. Therefore, Steel King's **structural product surcharges will decrease by \$0.015.**

Costs of coil steel has held steady. Therefore, the **surcharge on SK2000 pallet rack will be unchanged.**

For clarification, **prices on Steel King pallet flow rails include surcharges** and none will be added at invoicing. The racking portion of flow projects will be invoiced for surcharges applicable to the specific type of rack.

In a departure from past experience where the cost of sheet metal and tubing tracked with coil, costs of sheet metal and tubing have increased significantly. **Surcharges on products primarily manufactured with sheet metal or tubing (for example, standard or light-duty cantilever rack, portable racks, containers, shipping racks, and guard rail) will be subject to a separate surcharge rate as shown below (\$0.4617/#).**

The multi-tier steel cost surcharge pass-through will be:

For orders shipping August 18 – September 14, 2008:

- | | |
|--|---------------------|
| a. SK3000 structural pallet rack, excluding step beams;
I-Beam cantilever and Guard Dawg: | \$0.3465/# net cost |
| b. SK2000 roll-formed pallet rack & step beams | \$0.3554/# net cost |
| c. SK3400 pallet flow rails & brakes (only) | n/a |
| d. All Sheet Metal or Tube based Products | \$0.4317/# net cost |

For orders shipping September 15 – October 19, 2008:

- | | |
|--|---------------------------------|
| e. SK3000 structural pallet rack, excluding step beams;
I-Beam cantilever and Guard Dawg: | \$0.3315/# net cost (decreased) |
| f. SK2000 roll-formed pallet rack & step beams | \$0.3554/# net cost (no change) |
| g. SK3400 pallet flow rails & brakes (only) | n/a |
| h. All Sheet Metal or Tube based Products | \$0.4617/# net cost (increased) |

We continue to post the latest news and actual surcharge announcements from our suppliers on our website at <http://www.steelking.com/steel/index.cfm>. Please review this page for the latest announcements from our steel vendors.