

PRESS RELEASE

Düsseldorf, November 17, 2008

X-Melt[®] electric steel plant at OAO Severskij Tube taken successfully into operation by SMS Demag AG

SMS Demag, a company of the SMS group, Germany, has successfully commissioned an X-Melt[®] electric steel plant with an annual capacity of 1.0 million t of steel at the Polevskoy location for OAO Severskij Tube (TMK Group), Russia.

The SMS Demag supply scope comprised an ARCESS[®] 135-t electric arc furnace, scrapyard plant and equipment, the gas cleaning plant, an additive supply system and injection systems for lime, carbon and filter dust.

The ARCESS[®] furnace is characterized by the optimized use of electrical power and of burner/oxygen-injector technology, with high productivity and low production costs. The SMS Demag supply scope also included the complete electrical equipment, along with the higher-level process sequence control (Level 1) and the technological process model (Level 2) for the furnace operations. Prior to commissioning, SMS Demag tested the automation system by means of the proven "Plug & Work" procedure.

Following the already successful commissioning of the ladle furnace and the continuous bloom caster, Severskij Tube has continued to implement its extensive investment program.

The TMK Group is one of Russia's largest producers of pipe steel grades for the oil, gas and civil engineering industry. Its main production locations are Volsky, Taganrog and Severskij. The new electric steel plant in Severskij is completely replacing the Siemens-Martin steelworks and is satisfying the stringent requirements of environmental legislation.

X-Melt[®] is an SMS Demag trademark from the Steelmaking Division. It is the brand name for plants and technologies that set standards for the economical production of high-quality liquid steel.

(30 lines with max. 55 letters)

SMS group is, under the roof of the holding SMS GmbH, a group of companies internationally active in plant construction and mechanical engineering for the steel and nonferrous metals industry. It consists of the two Business Areas SMS Demag and SMS Meer, which jointly form SMS metallurgy. In 2007, some 8,000 employees worldwide generated a turnover of about EUR 3.0 bn.