



June 17, 2011

Dear Shareholder:

You are cordially invited to attend an Annual Meeting of Shareholders of Adrian Steel Company (the “Company”) to be held at 10:00 a.m., local time, on July 19, 2011, at the offices of Adrian Steel Company, 906 James Street, Adrian, Michigan 49221. This meeting was deferred from its June 14, 2011 date.

As described in the enclosed Proxy Statement, at the Annual Meeting, you will be asked to approve the following:

1. Adoption of the Agreement and Plan of Recapitalization (“Recapitalization Agreement”) summarized below and presented in the Proxy Statement;
2. The election of six (6) Directors for a term of one (1) year as provided in the By-Laws; and
3. Such other business as shall properly come before the meeting.

Unless you indicate otherwise, the proxies named in the enclosed Proxy intend to vote to approve the proposed recapitalization of the Company (the “Recapitalization”), as set forth in the Recapitalization Agreement, and to nominate and vote for the election of the following persons as Directors:

- Charles D. Dunham—Certified Public Accountant (Colorado)—Incumbent
- Joseph E. Emens—Vice President, Treasurer & Assistant Secretary/Adrian Steel Company—Incumbent
- David E. Pilmore—President/Adrian Steel Company—Incumbent
- John Y. Shook—President/TWI Network, Inc.—Incumbent
- John D. Thurman—former Vice-President/Finance & Treasurer/Merillat Industries, Inc.—Incumbent
- Harley J. Westfall—Chairman of the Board/Adrian Steel Company—Incumbent

Prior to the Recapitalization, the Company’s founding family (“Westfall Shareholders”), and members of management (the “Management Shareholders”), will contribute a portion of their shares to a newly-formed corporation, New Adrian Steel Company (“New ASC”). Pursuant to the Recapitalization Agreement, New ASC will then merge with and into the Company, with the Company as the surviving corporation.

The result of those transactions will be as follows:

- a. Each of a total 71,126 shares of the voting common stock of the Company (“Company Common Stock”), including all of the 53,553 shares of Company Common Stock owned by eligible shareholders who are not affiliated with the Company’s founding family or management (“Unaffiliated Shareholders”) and 17,573 shares of Company Common Stock owned by certain Westfall Shareholders, will be exchanged for
 - (i) one (1) share of 4% Senior Preferred Redeemable Stock, with a \$500 redemption value and holder rights to submit for Company redemption as defined in the Company’s Restated Articles of Incorporation (“Senior Preferred Stock”), plus
 - (ii) a Warrant to buy one (1) share of Company Common Stock for \$500 if the Company is sold or conducts a public offering of shares during the five years after the Recapitalization occurs.
- b. Each of 45,191 shares of Company Common Stock owned by another Westfall Shareholder, the Westfall Limited Partnership, a Michigan limited partnership (“WLP”), will be exchanged for one (1) share of 3% Junior Preferred Non-Redeemable Stock, with a \$500 value and rights subordinate to the Senior Preferred Stock, as defined in the Company’s Restated Articles of Incorporation (“Junior Preferred Stock”).
- c. The remaining 50,000 shares of Company Common Stock owned by WLP and the 2,091 shares of Company Common Stock owned by Company executives Joseph E. Emens, Marc A. Jackson, Carol A. McMillan, David E. Pilmore, Richard D. Rose and Jeffery A. Warnecke shall be retained as Company Common Stock.
- d. The 15,161 shares of Company Class A Common Stock that are currently owned by the Company’s employee profit sharing plan shall remain outstanding and shall not be converted.

The Company’s Board of Directors recommends voting in favor of the Recapitalization based on its belief that the terms of the Recapitalization are fair to, and in the best interests of, our Unaffiliated Shareholders. The Board of Directors unanimously approved the Recapitalization after considering the unanimous recommendation of a Special Committee comprised of the Company’s three non-management Directors, Charles D. Dunham, John Y. Shook and John D. Thurman, and has further relied upon the subsequent fairness opinion of Southard Financial that, as of June 13, 2011, and subject to the assumptions, limitations and qualifications included in its opinion, issuance of the Senior Preferred Stock as provided in the Recapitalization is fair from a financial point of view to our Unaffiliated Shareholders. The considerations on which the Board of Directors has based its recommendation are summarized in the Company’s Proxy Statement.

The Westfall Shareholders and Management Shareholders, who together hold a majority of the Company Common Stock, have indicated an intention of voting for the Recapitalization.

Details of the Recapitalization and other important information are described in the accompanying Notice of Annual Meeting and Proxy Statement. You are urged to read these important documents carefully before casting your vote.

Whether or not you plan to attend the Annual Meeting, we urge you to complete, sign, date and promptly return the enclosed proxy card.

We thank you for your prompt attention to this matter and appreciate your support.

Very truly yours,

A handwritten signature in black ink, appearing to read "David E. Pilmore". The signature is written in a cursive style with a large initial 'D'.

David E. Pilmore
President

PLEASE MARK, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING. PLEASE DO NOT SEND IN ANY CERTIFICATES FOR YOUR COMMON STOCK AT THIS TIME. IF THE RECAPITALIZATION IS APPROVED, SHAREHOLDERS WILL RECEIVE A LETTER OF TRANSMITTAL AND RELATED INSTRUCTIONS.