

[Barrett & McNagny letterhead]

May 9, 2006

VIA EDGAR

Securities & Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549

RE: Steel Dynamics, Inc.
Quarterly Report on Form 10-Q
(Securities Exchange Act of 1934 - Commission file #0-21719)

Gentlemen/Ladies:

On behalf of Steel Dynamics Inc., we are transmitting herewith via EDGAR the company's Form 10-Q Quarterly Report for the period ended March 31, 2006.

If there are any questions please contact the undersigned at 260-423-8905.

Sincerely,

Barrett & McNagny LLP

/s/ ROBERT S. WALTERS

Robert S. Walters

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2006

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 0-21719

Steel Dynamics, Inc.

(Exact name of registrant as specified in its charter)

Indiana

(State or other jurisdiction of incorporation or organization)

35-1929476

(I.R.S. Employer Identification No.)

6714 Pointe Inverness Way, Suite 200, Fort Wayne, IN

(Address of principal executive offices)

46804

(Zip Code)

Registrant's telephone number, including area code: (260) 459-3553

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (see definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act).

(Check one): Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 5, 2006, Registrant had 48,675,685 outstanding shares of Common Stock.

STEEL DYNAMICS, INC.
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STEEL DYNAMICS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

| | March 31, 2006 (Unaudited) | December 31, 2005 |
|--|----------------------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and equivalents | \$ 195,705 | \$ 65,518 |
| Accounts receivable, net | 229,124 | 202,878 |
| Accounts receivable-related parties | 31,771 | 38,830 |
| Inventories | 381,505 | 398,684 |
| Deferred taxes | 6,950 | 6,516 |
| Other current assets | 13,300 | 13,307 |
| Total current assets | 858,355 | 725,733 |
| Property, plant and equipment, net | 990,506 | 999,969 |
| Restricted cash | 2,139 | 1,588 |
| Other assets | 30,619 | 30,397 |
| Total assets | \$ 1,881,619 | \$ 1,757,687 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 178,501 | \$ 111,067 |
| Accounts payable-related parties | 1,614 | 4,475 |
| Other accrued expenses | 63,041 | 89,479 |
| Current maturities of long-term debt | 1,072 | 2,156 |
| Total current liabilities | 244,228 | 207,177 |
| Long-term debt | | |
| Senior unsecured 9.5% notes | 300,000 | 300,000 |
| Subordinated convertible 4.0% notes | 110,000 | 115,000 |
| Other long-term debt | 17,807 | 17,960 |
| Unamortized bond premium | 5,037 | 5,459 |
| | 432,844 | 438,419 |
| Deferred taxes | 231,668 | 231,105 |
| Minority interest | 1,357 | 1,118 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock voting, \$.01 par value; 100,000,000 shares authorized; 53,617,457 and 53,055,720 shares issued, and 44,061,455 and 43,183,989 shares outstanding, as of March 31, 2006 and December 31, 2005, respectively | 534 | 529 |
| Treasury stock, at cost; 9,556,002 and 9,871,731 shares, at March 31, 2006 and December 31, 2005, respectively | (262,241) | (270,905) |
| Additional paid-in capital | 421,648 | 405,900 |
| Retained earnings | 811,581 | 744,344 |
| Total stockholders' equity | 971,522 | 879,868 |
| Total liabilities and stockholders' equity | \$ 1,881,619 | \$ 1,757,687 |

See notes to consolidated financial statements.

STEEL DYNAMICS, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share data)

| | Three Months Ended | |
|---|-------------------------|-------------------------|
| | March 31, | |
| | <u>2006</u> | <u>2005</u> |
| Net sales | | |
| Unrelated parties | \$ 608,618 | \$ 500,846 |
| Related parties | <u>57,260</u> | <u>69,860</u> |
| Total net sales | 665,878 | 570,706 |
| Costs of goods sold | <u>506,391</u> | <u>441,929</u> |
| Gross profit | 159,487 | 128,777 |
| Selling, general and administrative expenses | <u>28,375</u> | <u>22,454</u> |
| Operating income | 131,112 | 106,323 |
| Interest expense | 8,136 | 8,077 |
| Other income, net | <u>(681)</u> | <u>(578)</u> |
| Income before income taxes | 123,657 | 98,824 |
| Income taxes | <u>47,608</u> | <u>38,047</u> |
| Net income | \$ <u><u>76,049</u></u> | \$ <u><u>60,777</u></u> |
| Basic earnings per share | \$ <u>1.75</u> | \$ <u>1.27</u> |
| Weighted average common shares outstanding | <u>43,517</u> | <u>47,703</u> |
| Diluted earnings per share, including effect of assumed conversions | \$ <u><u>1.52</u></u> | \$ <u><u>1.12</u></u> |
| Weighted average common shares and share equivalents outstanding | <u><u>50,336</u></u> | <u><u>54,828</u></u> |
| Dividends declared per share | \$ <u><u>.20</u></u> | \$ <u><u>.10</u></u> |

See notes to consolidated financial statements.

STEEL DYNAMICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

| | Three Months Ended | |
|--|--------------------|------------------|
| | March 31, | |
| | <u>2006</u> | <u>2005</u> |
| Operating activities: | | |
| Net income | \$ 76,049 | \$ 60,777 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 24,917 | 21,830 |
| Deferred income taxes | 128 | 13,033 |
| Loss on disposal of property, plant and equipment | 46 | - |
| Minority interest | 239 | 119 |
| Changes in certain assets and liabilities: | | |
| Accounts receivable | (19,187) | (13,932) |
| Inventories | 17,179 | (14,147) |
| Other assets | 3,020 | 10,519 |
| Accounts payable | 60,079 | 10,843 |
| Accrued expenses | (26,438) | (34,067) |
| Net cash provided by operating activities | <u>136,032</u> | <u>54,975</u> |
| Investing activities: | | |
| Purchase of property, plant and equipment | (14,585) | (19,141) |
| Purchase of short-term investments | (14,075) | - |
| Maturities of short-term investments | 9,375 | - |
| Net cash used in investing activities | <u>(19,285)</u> | <u>(19,141)</u> |
| Financing activities: | | |
| Issuance of long-term debt | - | 61,308 |
| Repayment of long-term debt | (6,658) | (40,511) |
| Issuance of common stock (net of expenses) and proceeds and tax benefits from exercise of stock options | 15,753 | 12,364 |
| Issuance (purchase) of treasury stock | 8,664 | (76,700) |
| Dividends paid | (4,319) | (4,882) |
| Net cash provided by (used in) financing activities | <u>13,440</u> | <u>(48,421)</u> |
| Increase (decrease) in cash and equivalents | 130,187 | (12,587) |
| Cash and equivalents at beginning of period | <u>65,518</u> | <u>16,334</u> |
| Cash and equivalents at end of period | <u>\$ 195,705</u> | <u>\$ 3,747</u> |
| Supplemental disclosure information: | | |
| Cash paid for interest | <u>\$ 14,268</u> | <u>\$ 14,057</u> |
| Cash paid for federal and state income taxes | <u>\$ 1,176</u> | <u>\$ 170</u> |

See notes to consolidated financial statements.

STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of Steel Dynamics, Inc. (SDI), together with its subsidiaries after elimination of significant intercompany accounts and transactions. Minority interest represents the minority shareholders' proportionate share in the equity or income of the company's consolidated subsidiaries.

Use of Estimates. These financial statements are prepared in conformity with accounting principles generally accepted in the United States and, accordingly, include amounts that require management to make estimates and assumptions that affect the amounts reported in the financial statements and in the notes thereto. Significant items subject to such estimates and assumptions include the carrying value of property, plant and equipment; valuation allowances for trade receivables, inventories and deferred income tax assets; potential environmental liabilities, litigation claims and settlements. Actual results may differ from these estimates and assumptions.

In the opinion of management, these financial statements reflect all normal recurring adjustments necessary for a fair presentation of the interim period results. These financial statements and notes should be read in conjunction with the audited financial statements included in the company's Annual Report on Form 10-K for the year ended December 31, 2005.

Note 2. Stock-Based Compensation

The company has several stock-based employee compensation plans which are more fully described in Notes 1 and 6 of the company's 2005 Annual Report on Form 10-K. Prior to January 1, 2006, the company accounted for awards granted under those plans following the recognition and measurement principles of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," (APB 25) and related interpretations.

Effective January 1, 2006, the company adopted the fair value recognition provisions of Financial Accounting Standard (FAS) No. 123 R, "Share-Based Payments," (FAS 123R) using the modified prospective application method. Under this transition method, compensation cost recognized in the quarter ended March 31, 2006 includes the applicable amounts of compensation cost of all stock-based payments granted prior to, but not yet vested as of January 1, 2006 (based on the grant-date fair value estimated in accordance with the original provisions of FAS No. 123 and previously presented in the pro forma footnote disclosures). Compensation cost in the future will also include all stock-based payments granted subsequent to January 1, 2006 (based on the grant-date fair value estimated in accordance with the new provisions of FAS 123R). Results for prior periods have not been restated. Prior to the adoption of FAS 123R, no compensation cost was reflected in net income for stock options as all options granted had an exercise price equal to the market value of the underlying common stock on the date of grant. In accordance with FAS 123R, compensation expense for stock options is now recorded over the vesting period using the fair value on the date of grant, as calculated using the Black-Scholes model.

Total estimated share-based compensation expense, related to all of the company's share-based awards, primarily incentive stock options, recognized for the three-month period ended March 31, 2006 was comprised as follows (in thousands, except per share data):

| | |
|---|-----------------|
| Share-based compensation expense | \$ <u>1,413</u> |
| Net share-based compensation expense, per common share: | |
| Basic | \$.03 |
| Diluted | \$.03 |

Under the modified prospective application method, results for prior periods have not been restated to reflect the effects of implementing FAS 123R.

Pro Forma Information FAS 123 for Periods Prior to 2006

Prior to adopting the provisions of FAS 123R, the company recorded estimated compensation expense for employee stock options based upon their intrinsic value on the date of grant pursuant to Accounting Principles Board Opinion 25 (APB 25), "Accounting for Stock Issued to Employees" and provided the required pro forma disclosures of FAS 123. Because the company established the exercise price based on the fair market value of the company's stock at the date of grant, the stock options had no intrinsic value upon grant, and therefore no estimated expense was recorded prior to adopting FAS 123R. Each accounting period, the company reported the potential dilutive impact of stock options in its diluted earnings per common share using the treasury-stock method. Out-of-the-money stock options (i.e., the average stock price during the period was below the strike price of the stock option) were not included in diluted earnings per common share as their effect was anti-dilutive.

STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For purposes of pro forma disclosures under FAS 123 for the three-month period ended March 31, 2005, the estimated fair value of the stock options was assumed to be amortized to expense over the stock options' vesting periods. The pro forma effects of recognizing estimated compensation expense under the fair value method on net income and earnings per common share for the three-month period ended March 31, 2005 were as follows (in thousands, except per share data):

| | |
|---|------------------|
| Net income, as reported | \$ 60,777 |
| Share-based employee compensation expense, using the fair value based method, net of related tax effect | <u>(1,042)</u> |
| Pro forma net income | 59,735 |
| Effect of assumed conversions, net of tax effect | 664 |
| Pro forma net income, diluted earnings per share | <u>\$ 60,439</u> |
| Basic earnings per share: | |
| As reported | \$ 1.27 |
| Pro forma | 1.25 |
| Diluted earnings per share: | |
| As reported | \$ 1.12 |
| Pro forma | 1.10 |

The above disclosures related to the effect of share-based compensation expense for the three-month period ended March 31, 2006 and the pro forma effect as if FAS 123R had been applied to the three-month period ended March 31, 2005, are based on the fair value of stock option awards estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions:

| | |
|-----------------------------|--------------|
| Volatility (1) | 43.3 – 44.5% |
| Risk-free interest rate (2) | 3.9 – 4.4% |
| Dividend yield (3) | 1.0% |
| Expected life (years) (4) | 3.0 – 4.3 |

- (1) The volatility is based on the historical volatility of the company's stock.
- (2) The risk-free interest rate is based on the U.S. Treasury strip rate for the expected life of the option.
- (3) The dividend yield is based on the company's latest annualized dividend rate and the current market price of the underlying common stock at the date of grant.
- (4) The expected life in years is determined primarily from historical stock option exercise data.

Note 3. Earnings Per Share

The company computes and presents earnings per common share in accordance with FASB Statement No. 128, "Earnings Per Share". Basic earnings per share is based on the weighted average shares of common stock outstanding during the period. Diluted earnings per share assumes, in addition to the above, the weighted average dilutive effect of common share equivalents outstanding during the period. Common share equivalents represent dilutive stock options and dilutive shares related to the company's convertible subordinated debt and are excluded from the computation in periods in which they have an anti-dilutive effect.

The following table presents a reconciliation of the numerators and the denominators of the company's basic and diluted earnings per share computations for net income for the three-month periods ended March 31 (in thousands, except per share data):

| | Three Months Ended | | | | | |
|--------------------------------------|---------------------------|-------------------------|---------------------|---------------------------|-------------------------|---------------------|
| | 2006 | | | 2005 | | |
| | Net Income (Numerator) | Shares (Denominator) | Per Share Amount | Net Income (Numerator) | Shares (Denominator) | Per Share Amount |
| Basic earnings per share | \$ 76,049 | 43,517 | \$ 1.75 | \$ 60,777 | 47,703 | \$ 1.27 |
| Dilutive stock option effect | - | 282 | | - | 362 | |
| Convertible subordinated debt effect | <u>665</u> | <u>6,537</u> | | <u>664</u> | <u>6,763</u> | |
| Diluted earnings per share | <u>\$ 76,714</u> | <u>50,336</u> | \$ 1.52 | <u>\$ 61,441</u> | <u>54,828</u> | \$ 1.12 |

STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Inventories

Inventories are stated at lower of cost (principally standard cost which approximates actual cost on a first-in, first-out basis) or market. Inventory consisted of the following (in thousands):

| | March 31, 2006 | December 31, 2005 |
|-------------------|-------------------|----------------------|
| Raw Materials | \$ 175,236 | \$ 184,518 |
| Supplies | 99,809 | 97,627 |
| Work-in-progress | 36,559 | 38,221 |
| Finished Goods | 69,901 | 78,318 |
| Total Inventories | \$ <u>381,505</u> | \$ <u>398,684</u> |

Note 5. Segment Information

The company has two reportable segments: steel operations and steel scrap substitute operations.

The steel operations segment includes the company's Flat Roll Division, Structural and Rail Division, and Engineered Bar Products Division. These divisions operate mini-mills, producing steel from steel scrap, using electric arc melting furnaces, continuous casting and automated rolling mills. The steel scrap substitute operations include the revenues and expenses associated with the company's steel scrap substitute facility, Iron Dynamics.

Revenues included in the category "All Other" are from two subsidiary operations that are below the quantitative thresholds required for reportable segments. These revenues are from the fabrication of trusses, girders, steel joists and steel decking and from the further processing and resale of certain secondary and excess steel products. In addition, "All Other" also includes certain unallocated corporate accounts, such as the company's senior secured credit facilities, senior unsecured notes, convertible subordinated notes, certain other investments and profit sharing expenses.

The company's operations are organized and managed as operating segments. Operating segment performance and resource allocations are primarily based on operating results before income taxes. The accounting policies of the reportable segments are consistent with those described in Note 1 to the financial statements. Refer to the company's Annual Report on Form 10-K for the year ended December 31, 2005, for more information related to the company's segment reporting.

STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Intersegment sales and any related profits are eliminated in consolidation. The external net sales of the company's steel operations include sales to non-U.S. companies of \$15.3 million and \$25.0 million for the three-months ended March 31, 2006 and 2005, respectively. The company's segment results for the three-month periods ended March 31 are as follows (in thousands):

| | Three Months Ended | |
|--|--------------------|------------|
| | 2006 | 2005 |
| Steel Operations | | |
| Net sales | | |
| External | \$ 604,955 | \$ 534,561 |
| Other segments | 28,049 | 19,469 |
| Operating income | 146,472 | 116,782 |
| Assets | 1,394,886 | 1,470,132 |
| <hr/> | | |
| Steel Scrap Substitute Operations | | |
| Net sales | | |
| External | \$ - | \$ - |
| Other segments | 11,252 | 14,576 |
| Operating income (loss) | (6,565) | 162 |
| Assets | 135,251 | 139,002 |
| <hr/> | | |
| All Other | | |
| Net sales | | |
| External | \$ 60,923 | \$ 36,145 |
| Other segments | 240 | 150 |
| Operating loss | (9,862) | (9,615) |
| Assets | 400,347 | 172,612 |
| <hr/> | | |
| Eliminations | | |
| Net sales | | |
| External | \$ - | \$ - |
| Other segments | (39,541) | (34,195) |
| Operating income (loss) | 1,067 | (1,006) |
| Assets | (48,865) | (45,299) |
| <hr/> | | |
| Consolidated | | |
| Net sales | \$ 665,878 | \$ 570,706 |
| Operating income | 131,112 | 106,323 |
| Assets | 1,881,619 | 1,736,447 |

STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Condensed Consolidating Information

Certain 100%-owned subsidiaries of SDI have fully and unconditionally guaranteed all of the indebtedness relating to the issuance of \$300.0 million of senior notes due March 2009. Following are condensed consolidating financial statements of the company, including the guarantors. The following condensed consolidating financial statements present the financial position, results of operations and cash flows of (i) SDI (in each case, reflecting investments in its consolidated subsidiaries under the equity method of accounting), (ii) the guarantor subsidiaries of SDI, (iii) the non-guarantor subsidiaries of SDI, and (iv) the eliminations necessary to arrive at the information for the company on a consolidated basis. The following condensed consolidating financial statements (presented dollars in thousands) should be read in conjunction with the accompanying consolidated financial statements and the company's Annual Report on Form 10-K for the year ended December 31, 2005.

Condensed Consolidating Balance Sheets

As of March 31, 2006

| | Parent | Guarantors | Combined Non-Guarantors | Consolidating Adjustments | Total Consolidated |
|--|---------------------|-------------------|----------------------------|------------------------------|-----------------------|
| Cash | \$ 192,899 | \$ 64 | \$ 2,742 | \$ - | \$ 195,705 |
| Accounts receivable | 239,228 | 151,278 | 27,622 | (157,233) | 260,895 |
| Inventories | 343,936 | - | 40,194 | (2,625) | 381,505 |
| Other current assets | 19,872 | - | 409 | (31) | 20,250 |
| Total current assets | <u>795,935</u> | <u>151,342</u> | <u>70,967</u> | <u>(159,889)</u> | <u>858,355</u> |
| Property, plant and equipment, net | 932,815 | - | 57,808 | (117) | 990,506 |
| Other assets | 55,397 | 73,989 | 793 | (97,421) | 32,758 |
| Total assets | <u>\$ 1,784,147</u> | <u>\$ 225,331</u> | <u>\$ 129,568</u> | <u>\$ (257,427)</u> | <u>\$ 1,881,619</u> |
| Accounts payable | \$ 177,152 | \$ (7,107) | \$ 8,917 | \$ 1,153 | \$ 180,115 |
| Accrued expenses | 58,367 | 884 | 4,705 | (915) | 63,041 |
| Current maturities of long-term debt | 1,072 | - | 5,856 | (5,856) | 1,072 |
| Total current liabilities | <u>236,591</u> | <u>(6,223)</u> | <u>19,478</u> | <u>(5,618)</u> | <u>244,228</u> |
| Other liabilities | 169,778 | 52,446 | 82,785 | (73,341) | 231,668 |
| Long-term debt | 432,844 | - | 662 | (662) | 432,844 |
| Minority interest | (9) | - | - | 1,366 | 1,357 |
| Common stock | 534 | 2 | 17,323 | (17,325) | 534 |
| Treasury stock | (262,241) | - | - | - | (262,241) |
| Additional paid in capital | 421,648 | 116,868 | - | (116,868) | 421,648 |
| Retained earnings | 785,002 | 62,238 | 9,320 | (44,979) | 811,581 |
| Total stockholders' equity | <u>944,943</u> | <u>179,108</u> | <u>26,643</u> | <u>(179,172)</u> | <u>971,522</u> |
| Total liabilities and stockholders' equity | <u>\$ 1,784,147</u> | <u>\$ 225,331</u> | <u>\$ 129,568</u> | <u>\$ (257,427)</u> | <u>\$ 1,881,619</u> |

As of December 31, 2005

| | Parent | Guarantors | Combined Non-Guarantors | Consolidating Adjustments | Total Consolidated |
|--|---------------------|-------------------|----------------------------|------------------------------|-----------------------|
| Cash | \$ 62,842 | \$ 59 | \$ 2,617 | \$ - | \$ 65,518 |
| Accounts receivable | 220,320 | 147,574 | 29,612 | (155,798) | 241,708 |
| Inventories | 361,064 | - | 41,684 | (4,064) | 398,684 |
| Other current assets | 19,580 | - | 279 | (36) | 19,823 |
| Total current assets | <u>663,806</u> | <u>147,633</u> | <u>74,192</u> | <u>(159,898)</u> | <u>725,733</u> |
| Property, plant and equipment, net | 941,996 | - | 58,091 | (118) | 999,969 |
| Other assets | 69,214 | 108,615 | 650 | (146,494) | 31,985 |
| Total assets | <u>\$ 1,675,016</u> | <u>\$ 256,248</u> | <u>\$ 132,933</u> | <u>\$ (306,510)</u> | <u>\$ 1,757,687</u> |
| Accounts payable | \$ 113,461 | \$ (8,640) | \$ 10,305 | \$ 416 | \$ 115,542 |
| Accrued expenses | 84,547 | 1,162 | 4,968 | (1,197) | 89,479 |
| Current maturities of long-term debt | 2,136 | - | 5,877 | (5,857) | 2,156 |
| Total current liabilities | <u>200,144</u> | <u>(7,478)</u> | <u>21,150</u> | <u>(6,638)</u> | <u>207,177</u> |
| Other liabilities | 184,421 | 38,584 | 87,213 | (79,113) | 231,105 |
| Long-term debt | 438,419 | - | - | - | 438,419 |
| Minority interest | - | - | - | 1,118 | 1,118 |
| Common stock | 529 | 2 | 17,322 | (17,324) | 529 |
| Treasury stock | (270,905) | - | - | - | (270,905) |
| Additional paid in capital | 405,900 | 116,868 | - | (116,868) | 405,900 |
| Retained earnings | 716,508 | 108,273 | 7,248 | (87,685) | 744,344 |
| Total stockholders' equity | <u>852,032</u> | <u>225,143</u> | <u>24,570</u> | <u>(221,877)</u> | <u>879,868</u> |
| Total liabilities and stockholders' equity | <u>\$ 1,675,016</u> | <u>\$ 256,248</u> | <u>\$ 132,933</u> | <u>\$ (306,510)</u> | <u>\$ 1,757,687</u> |

STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidating Statements of Income

**For the three months ended,
March 31, 2006**

| | Parent | Guarantors | Combined Non-Guarantors | Consolidating Adjustments | Total Consolidated |
|---|------------------|------------------|----------------------------|------------------------------|-----------------------|
| Net sales | \$ 632,968 | \$ 633,004 | \$ 60,953 | \$ (661,047) | \$ 665,878 |
| Costs of goods sold | 483,577 | 626,168 | 52,295 | (655,649) | 506,391 |
| Gross profit | 149,391 | 6,836 | 8,658 | (5,398) | 159,487 |
| Selling, general and administrative | 23,342 | 2,857 | 4,658 | (2,482) | 28,375 |
| Operating income (loss) | 126,049 | 3,979 | 4,000 | (2,916) | 131,112 |
| Interest expense | 7,596 | - | 627 | (87) | 8,136 |
| Other (income) expense, net | 38,167 | (38,943) | (22) | 117 | (681) |
| Income (loss) before income taxes and equity in net loss of subsidiaries | 80,286 | 42,922 | 3,395 | (2,946) | 123,657 |
| Income taxes | 32,578 | 15,395 | 1,322 | (1,687) | 47,608 |
| | 47,708 | 27,527 | 2,073 | (1,259) | 76,049 |
| Equity in net income of subsidiaries | 29,597 | - | - | (29,597) | - |
| Net income (loss) | <u>\$ 77,305</u> | <u>\$ 27,527</u> | <u>\$ 2,073</u> | <u>\$ (30,856)</u> | <u>\$ 76,049</u> |

**For the three months ended,
March 31, 2005**

| | Parent | Guarantors | Combined Non-Guarantors | Consolidating Adjustments | Total Consolidated |
|---|------------------|------------------|----------------------------|------------------------------|-----------------------|
| Net sales | \$ 568,605 | \$ 521,727 | \$ 36,295 | \$ (555,921) | \$ 570,706 |
| Costs of goods sold | 443,399 | 516,644 | 31,879 | (549,993) | 441,929 |
| Gross profit | 125,206 | 5,083 | 4,416 | (5,928) | 128,777 |
| Selling, general and administrative | 18,587 | 1,905 | 3,687 | (1,725) | 22,454 |
| Operating income (loss) | 106,619 | 3,178 | 729 | (4,203) | 106,323 |
| Interest expense | 7,603 | - | 472 | 2 | 8,077 |
| Other (income) expense, net | 33,285 | (33,891) | - | 28 | (578) |
| Income (loss) before income taxes and equity in net loss of subsidiaries | 65,731 | 37,069 | 257 | (4,233) | 98,824 |
| Income taxes | 25,964 | 13,289 | 99 | (1,305) | 38,047 |
| | 39,767 | 23,780 | 158 | (2,928) | 60,777 |
| Equity in net income of subsidiaries | 23,938 | - | - | (23,938) | - |
| Net income (loss) | <u>\$ 63,705</u> | <u>\$ 23,780</u> | <u>\$ 158</u> | <u>\$ (26,866)</u> | <u>\$ 60,777</u> |

Condensed Consolidating Statements of Cash Flow

**For the three months ended,
March 31, 2006**

| | Parent | Guarantors | Combined Non-Guarantors | Total Consolidated |
|--|-------------------|--------------|----------------------------|-----------------------|
| Net cash provided by operations | \$ 108,419 | \$ 21,584 | \$ 6,029 | \$ 136,032 |
| Net cash used in investing activities | (18,544) | - | (741) | (19,285) |
| Net cash provided by (used in) in financing activities | 40,182 | (21,579) | (5,163) | 13,440 |
| Increase in cash and equivalents | 130,057 | 5 | 125 | 130,187 |
| Cash and equivalents at beginning of year | 62,842 | 59 | 2,617 | 65,518 |
| Cash and equivalents at end of period | <u>\$ 192,899</u> | <u>\$ 64</u> | <u>\$ 2,742</u> | <u>\$ 195,705</u> |

**For the three months ended,
March 31, 2005**

| | Parent | Guarantors | Combined Non-Guarantors | Total Consolidated |
|--|-----------------|-------------------|----------------------------|-----------------------|
| Net cash provided by (used in) operations | \$ 77,623 | \$ (14,748) | \$ (7,900) | \$ 54,975 |
| Net cash used in investing activities | (7,107) | - | (12,034) | (19,141) |
| Net cash provided by (used in) in financing activities | (68,304) | - | 19,883 | (48,421) |
| Increase (decrease) in cash and equivalents | 2,212 | (14,748) | (51) | (12,587) |
| Cash and equivalents at beginning of year | 4,157 | 11,869 | 308 | 16,334 |
| Cash and equivalents at end of period | <u>\$ 6,369</u> | <u>\$ (2,879)</u> | <u>\$ 257</u> | <u>\$ 3,747</u> |

STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Subsequent Events

The company completed its previously announced acquisition of Roanoke Electric Steel Corporation on April 11, 2006, immediately following approval of the transaction by Roanoke stockholders. Pursuant to the Merger Agreement, Roanoke stockholders received \$9.75 in cash and 0.4 shares of the company's common stock for each share of Roanoke stock outstanding at the effective date of the merger. Based on 11,360,901 shares of Roanoke stock outstanding prior to the close of the transaction, the company paid \$111 million in cash, issued 4,544,360 shares of registered Steel Dynamics common stock and assumed \$45 million in Roanoke debt, which the company retired on April 12, 2006. The cash portion of the purchase price was funded from the company's cash on hand.

Roanoke has steel manufacturing facilities in Roanoke, Virginia and Huntington, West Virginia. These facilities produce angles, rounds, flats, channels, beams, special sections and billets, which are sold to steel service centers, fabricators, original equipment manufacturers and other steel producers. Roanoke also has certain subsidiaries involved in steel fabrication including bar joist and truck trailer beams and has two steel scrap processing locations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Statements made in this report that are not statements of historical fact are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include, without limitation, any statements that may project, indicate or imply future results, events, performance or achievements. We refer you to the sections denominated "Special Note Regarding Forward-Looking Statements" and "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2005, incorporated herein by reference, for a more detailed discussion of some of the many factors, variables, risks and uncertainties that could cause actual results to differ materially from those we may have expected or anticipated. We caution that any forward-looking statement reflects only our reasonable belief at the time the statement is made.

Income Statement Classifications

Net Sales. Our total net sales are a factor of net tons shipped, product mix and related pricing. Our net sales are determined by subtracting product returns, sales discounts, return allowances and claims from total sales. We charge premium prices for certain grades of steel, dimensions of product, or certain smaller volumes, based on our cost of production. We also charge marginally higher prices for our value-added products. These products include hot rolled and cold rolled galvanized products, cold rolled products, and painted products from our Flat Roll Division and certain special bar quality products from our Engineered Bar Products Division.

Costs of Goods Sold. Our costs of goods sold represents all direct and indirect costs associated with the manufacture of our products. The principal elements of these costs are steel scrap and scrap substitutes, alloys, natural gas, argon, direct and indirect labor and related benefit amounts, electricity, oxygen, electrodes, depreciation, materials and transportation, and freight. Our metallic raw materials, steel scrap and scrap substitutes, represent the most significant component of our costs of goods sold.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist of all costs associated with our sales, finance and accounting, and administrative departments. These costs include labor and benefits, professional services, financing cost amortization, property taxes, and profit-sharing expense.

Interest Expense. Interest expense consists of interest associated with our senior credit facilities and other debt arrangements (as described in the notes to our financial statements as set forth in our 2005 Annual Report on Form 10-K) net of capitalized interest costs that are related to construction expenditures during the construction period of capital projects.

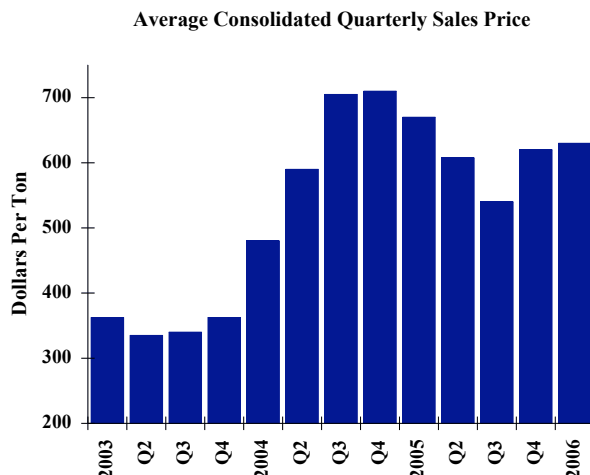
Other (Income) Expense. Other income consists of interest income earned on our cash balances and any other non-operating income activity, including gains on certain short-term investments. Other expense consists of any non-operating costs.

First Quarter Operating Results 2006 vs. 2005

Net income was \$76.0 million or \$1.52 per diluted share during the first quarter of 2006, compared with \$60.8 million or \$1.12 per diluted share during the first quarter of 2005. Our gross margin percentage increased slightly when compared to the first quarter of 2005 and on a linked-quarter basis. Even though our first quarter 2006 average consolidated selling price per ton shipped decreased when compared to the first quarter of 2005, the costs associated with our metallic raw materials on a comparative basis decreased to a greater degree and resulted in a 1% gross margin increase.

Gross Profit. During the first quarter of 2006, our net sales increased \$95.2 million, or 17%, to \$665.9 million, while our consolidated shipments increased 203,000 tons, or 24%, to 1.1 million tons, when compared with the first quarter of 2005. The increase in shipments was due to record shipments at each of our three steelmaking operations. Our Flat Roll Division increased shipments by 93,000 tons, or 16%, due to increased demand for flat rolled products from industry service centers that have somewhat depleted inventory levels and due to increased production levels achieved through production process efficiencies. Our Structural & Rail Division increased shipments by 61,000 tons, or 32%, which resulted from increased demand for structural products for the non-residential construction industry. Our Engineered Bar Products Division increased shipments by 36,000 tons, or 40%, during this period as a result of increased demand for special-bar-quality products and the continued development of longer-term customer supply relationships. The special-bar-quality market tends to be driven by longer-term customer supply arrangements. Our Engineered Bar Products Division started operations in January 2004 and, since that time, has been selling into the spot market and commissioning various products for customer inspection and approvals in an attempt to develop customer relationships and enter into the longer-term customer supply contract arena.

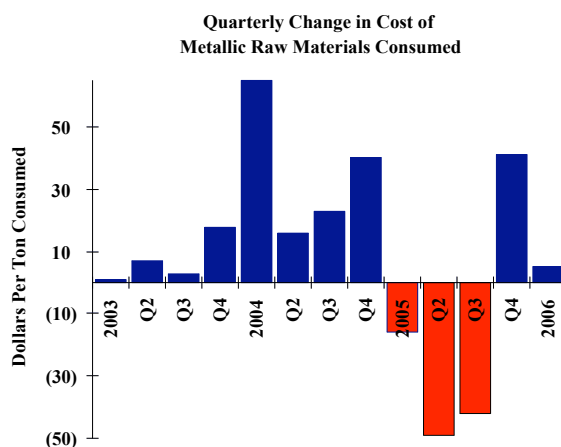
As depicted by the following graph, our first quarter 2006 average consolidated selling price per ton shipped decreased \$38 compared with the first quarter of 2005, and increased \$12 on a linked-quarter basis. The United States has seen a slight increase in the importing of steel products during the recent quarter; however, steel service centers continue to maintain lower than average inventory levels. These combined circumstances, along with a stronger non-residential construction market, have aided in the strengthening of demand for flat rolled, structural steel and building fabrication products. Currently we have orders for the second quarter that suggest we will achieve higher average selling prices than experienced during the first quarter of 2006.



Generally, we incur higher production costs when manufacturing value-added products such as, cold rolled, galvanized, and painted flat roll steels; and special-bar-quality steels. The following table depicts our product mix by major product category for the three months ended March 31, based on tons shipped for the indicated periods (*indicates shipments of less than 1%).

| | | 2006 | 2005 |
|------------------------|------------------------------|------|------|
| Flat Roll | Hot Band | 28% | 31% |
| | Pickled & Oiled | 3 | 4 |
| | Cold Rolled | 3 | 4 |
| | Cold Rolled Galvanized | 11 | 8 |
| | Hot Rolled Galvanized | 10 | 9 |
| | Post Anneal | * | * |
| | Painted | 5 | 6 |
| Structural | Wide Flange Beams & H-Piling | 21 | 20 |
| Bar | SBO & Merchant Shapes | 11 | 9 |
| Rail | Industrial | * | * |
| Fabrication | Joist, Girders & Decking | 4 | 2 |
| Alternative Iron Units | Liquid & Briquette Iron | 4 | 6 |

Metallic raw materials used in our electric arc furnaces represent our single-most significant manufacturing cost. Our metallic raw material cost per net ton consumed increased \$5 during the first quarter of 2006 as compared to the fourth quarter of 2005 and decreased \$45 when compared to the first quarter of 2005. During the first quarter of 2006 and 2005, our metallic raw material costs represented 55% and 64%, respectively, of our total manufacturing costs. Historically our metallic raw material costs represented between 45% and 50% of our total manufacturing costs; however, this percentage has increased to as high as 65% in 2004, when the industry has encountered historically high steel scrap prices. This increase in the cost of our primary raw material as a percentage of our total manufacturing costs necessitated the initiation of a surcharge mechanism which was adopted by the steel industry during the first quarter of 2004. The surcharge is derived from an indexed scrap number and designed to pass some of the increased costs associated with rising metallic prices through to our customers. As these costs decrease, the surcharge also declines. During a portion of the second and third quarters of 2005, steel scrap costs were below the indexed surcharge numbers, and in some instances, no surcharge was utilized in determining prices for our products. We currently anticipate a modest increase in our metallic raw material consumption costs during the second quarter of 2006 as compared to those experienced during the first quarter.



Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$28.4 million during the first quarter of 2006, as compared to \$22.5 million during the same period in 2005, an increase of \$5.9 million, or 26%. We recorded expense of \$7.9 million and \$6.3 million during the first quarter of 2006 and 2005, respectively, related to our performance-based profit sharing plan allocation, which is based on 6% of pretax earnings. We adopted FAS 123R on January 1, 2006, which requires companies to recognize the cost of employee services received in exchange for awards of equity instruments in the financial statements. During the first quarter of 2006, we recorded \$1.4 million of share-based compensation expense related to our outstanding incentive stock options. During both the first quarter of 2006 and 2005, our total selling, general and administrative expenses represented 4% of net sales.

Interest Expense. During the first quarter of 2006, gross interest expense decreased \$51,000, or 1%, to \$8.4 million and capitalized interest decreased \$110,000 to \$233,000, as compared to the same period in 2005. The interest capitalization that occurred during these periods resulted from the interest required to be capitalized with respect to construction activities at our Engineered Bar Products and Structural & Rail divisions. We currently anticipate gross interest expense to remain consistent throughout the remainder of this year.

Other (Income) Expense. Other income was \$681,000 during the first quarter of 2006, as compared to \$578,000 during the same period in 2005.

Income Taxes. During the first quarter of 2006, our income tax provision was \$47.6 million, as compared to \$38.0 million during the same period in 2005. Our effective income tax rate was 38.5% for both periods.

Liquidity and Capital Resources

Our business is capital intensive and requires substantial expenditures for, among other things, the purchase and maintenance of equipment used in our steelmaking and finishing operations and to remain in compliance with environmental laws. Our short-term and long-term liquidity needs arise primarily from capital expenditures, working capital requirements and principal and interest payments related to our outstanding indebtedness. We have met these liquidity requirements with cash provided by operations, equity, long-term borrowings, state and local grants and capital cost reimbursements.

Working Capital. During the first quarter of 2006, our operational working capital position, representing our cash invested in trade receivables and inventories less trade payables and accruals decreased \$36.1 million to \$399.2 million compared to December 31, 2005. Due to increased product pricing and sales volumes, trade receivables increased \$19.2 million, or 8%, during the first quarter to \$260.9 million, of which approximately 95%, were current or less than 60 days past due. Our largest customer is an affiliated company, Heidtman Steel, which represented 12% and 16% of our outstanding trade receivables at March 31, 2006 and December 31, 2005, respectively. During the first quarter of 2006 our inventories decreased \$17.2 million, or 4%, to \$381.5 million. Raw materials and finished goods decreased during the first quarter of 2006 generally for all of our divisions. Our trade payables and accruals increased \$38.1 million, or 19%, during the first quarter of 2006 due primarily to an increase of \$38.0 million, to \$44.8 million, in our federal and state income tax payable at March 31, 2006.

Capital Expenditures. During the first quarter of 2006, we invested \$14.6 million in property, plant and equipment, of which \$6.8 million, or 46%, related to the construction of an \$18 million bar finishing facility at our Engineered Bar Products Division, and the remainder represented improvement projects for our existing facilities. We anticipate some components of the finishing facility commencing operations during the second quarter and for the facility to be fully operational by September 2006. We believe these capital investments will increase our net sales and related cash flows as each project develops.

Capital Resources. During the first quarter of 2006, our total outstanding debt, including unamortized bond premium, decreased \$6.7 million to \$433.9 million. Our long-term debt to capitalization ratio, representing our long-term debt divided by the sum of our long-term debt and our total stockholders' equity, was 31% and 33% at March 31, 2006 and December 31, 2005, respectively.

Long-term Debt. At March 31, 2006, there were no outstanding borrowings under our \$350 million senior secured revolving credit facility. The senior secured credit agreement is secured by substantially all of our and our wholly-owned subsidiaries receivables and inventories and by pledges of all shares of capital stock and inter-company debt held by us and each of our wholly-owned subsidiaries. The senior secured credit agreement contains financial covenants and other covenants that limit or restrict our ability to make capital expenditures; incur indebtedness; permit liens on property; enter into transactions with affiliates; make restricted payments or investments; enter into mergers, acquisitions or consolidations; conduct asset sales; pay dividends or distributions and enter into other specified transactions and activities. Our ability to borrow funds within the terms of the revolver is dependent upon our continued compliance with the financial covenants and other covenants contained in the senior secured credit agreement. We were in compliance with these covenants at March 31, 2006, and expect to remain in compliance during the next twelve months.

Cash Dividends. During the first quarter of 2006, our board of directors declared a regular cash dividend of \$.10 (ten cents) and a special dividend of \$.10 (ten cents) per common share for shareholders of record at close of business on March 31, 2006. The cash dividend of \$8.8 million was paid on April 14, 2006. We anticipate continuing comparable quarterly cash dividends throughout 2006. The determination to pay cash dividends in the future will be at the discretion of our board of directors, after taking into account various factors, including our financial condition, results of operations, outstanding indebtedness, current and anticipated cash needs and growth plans. In addition, the terms of our senior secured revolving credit agreement and the indenture relating to our senior notes restrict the amount of cash dividends we can pay.

Completed Merger. We completed our previously announced acquisition of Roanoke Electric Steel Corporation on April 11, 2006, immediately following approval of the transaction by Roanoke stockholders. Pursuant to the Merger Agreement, Roanoke stockholders received \$9.75 in cash and 0.4 shares of our common stock for each share of Roanoke stock outstanding at the effective date of the merger. Based on 11,360,901 shares of Roanoke stock outstanding prior to the close of the transaction, we paid \$111 million in cash, issued 4,544,360 shares of registered Steel Dynamics common stock and assumed \$45 million in Roanoke debt, which we retired on April 12, 2006. The cash portion of the purchase price was funded from our cash on hand.

Roanoke has steel manufacturing facilities in Roanoke, Virginia and Huntington, West Virginia. These facilities produce angles, rounds, flats, channels, beams, special sections and billets, which are sold to steel service centers, fabricators, original equipment manufacturers and other steel producers. Roanoke also has certain subsidiaries involved in steel fabrication including bar joist and truck trailer beams and has two steel scrap processing locations.

Other. Our ability to meet our debt service obligations and reduce our total debt will depend upon our future performance which, in turn, will depend upon general economic, financial and business conditions, along with competition, legislation and regulation factors that are largely beyond our control. In addition, we cannot assure you that our operating results, cash flow and capital resources will be sufficient for repayment of our indebtedness in the future. We believe that based upon current levels of operations and anticipated growth, cash flow from operations, together with other available sources of funds, including additional borrowings under our senior secured credit agreement, will be adequate for the next two years for making required payments of principal and interest on our indebtedness, funding working capital requirements and funding anticipated capital expenditures.

Other Matters

Inflation. We believe that inflation has not had a material effect on our results of operations.

Environmental and Other Contingencies. We have incurred, and in the future will continue to incur, capital expenditures and operating expenses for matters relating to environmental control, remediation, monitoring and compliance. We believe, apart from our dependence on environmental construction and operating permits for our existing and proposed manufacturing facilities, that compliance with current environmental laws and regulations is not likely to have a material adverse effect on our financial condition, results of operations or liquidity; however, environmental laws and regulations are subject to change and we may become subject to more stringent environmental laws and regulations in the future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk. In the normal course of business we are exposed to interest rate changes. Our objectives in managing exposure to interest rate changes are to limit the impact of these rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve these objectives, we primarily use interest rate swaps to manage net exposure to interest rate changes related to our borrowings. We generally maintain fixed rate debt as a percentage of our net debt between a minimum and maximum percentage. A portion of our debt has an interest component that resets on a periodic basis to reflect current market conditions. At March 31, 2006, no material changes had occurred related to our interest rate risk from the information disclosed in our Annual Report on Form 10-K for the year ended December 31, 2005.

Commodity Risk. In the normal course of business we are exposed to the market risk and price fluctuations related to the sale of steel products and to the purchase of commodities used in our production process, such as metallic raw materials, electricity, natural gas and alloys. Our risk strategy associated with product sales has generally been to obtain competitive prices for our products and to allow operating results to reflect market price movements dictated by supply and demand. Our risk strategy associated with the purchase of commodities utilized within our production process has generally been to make certain commitments with suppliers relating to future expected requirements for such commodities. Certain of these commitments contain provisions which require us to "take or pay" for specified quantities without regard to actual usage for periods of up to 3 years. Historically, we have fully utilized all such "take or pay" requirements and we believe that our future

production requirements will be such that consumption of the products or services purchased under these commitments will occur in the normal production process. At March 31, 2006, no material changes had occurred related to these commodity risks from the information disclosed in our Annual Report on Form 10-K for the year ended December 31, 2005.

ITEM 4. CONTROLS AND PROCEDURES

(a) ***Evaluation of Disclosure Controls and Procedures.*** Our management, with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2006. The term “disclosure controls and procedures,” as we use that term and as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures that are designed to provide reasonable assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Based on the evaluation of our disclosure controls and procedures as of March 31, 2006, our principal executive officer and our principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported to our management, including our principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

(b) ***Changes in Internal Controls Over Financial Reporting.*** No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended March 31, 2006, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CERTIFICATION

I, Keith E. Busse, certify that:

1. I have reviewed this quarterly report for the period ended March 31, 2006, on Form 10-Q of Steel Dynamics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

_____/s/ KEITH E. BUSSE

Keith E. Busse
President and Chief Executive Officer
May 9, 2006

CERTIFICATION

I, Gary E. Heasley, certify that:

1. I have reviewed this quarterly report for the period ended March 31, 2006, on Form 10-Q of Steel Dynamics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Gary E. Heasley

Gary E. Heasley
Vice President of Finance & CFO
May 9, 2006

Chief Executive Officer Certification
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Steel Dynamics, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2006 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Keith E. Busse, President and Chief Executive Officer of Steel Dynamics, Inc., certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Keith E. Busse
Keith E. Busse
President and Chief Executive Officer
May 9, 2006

A signed original of this written statement required by Section 906 has been provided to Steel Dynamics, Inc. and will be retained by Steel Dynamics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Principal Financial Officer Certification
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Steel Dynamics, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2006 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Gary E. Heasley, Vice President and Principal Financial Officer of Steel Dynamics, Inc., certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gary E. Heasley
Gary E. Heasley
Vice President of Finance & CFO
May 9, 2006

A signed original of this written statement required by Section 906 has been provided to Steel Dynamics, Inc. and will be retained by Steel Dynamics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.