



To: All Valued Steel King Customers

From: Jay Anderson, President

Date: May 25, 2004

Re: June Steel Surcharge Notification

By now, we're all painfully aware of the manner in which steel producers are pricing their products, and the turmoil that this has caused for us the consumers. Base prices are increasing monthly, and the surcharges are still a reality. To address the increases in base prices, Steel King has been forced to change our discount schedule (previously announced and implemented). What is relatively new is a trend of declining surcharges on structural steel, while surcharges are remaining stable (at higher levels) for steel coil. Steel coil is the base material for step beams, roll-formed columns, tubing, sheet metal, etc. The degree of difference in surcharges, and our commitment to you to pass along only the actual surcharge amount, has lead us to conclude that we need to change our current surcharge program to a two-tier configuration (for structural and non-structural products).

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

For orders shipping June 21- July 18

- | | |
|---|---------------------|
| a. SK3000 structural pallet rack, excluding step beams: | \$0.0115/# net cost |
| b. All other products | \$0.0525/# net cost |

The current single-tier surcharge of \$0.034 net cost per pound expires on June 20 (ship date).

We intend to inform you of the surcharge for the period of July 19- August 15 on or before June 21st.

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

We appreciate your continued support and understanding during this situation.