

PRESS RELEASE

Düsseldorf, August 3, 2006

Order for SMS Demag AG

Baosteel orders four silicon strip processing lines

Baosteel, Baoshan, China, has placed an order with SMS Demag, Germany, for the supply of an annealing and pickling line, two decarburization lines as well as a final annealing line with insulation coating.

The resulting final products, namely grain-oriented and, in the case of the annealing and pickling line, also non grain-oriented silicon strip, are used primarily for the manufacture of large transformers. The production of the first coil is scheduled for July 2008.

In all four lines, the exhaust air values are fully in conformity with the latest Technical Instructions on Air Quality. The waste water is also either treated or disposed of in an environment-friendly manner.

Special built-in filter systems ensure smooth operation.

Furthermore, each of these lines has its own special features. In the annealing and pickling line, for example, Si pickling sludge is eliminated from the circulation systems. Special strip-edge heating devices prevent strip breaks as far as possible.

The final annealing line has a highly precise insulation coating facility as well as a stitcher which securely joins the strips with each other through perfect stitching.

In the decarburization lines, the special MgO coat as well as the complex circulation system deserve special mention.

SMS Demag AG forms part of the Metallurgical Plant and Rolling Mill Technology Business Area of the SMS group.

(25 lines with max. 55 letters)

SMS GmbH is the holding for a group of companies internationally active in plant construction and mechanical engineering relating to the processing of steel, non-ferrous metals and plastics. The group is divided into the Business Areas of Metallurgical Plant and Rolling Mill Technology, Tube, Long Product and Forging Technology and Plastics Technology. In the year 2005 some 9,250 employees worldwide generated a turnover of about EUR 2.33 bn.