



Introduction To Baosteel



Baosteel America Inc.

18-JAN-2007



OVERVIEW





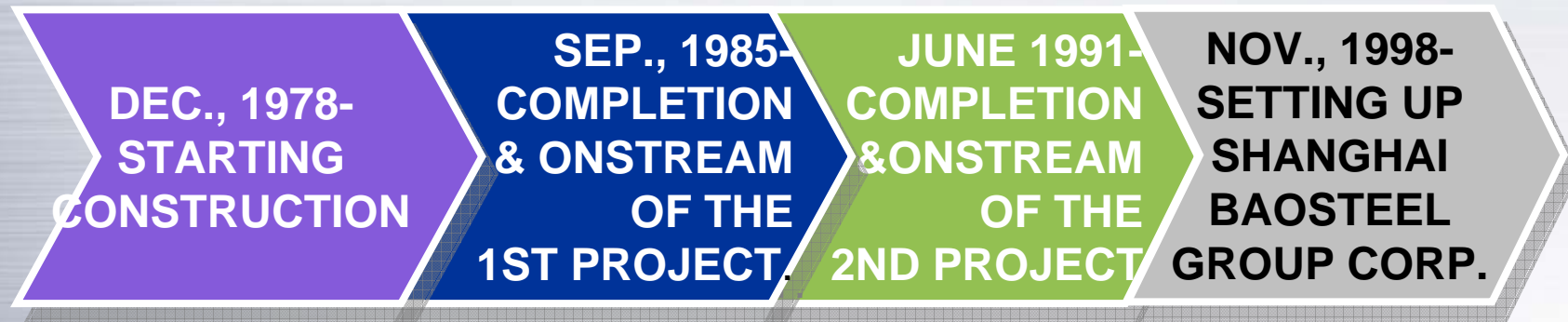
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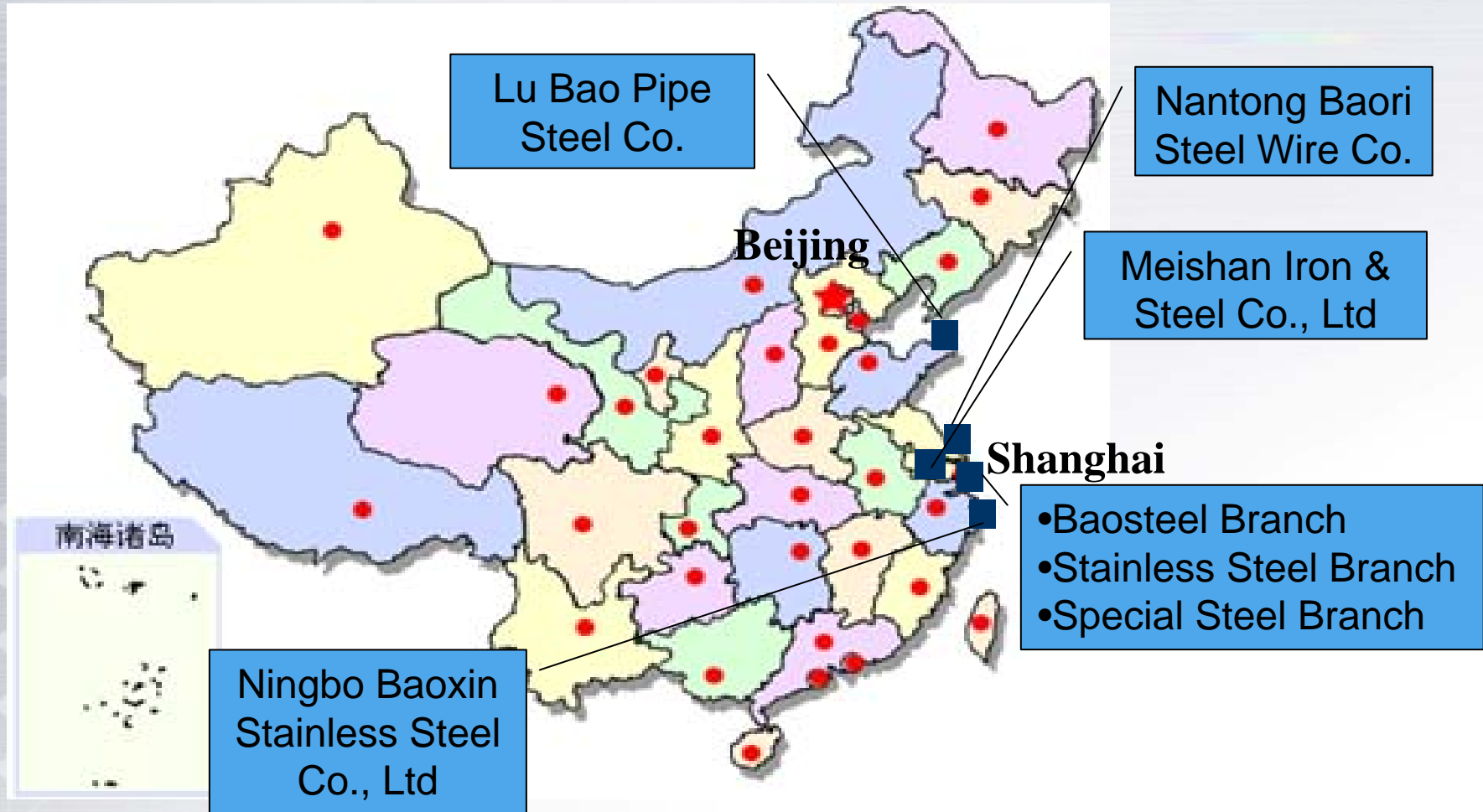


1.2 Introduction to BAI

COMPANY HISTORY

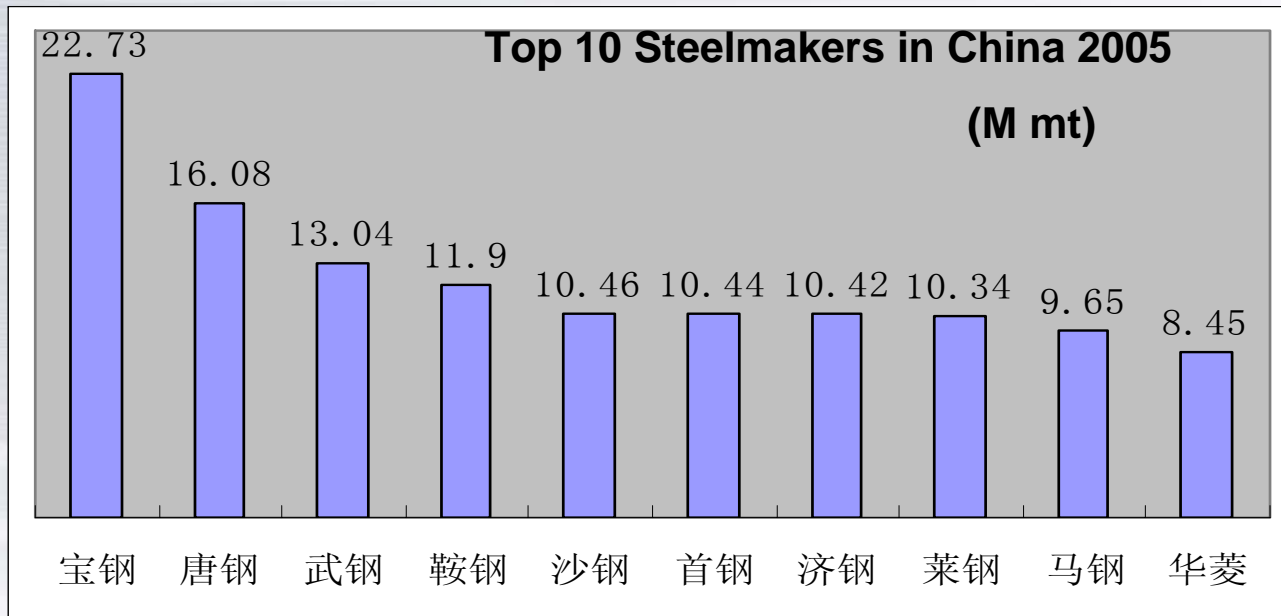


BAOSTEEL FACILITIES



About us

- In 2000, Baosteel merged with Shanghai No.1 steel, Shanghai No.2 steel, Shanghai No.3 steel, Shanghai No.5 steel, as well as Meishan steel in Jiangsu province, and invested Baoxin steel in Zhejian province. So Baosteel became the largest and most modernized iron & steel company in China, with the capacity of 23 million tons.
- In 2005, Baosteel was incorporated in the "Global 500" and ranked at No.296, 13 positions up compared to 2004.



About us



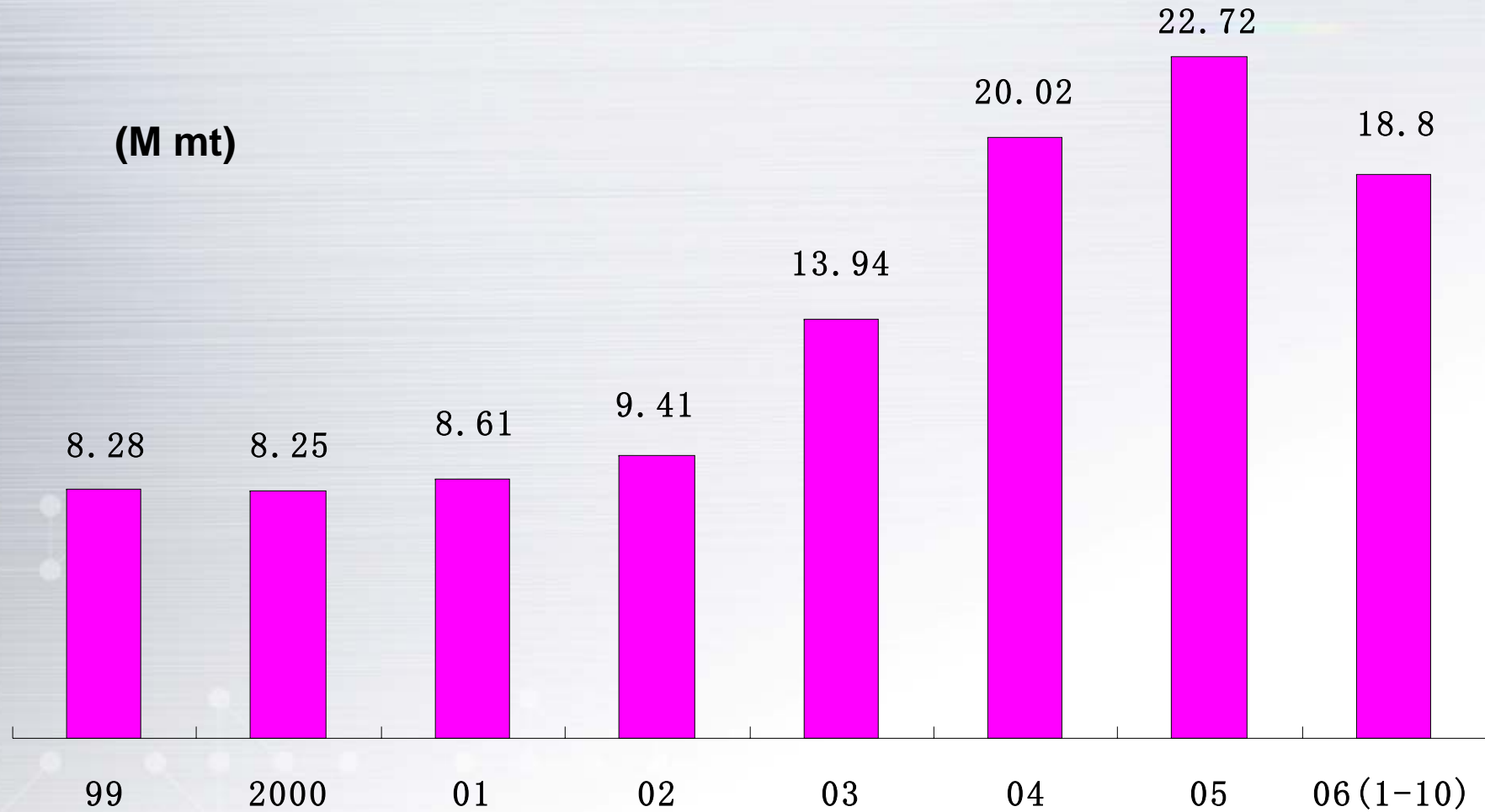
World Top 10 Steelmakers in 2005

2005 Rank	Company	Steel Yield (M mt)
1*	Mittal	62
2	Arcelor	58
3	Nippon steel	34
4	Posco	33
5	JFE	30
6	Baosteel	23
7	Corus	22
8	USS	21
9	NUCOR	21
10	ThyssenKrupp	20

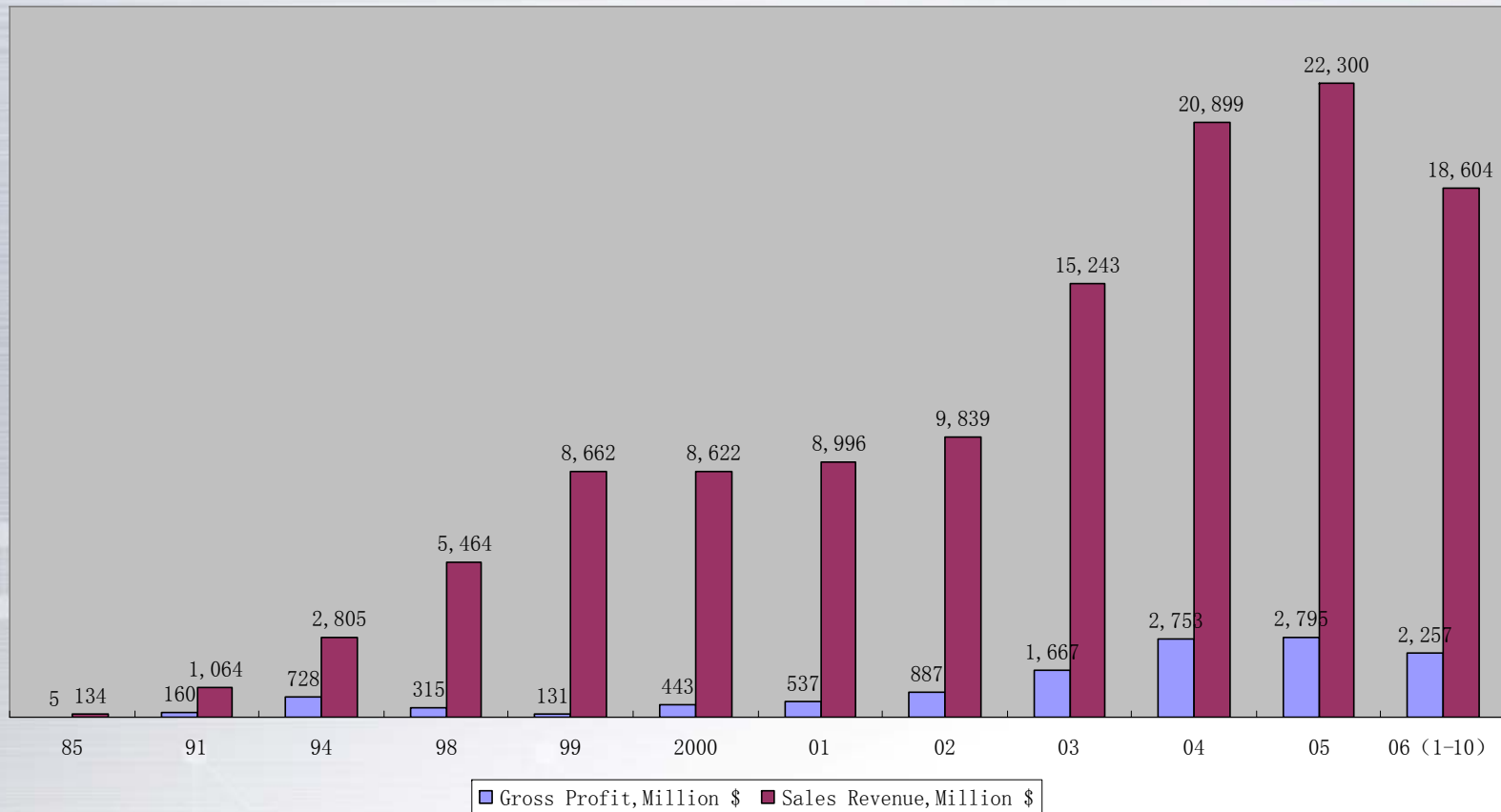
* Mittal have merged with Arcelor and become Arcelor Mittal in 2006, with a capacity 120 Mt/a.

Baosteel Steel Yield

(M mt)



Operation Performance



* Exchange Rate: 1\$=7.9 RMB

The mission of Baosteel

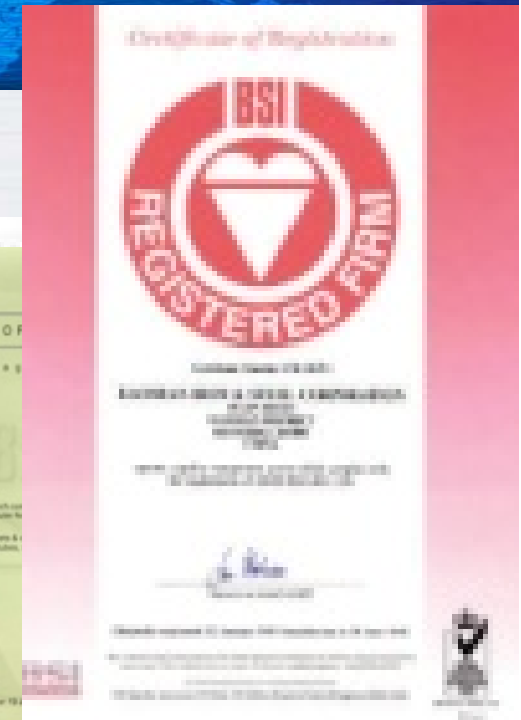
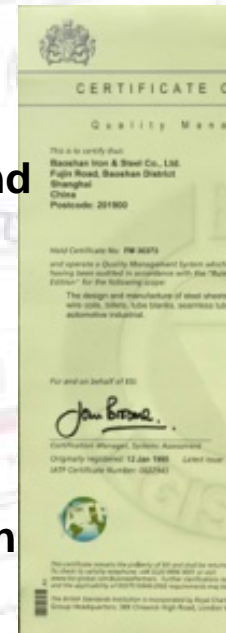
By the year 2010

Build Baosteel into a leading steel producer in the world.

Contribute high-value products and services to the society.

Certifications and quality assurance

- 1985 Introduction of through-going management system
- 1992-1993 Product certification
- 1994 ISO9001/9002 quality management system certification, and API certification
- 1995 Complete certification according to ISO9001
- 1998 Fulfillment of all 2nd phase project certification and ISO14001 certification
- 1999 QS9000 certification of automotive sheet system
- 2001 Fulfillment of QS9000 certification of 3rd phase 1550mm cold rolling mill
- 2002 Fulfillment of certification for upgrading ISO2000 version
- 2003 Complete introduction of ISO/TS16949 certification
- 2004 Carrying out certification of IMS and OHSAS certification of 1800mm cold rolling mill
- 2005 Complete fulfillment of ISO/TS16949 certification



**Corporate
organization**

**Baoshan Iron & Steel Co.,
Ltd.**

Baoshan Branch

**Stainless Steel
Branch**

**Special Steel
Branch**

Trade Branch

Chemical Branch

Meishan Co.

**BNA
Automotive
Ningbo Baoxin**

Baosight

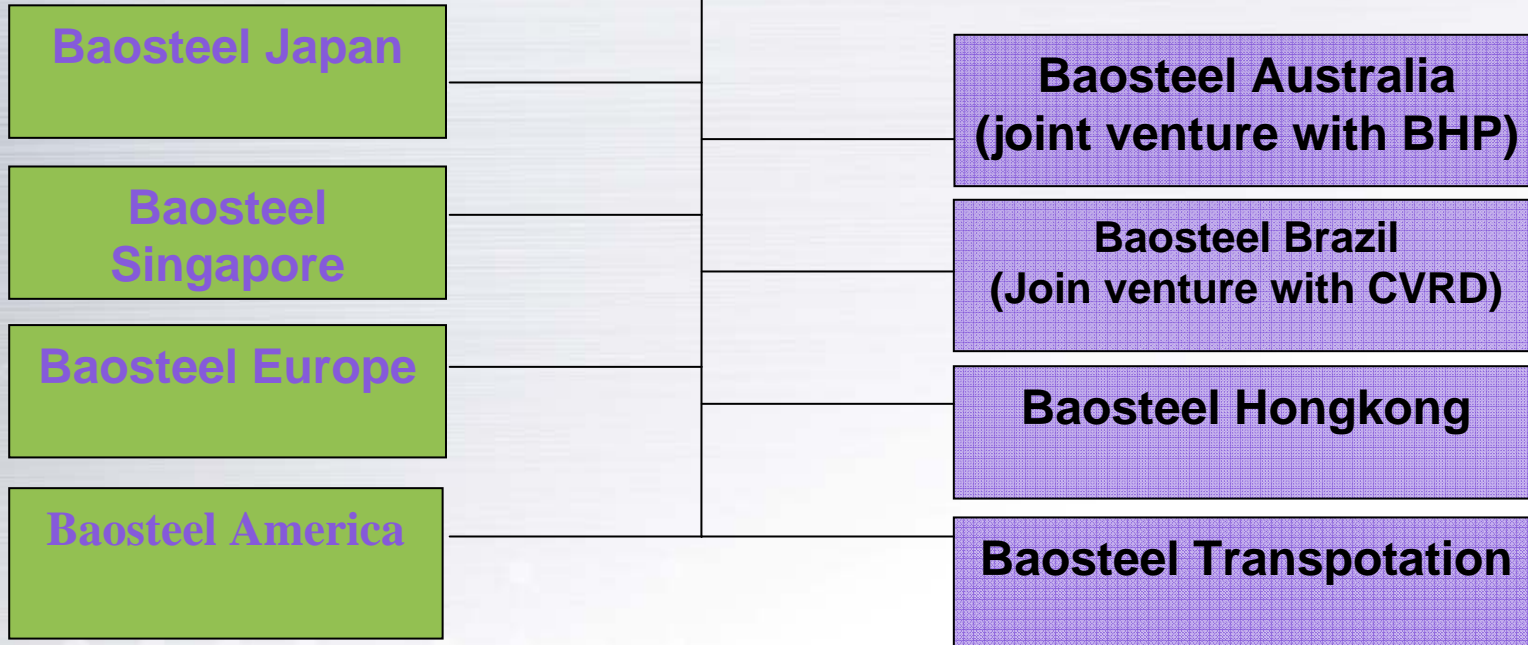
**Overseas
Subsidiaries**

**Other
subsidiaries**



Corporate organization

Overseas subsidiaries



**Human
resource**



Employee number:
38,875
By the end of 2005



Improve career development design for employees and implement all-round talent development plan;

Dispatch employees to famous schools at home or abroad for further education;

Evaluate chief engineers, managerial engineers and researchers;

.....

R & D

- Employees: 515
- Percentage of Researcher: 61%
- Doctor Degree holders:88
- Master Degree holders:154
- foreigners: 3



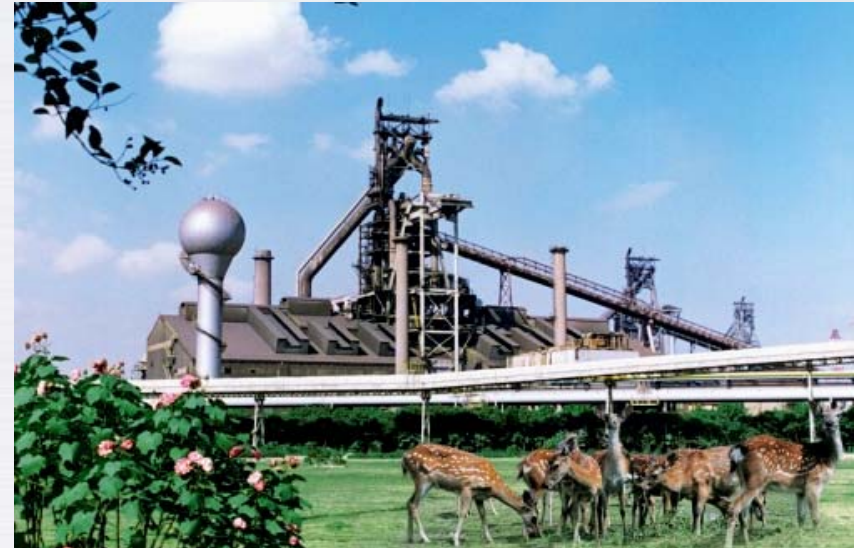
Environment protection

**Target: ecological garden
plant**

**Input in environment
protection: totaled 54.94
billion \$ plus over years, 5%
of the total construction
investments.**

Greenbelt proportion: 42.5%

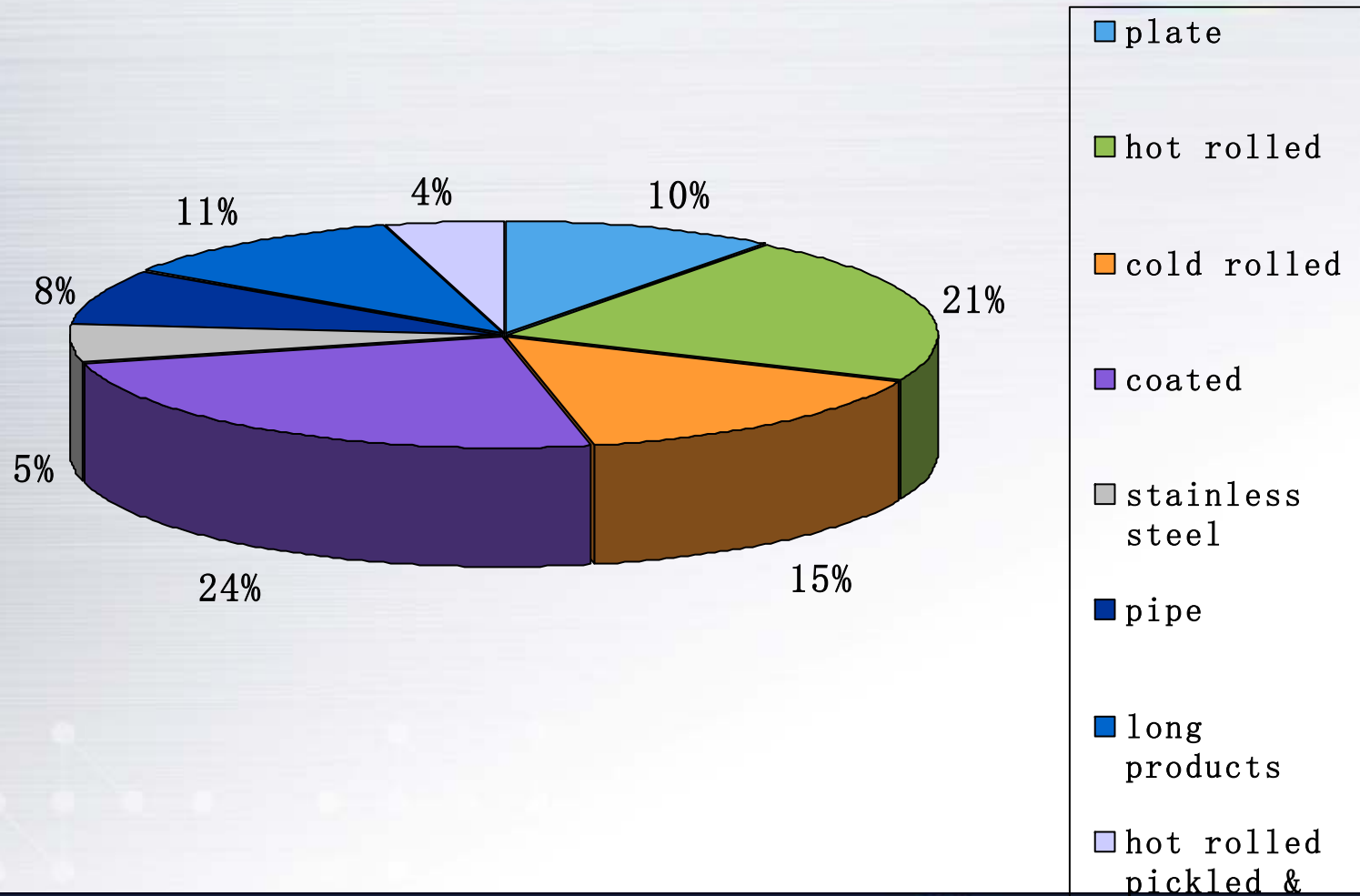
**Since 2004, Baosteel issued
Environment Report to the
public.**



Products Range

	Hot Rolled Products	Plate	Hot Rolled Pickled Oiled	Cold Rolled Products	Coated Products	Stainless Steel	Pipes	Long Product	Alloy Steel
Baoshan Branch	★	★	★	★	★		★	★	
Stainless Steel Branch	★		★	★		★			
Special Steel Branch						★	★	★	★
Meishan	★			★	★				
Ningbo Baoxin						★			
Lubao							★		
Nantong Baori								★	

Products Mix

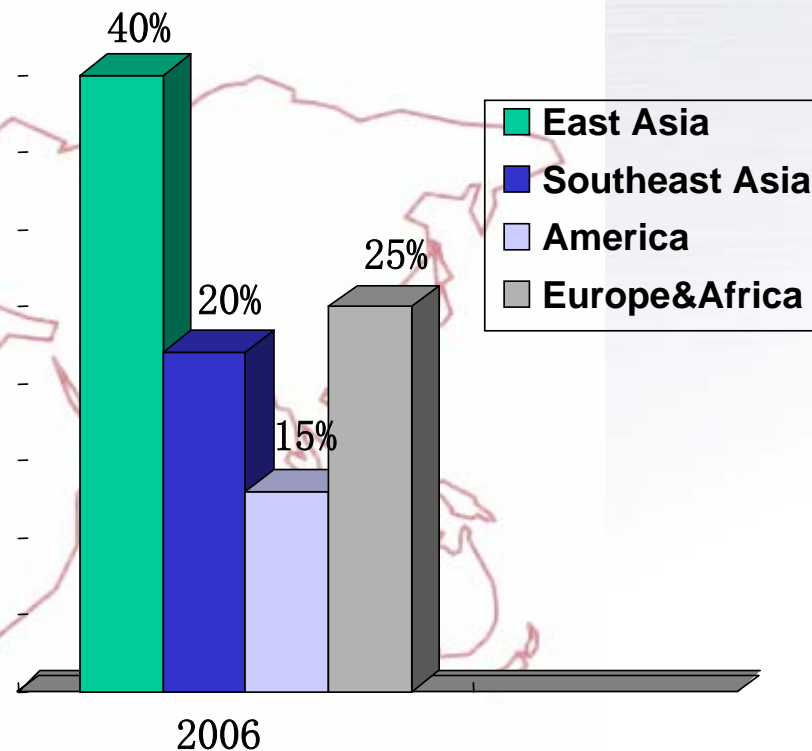


Products Capacity (unit: Million Tons/Y)

Hot rolled products	7.31
Heavy plate	1.4
Hot rolled pickled and oiled	0.75
Cold rolled products	2.8
Hot-dipped galvanized products	1.29
Electro-galvanized products	0.5
Electrical steel	0.6
Color-coated products	0.67
Tinplate	0.6
Wire rod products	1.05
Pipe	1.45
Stainless steel	2.1

Overseas market

The products have entered over 40 countries, covering such industries as automobile, pipeline transportation, oil exploration. Products are also widely accepted by many world renowned auto and appliance companies such as Fiat, Carrier, Electrolux, Whirlpool. In 2006, Baosteel exported 300 Mmt, about 15% of its total products.



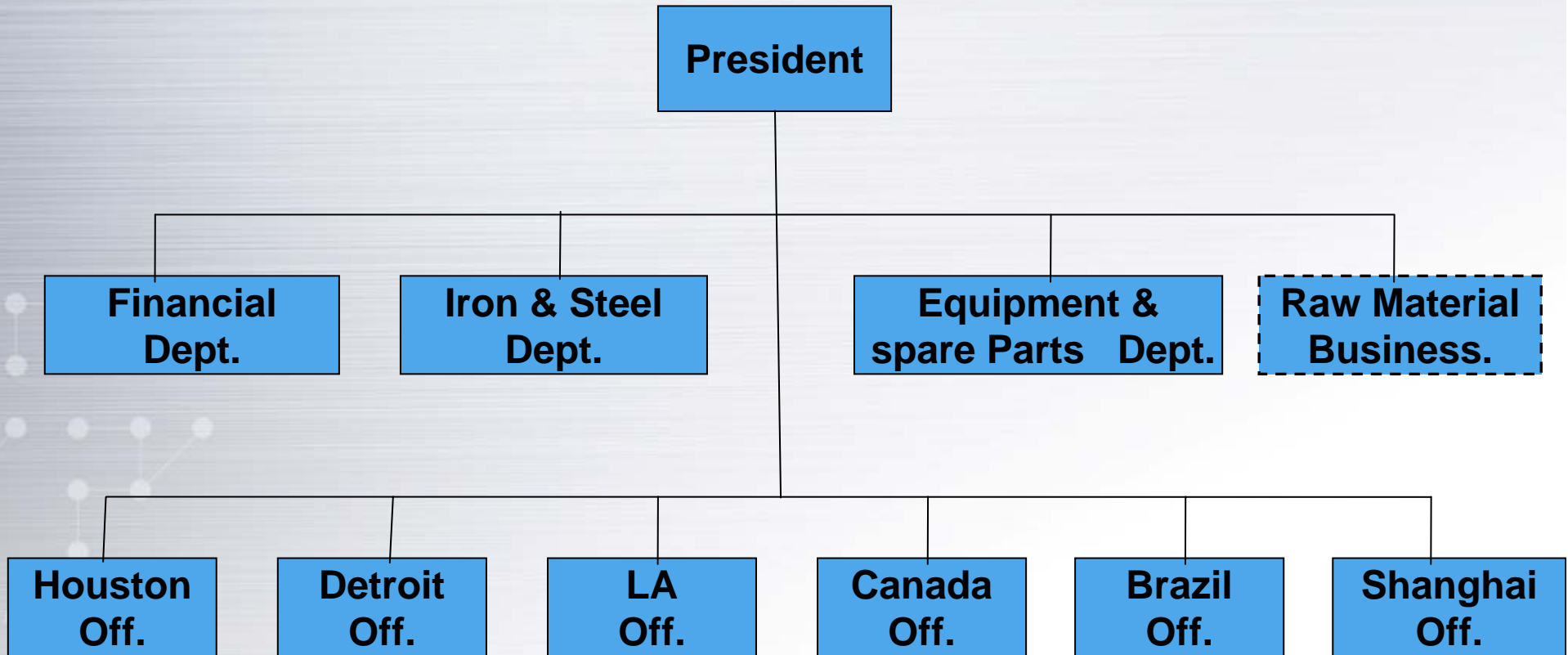
1.1 Introduction to Baosteel

1.2 Introduction to BAI

Main Business

- ❖ **Purchase of steel products directly from Baosteel for sale to the various steel trading houses, distributors and end-users both in the United States and in North and South America**
- ❖ **Purchase of raw materials such as scraps from suppliers in the United States for export to China**
- ❖ **Purchase of complete sets of equipment, plants, single piece of equipment, material resources as well as parts and devices mainly related to steel mills from various suppliers and manufacturers in the United States for export to Baosteel or its affiliates in China**

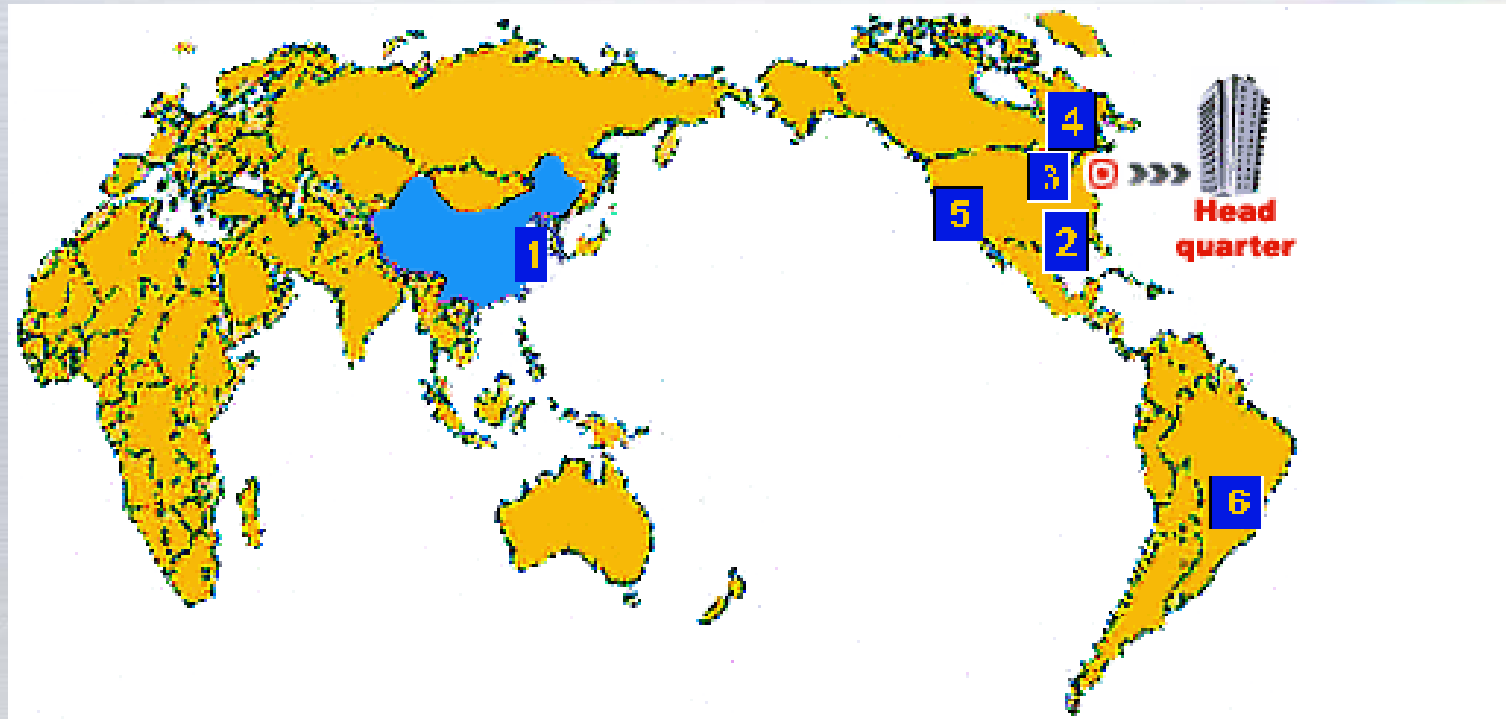
Organization Structure of BAI



Expanding of BAI 'Office

	Date of Found	city	Main Business
Head quarter	1996 - 04	Hackensack, NJ	General management, Finance management, Logistics management, wire & bar sale, etc
Houston Off.	2000-05	Houston, TX	Mainly answer for pipe and tubing business in Americas
Detroit Off.	2004-04	Detroit, MI	Mainly answer for CR products to Automotive & Appliance
Canada Off.	2004-11	Ontario, Canada	Mainly answer for special steel and HR product business in Canada, Scrap & Slab purchase
LA Off.	2005-10	Los Angeles, CA	Mainly for stainless steel & special steel business in America
Brazil Off.	2007	Rio, Brazil	Mainly answer for steel products sale and slab purchase in South Americas
Shanghai Off.	1998-02	Shanghai, China	Internuncial center and document transfer center in Shanghai, and also answer for some business in China

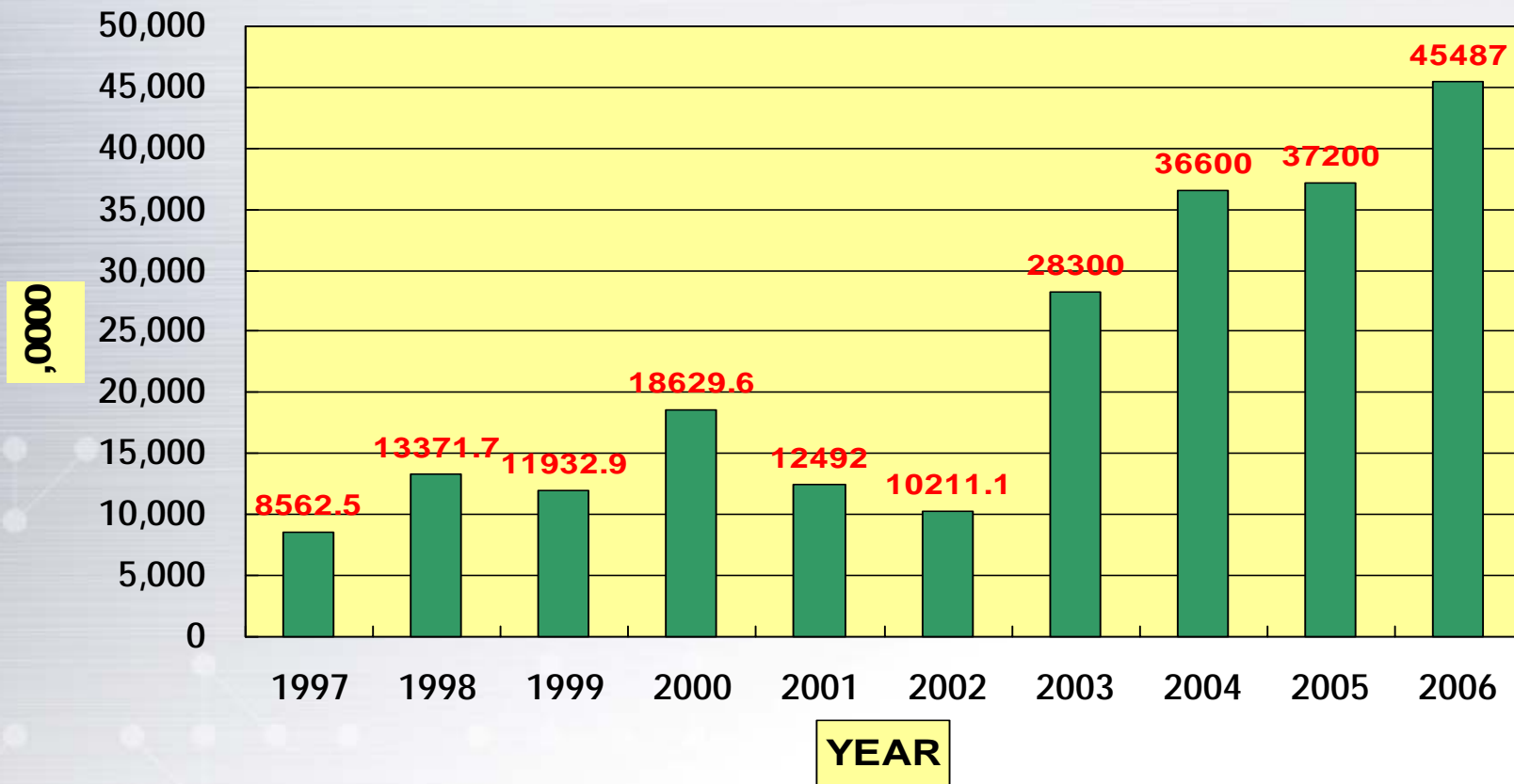
Branch Distribution of BAI



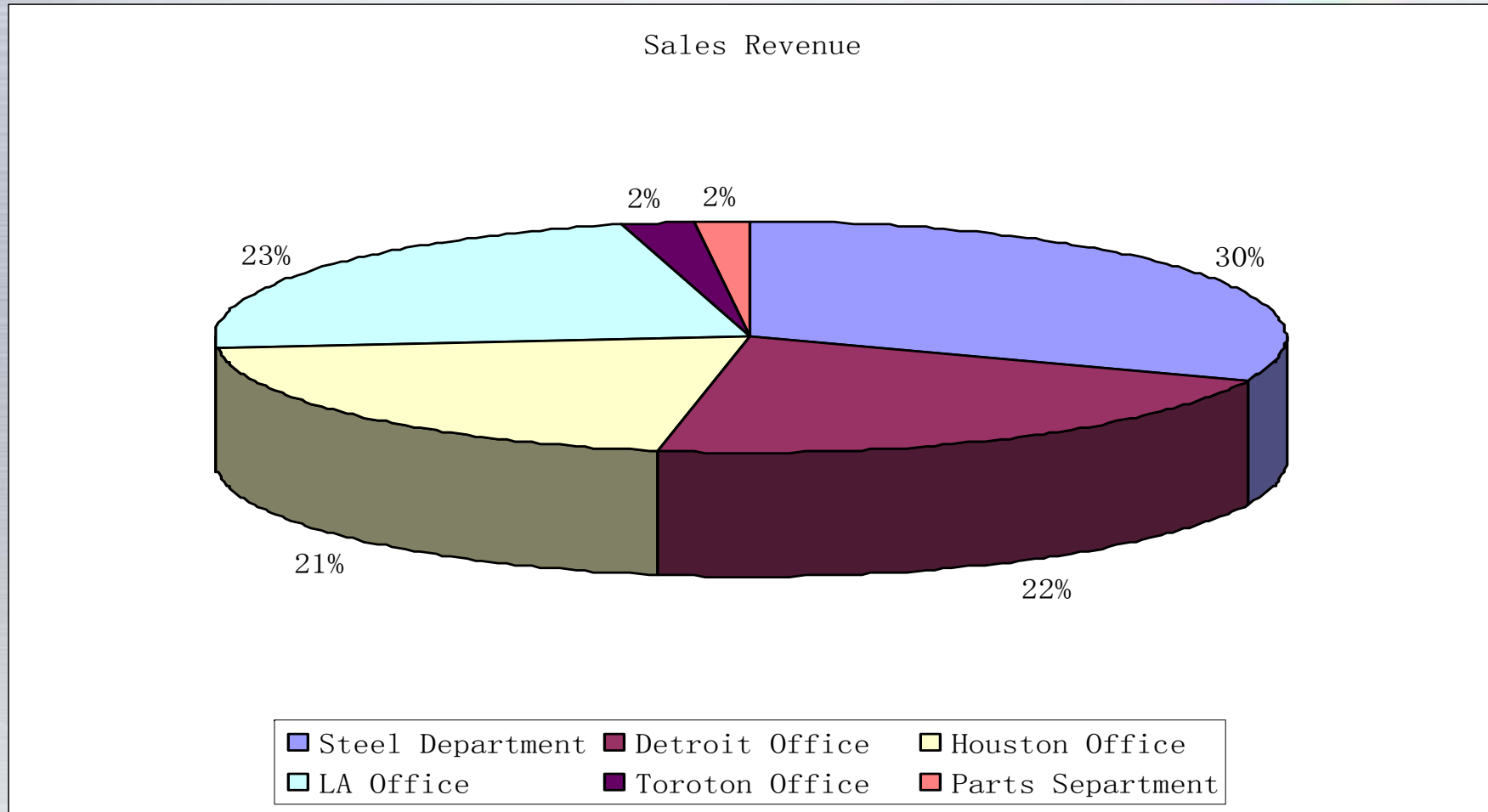
- 1 Shanghai off.
- 2 Houston off.
- 3 Detroit off.
- 4 Canada off.
- 5 LA off.
- 6 Brazil off.

Operation Result

REVENUE FROM 1996 TO 2006



Sale Revenue By Dept.



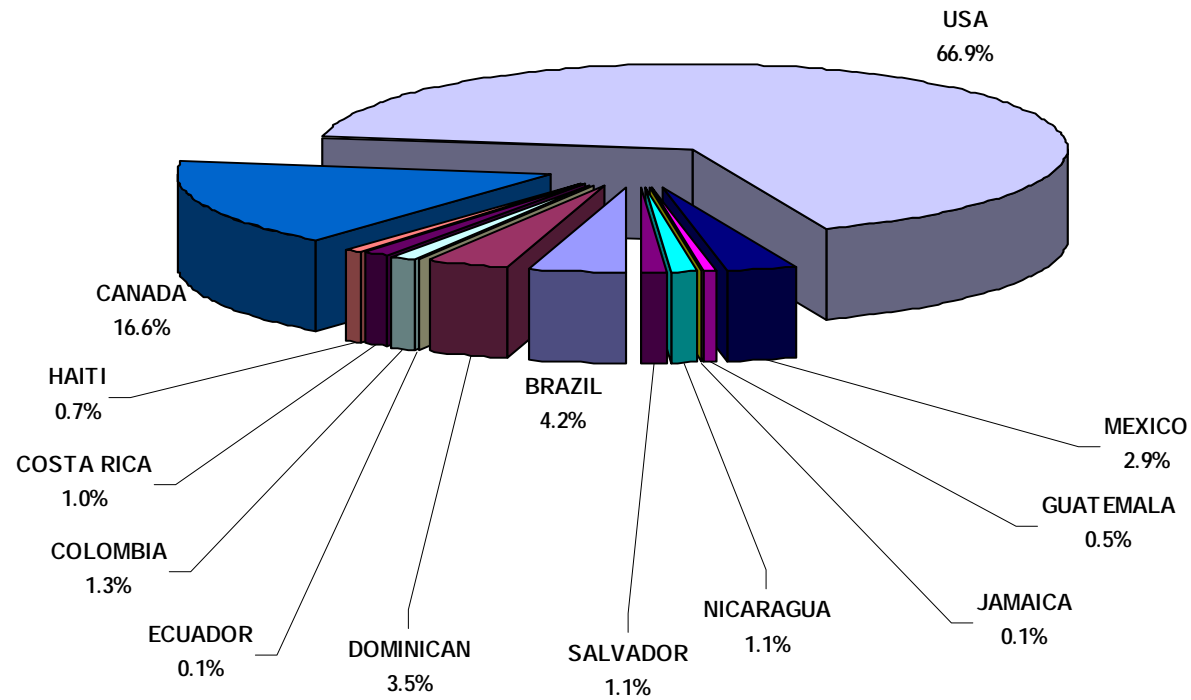
Growing Of Sales Volume ('000MT)

	2007P	2006E	2005	2004	2003
CR	280.64	270.11	100.65	80.03	20.87
HR	80.00	40.65	0.65	0	0
Plate	20.00	0.34	0	0	0
Wire & Bar	50.80	50.73	10.83	10.2	10.2
Metal Product	0.80	0.72	0.71	0.67	0
Special Steel	0.80	0.75	0.72	0	0
Stainless Steel	20.00	10.04	0.55	0.10	0
Pipe & Tubing	100.5	80.13	80.03	70.03	70.02
Total	600.54	470.62	230.14	160.93	900.99
Percent Change	26.%	105.79%	36.68%	69.4%	

Customer and Supplier

- ❖ **The number of customers: 122, which include : GM, GE, Lincoln Electronic Inc., EOG, America Can, WEG, etc.**
- ❖ **The number of Suppliers: 143**

Distribution of Country



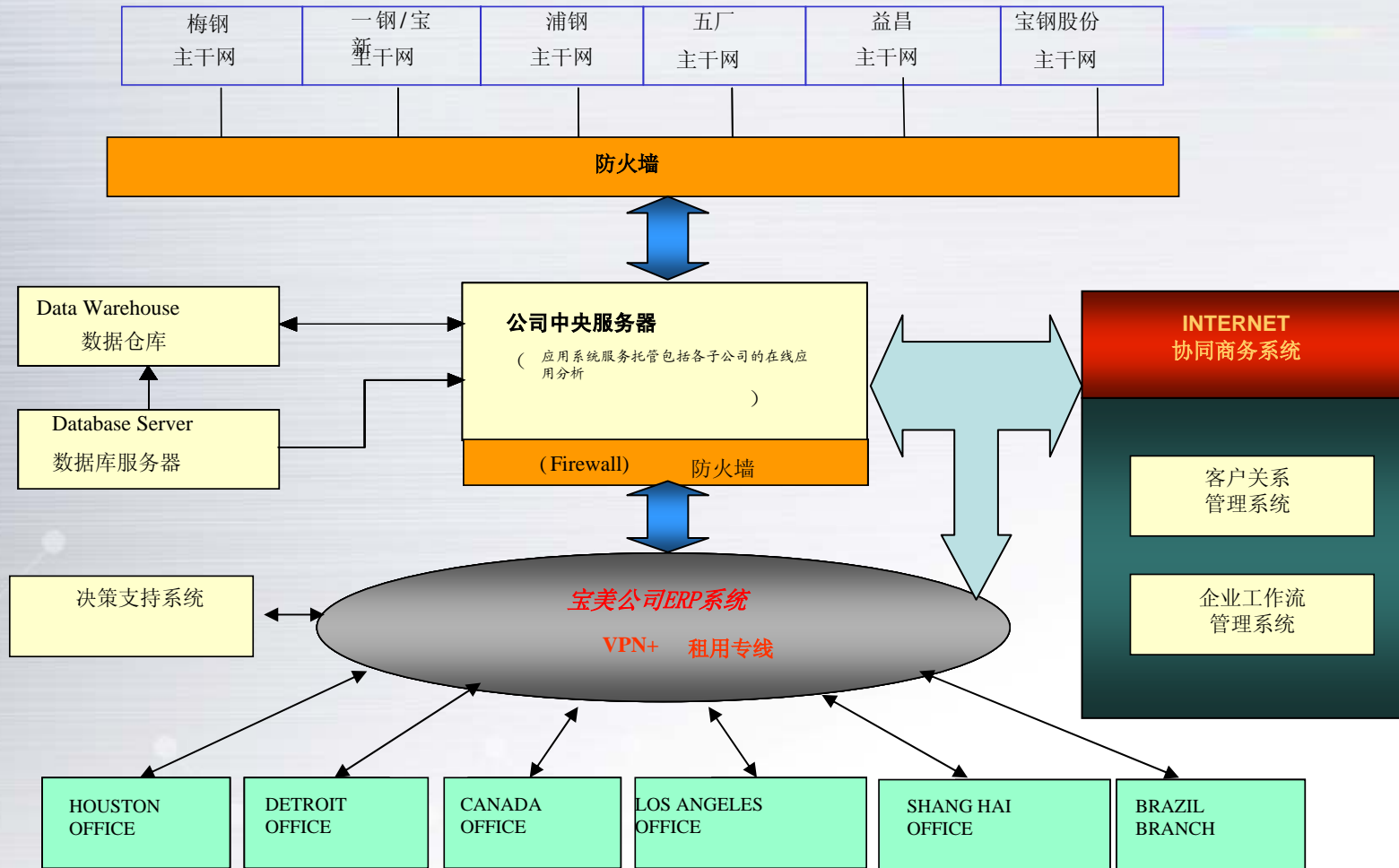
North Americas Area



South Americas Area

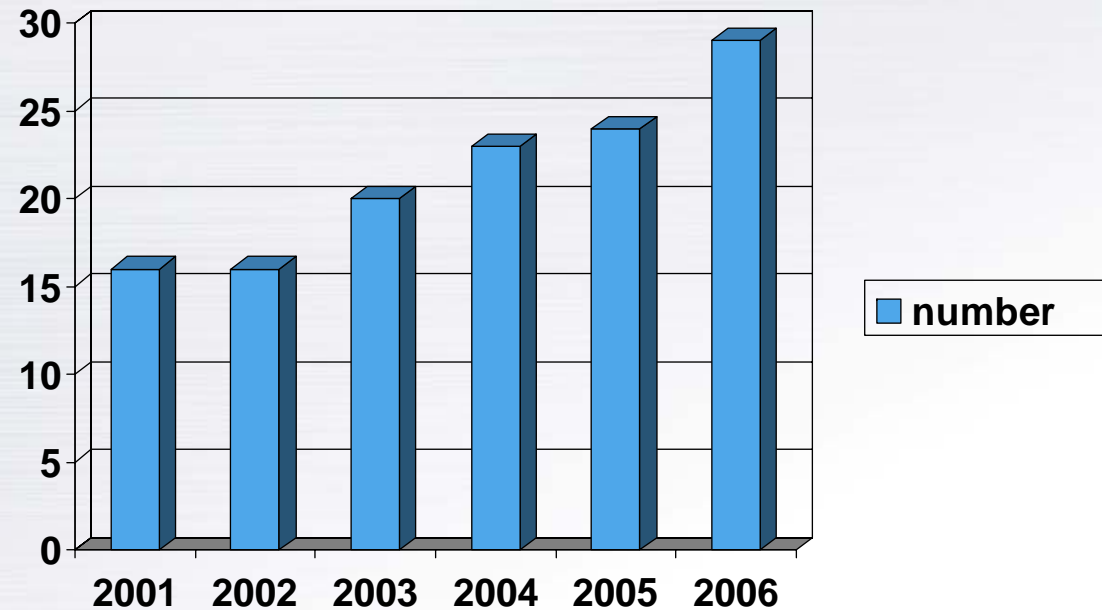


ERP System Has Been Built Up



Increase of Employees

- ❖ 2000 year: 16
- ❖ 2001 year: 16
- ❖ 2002 year: 16
- ❖ 2003 year: 20
- ❖ 2004 year: 23
- ❖ 2005 year: 24
- ❖ 2006 year: 29



Development of BAI's Business Mode

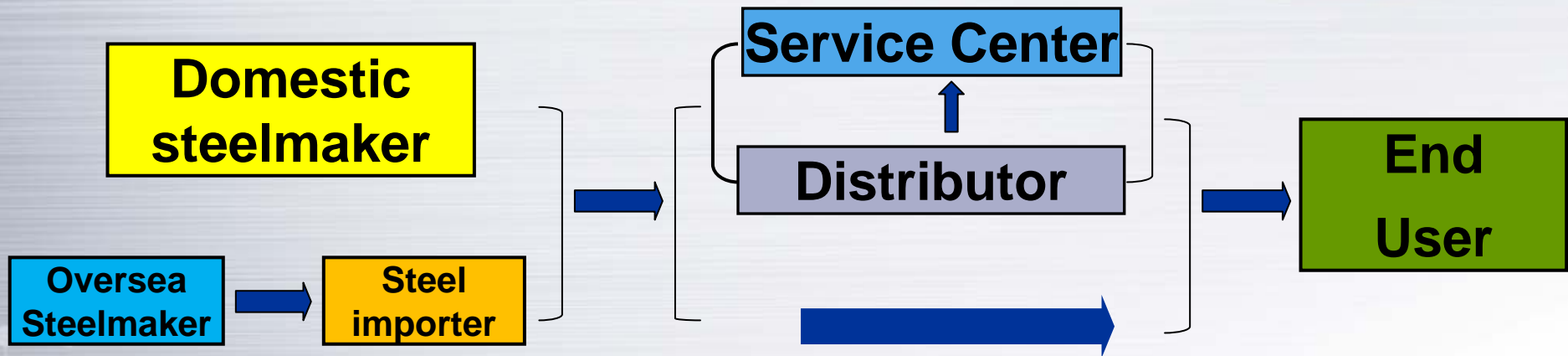
	2000	2001	2002	2003	2004	2005	2006
Sales Revenue	18630	12492	10211	28300	36600	37200	43000
Business Mode*	①	①②	①②	①②	①②③	①②③④	①②③④
Contract Mode	FOB	FOB/CRR CIF	FOB/CRR CIF	FOB/CRR CIF	FOB/CRR CIF T/T	FOB/CRR CIF T/T JIT	FOB/CRR CIF T/T JIT
Main User	Importer	Importer Distributor	Importer Distributor	Importer Distributor	Importer Distributor Direct Supplying Users	Importer Distributor Direct Supplying Users Strategy Users	Importer Distributor Direct Supplying Users Strategy Users

* ① Export Agency of Baosteel ② Import Agency of Pipe & Tubing Users in Americas
 ③ Importer for some Americas users ④ Service Provider for some Americas Users

The Planning of BAI ('000MT)

Product Type	2007	2008	2009	2010	2011
HR	90.0	120	140	150	160
CR	180.2	210	240.1	280	320
Wire & Bar	50.3	60.1	70.	70.	80.
Pipe & Tubing	110.1	120.	140.	140.	140.
Stainless Steel	30.5	40	40.5	40.5	50
Plate	60	60	80	100	100
Special Steel	30.5	40	40.5	50.0	50.0
Total	560.6	650.1	720.6	820.5	900.0

America steel supply chain

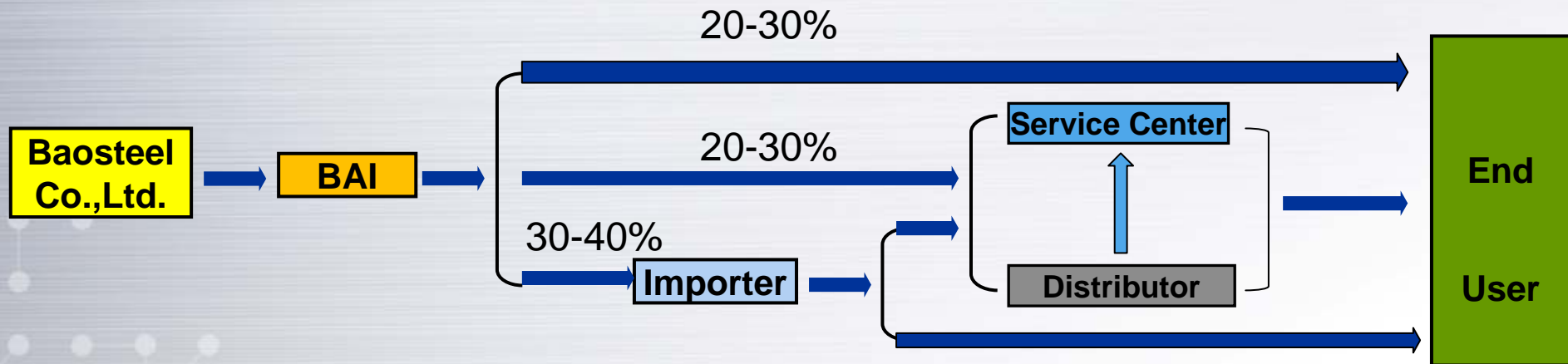


Steel products providing

Logistics, storage,
 Processing, financing,
 Information service,
 Other value-added services

Automotive,
 Construction
 Appliance
 Oil&Gas Industries
 Machine & Electric

Baosteel's steel supply chain in America



Logistics, financing,
 Document storage, Processing,
 Coordinate Technician service Information service,
 Other value-added services

Future

**Filled with passion,
we are creating
a glorious future!**





Main Products



Hot Rolled Steel

- ❖ **Size:**
 - Thickness: 1.2~25.4 mm**
 - Width: 650~1850 × 2000~12000 mm (Baoshan)**
 - Thickness 2.5~3.0 mm**
 - Width: 900~1000 mm (Shanghai No.1)**
 - Thickness: 1.8~12.7 mm**
 - Width: 850~1250 mm (Meishan)**
- ❖ **Capacity:**
 - 7.31 M tons**
 - Baoshan: 2.42 M tons**
 - Stainless Steel Branch: 2.44 M tons**
 - Meishan: 2.45 M tons**
- ❖ **Standard:** JIS, DIN, SEW, ASTM, API 5L, etc.
- ❖ **Production Line:** 4 (Baoshan: 3, Stainless Steel Branch: 2, Meishan: 1)
- ❖ **Application:** Engineering structures, Manufacturing automobiles, Pipe making, Bridges, Marine, Pressure vessels, Boilers, etc.

Heavy Plate

- ❖ **Size:** width: 0.09m~4.8m,
thickness: 5mm~150mm,
length: 3m~25m
- ❖ **Capacity:** 1.40 M tons
- ❖ **Production Line:** 1
- ❖ **Application:** Steel Plate for Line Pipe, Ship Plate, Structural Steel & Pressure Vessel, etc.

Hot Rolled Pickled & Oiled

- ❖ **Size:** 1.0~6.0 × 800~1850 × 1000~6000 mm
- ❖ **Capacity:** 0.75 M tons
- ❖ **Standard No.** Q/BQB302, JIS, ASTM, SAE, etc
- ❖ **Production Line:** 2
- ❖ **Application:** Engineering structures, Manufacturing automobiles, Household appliances, etc.

Cold Rolled Sheets

- ❖ **Size:** 0.3~3.5 × 900~1850 × 1000~6000 mm
- ❖ **Capacity:** 2.8 M tons
- ❖ **Standard:** Q/BQB 403, DIN, ASTM, JIS, AISI, SAE, etc.
- ❖ **Production Line:** 4
- ❖ **Application:** Building, Household appliances, Automobiles, Light industry (bicycle, porcelain enamelling).

Hot-dip Galvanized Products

- ❖ **Size:** 0.5~3.0 × 900~1550 × 1000~6000 mm
- ❖ **Capacity:** 1.29 M tons
- ❖ **Standard:** Q/BQB 420, DIN, ASTM, JIS, etc.
- ❖ **Production Line:** 6
- ❖ **Application:** Building construction, Transportation, Automobile parts, Vessel and Packing.

Electro-galvanized Products

- ❖ **Size:** 0.5~2.0 × 900~1550 × 1000~6000 mm
- ❖ **Capacity:** 0.5 M tons
- ❖ **Standard:** Q/BQB430, BZJ434, BZJ435, JIS, DIN
- ❖ **Production Line:** 2
- ❖ **Application:** Automobiles, Electrical Appliances, Steel furniture, Office accommodations and Building materials.

Electrical Steel

- ❖ **Size:** 0.35~0.65 × 40~1290 mm
- ❖ **Capacity:** 0.6 M tons
- ❖ **Standard No.** JIS C 2550(1986).
- ❖ **Production Line:** 3
- ❖ **Application:** Compressor, Medium and small motors, Small transformers, etc.

Color-Coated Products

- ❖ **Size:** 0.35~1.80 × 900~1550 × 2000~4000 mm
- ❖ **Capacity:** 0.67 M tons
- ❖ **Standard:** ASTM, SAE, EN, etc.
- ❖ **Production Line:** 4
- ❖ **Application:** Engineering structures, Manufacturing automobiles, Bridges, Marine, Pressure vessels, Boilers, etc.

Tinplate

- ❖ **Size:** 0.18~0.55 × 700~1280 mm
- ❖ **Capacity:** 0.6 M tons
- ❖ **Standard No.** JIS 3303.
- ❖ **Production Line:** 3
- ❖ **Application:** Food cans, etc.

Wire Rod Products

- ❖ **Size:** ϕ 5.5~ ϕ 25 mm (Baoshan)
 ϕ 5~ ϕ 40 mm (Special Steel Branch)
- ❖ **Capacity:** 1.05 M tons
 (Baoshan: 0.8 M tons
 Special Steel Branch: 0.35 M tons)
- ❖ **Standard:** Q/BQB, JIS, ASTM, SAE.
- ❖ **Production Line:** 2
- ❖ **Application:** Oil field, Ore mine, Gas transmission pipeline, Automobile and the State key construction projects, etc.

Pipe

- ❖ **Outside Diameter: 0.5~7.0 inch (Baoshan), 6~89 mm (Shanghai)
610 mm Max (ERW), 133~219 mm (Lubao)
67-133×5-20mm (Special Steel Branch)**
- ❖ **Capacity: 1.45 M tons
(Baoshan: 0.81 M tons, Lubao: 0.285 M tons)**

MOQ: 1000 TONS

Special Steel Branch: 5000 tons)

- ❖ **Standard : API, ASTM, ASME, DIN, etc.**
- ❖ **Production Line: 5**
- ❖ **Application: Automobiles, Machinery, Boilers,
Oil field, etc.**

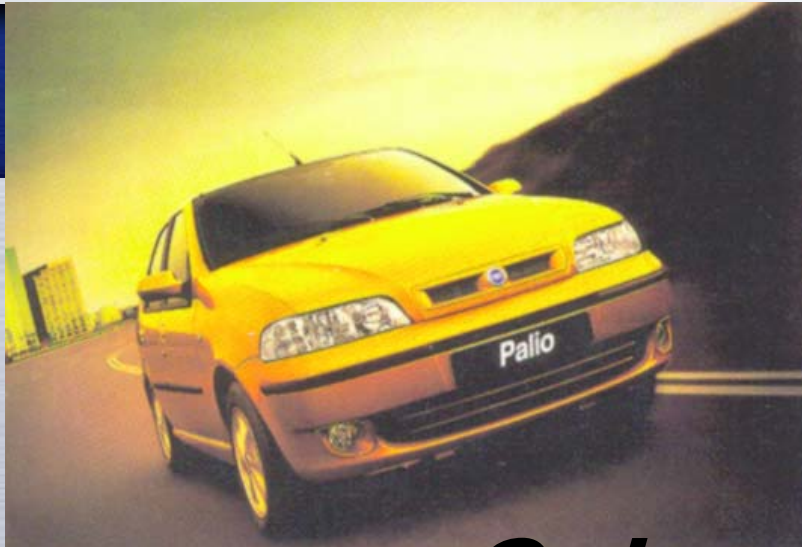
Stainless Steel

- ❖ **Size:** 0.30~3.00 × 650~1320 mm (Ningbo Baoxin)
2.0~10.0X 750~1600 mm (Stainless Steel Branch)
- ❖ **Capacity:** 2.1M tons
- ❖ **Standard :** ASTM, ASME, JIS, etc.
- ❖ **Production Line:** 4 (Ningbo Baoxin: 3,
Stainless Steel Branch: 1)
- ❖ **Application:** Automobile parts, Chemical industry,
Production equipments, Food
processing industry,
Heat-resistant material, Aircraft
ventilation piping.



Examples Of Final Use





Galvanized steel used for Automobile Steel

Used by GM, (In shanghai and in USA)

Chang'an Ford, Europe Ford

Shanghai No.1 Automobile,

Shanghai Volkswagen, etc.

Hot Rolled Steel



Used for making pipelines under the project of "gas transmission from West to East China"

Used for container making



Hot Rolled Pickled & Oiled

***Used for car body sheets, wheels,
shells of compressors, brackets
parts of bicycle, etc.***





Hot rolled steel used for Construction

Used in the state key projects of construction such as Pudong International Airport, Nanpu Bridge, etc

Cold Rolled Sheets

Used for automobile doors, windows, oil tanks, front lamps, wheel felloe and wheel ribs, complicated automobile under frame, furniture, cover frames of color TV tubes, enamel products, etc.



Electro-galvanized Products

- ❖ **Used for parts of automobiles such as car body sheets, radio sets, fans, air cleaners, filters, oil tanks**
- ❖ **Used for electrical appliances such as refrigerators, washing machines, dryers, air-conditions, etc.**
- ❖ **Used for office accommodations such as duplicating machines, electronic calculator frames, printers, display devices, telex machines, etc.**
- ❖ **Used for building such as doors, wall separation plates, reels, etc.**
- ❖ **Used for production machinery such as farm machinery, industrial robots, etc.**

Color-coated plate



"Baosteel Building" at the South Pole

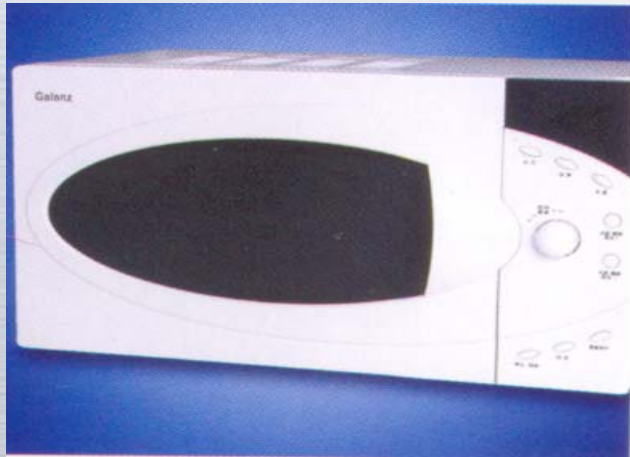
*Used for the outer
plates of the building.*

Wire Rod Products



- ❖ **Its high carbon steel wire rod (SWRH82B-1) got used in such state key projects as Shanghai Pudong Maglev, Qinshan Nuclear Power Station.**
- ❖ **The spring steel has been made into the springs for Santana car, Auto car and motorcycles**
- ❖ **The wire rod for steel cord has been widely supplied to the steel cord manufactures at domestic and abroad for making meridian line tires in large batches**

Stainless Steel



*Used for the surface of
microwave, pedestrian
bridge, escalator and lift,
etc*

*By **Hitachi, Mitsubishi***



Tinplate



*Steel pop-top beverage cans made of Baosteel's tin-coated sheet are used by **TsingtaoBeer,***

Jianlibao,

Coca-Cola, etc.

The text 'Thank You!' is rendered in a large, 3D, wireframe-style font. It is centered over a blue-tinted image of a globe showing the continents.A background image showing a person's hands typing on a laptop. A semi-transparent network diagram with nodes and connecting lines is overlaid on the scene.

BAOSTEEL AMERICA INC.

JANUARY 22, 2007