From the CEO’s Desk...
On the Road to Success: Strategy and Execution

As Severstal continues to grow in North America, I’d like to discuss two subjects: Strategy and Execution.

Strategy is about direction; by now you know that Severstal has purchased Sparrows Point and that the WCI Board has accepted our offer to purchase them. The strategy is simple: expand our product offerings, expand our geographic and market diversification and add expertise to the Company.

Dearborn is and will continue to be largely focused on the automotive industry. The recent investments will make Dearborn cost and product competitive and position it well as a key supplier to the major auto producers.

Sparrows Point is focused on slabs for plate, tin mill products and construction products. This acquisition balances the overall automotive concentration, extends the geographic and product reach and adds operating expertise to the Company. The investment levels required over the next five years will be moderate and will strengthen Sparrows’ positioning in its area.

WCI, based in Warren, Ohio, is focused on specialty products like high carbon, alloy and very high strength hot rolled steel. They are largely non-automotive and will also expand our product offerings. Again, the upgrades required will be moderate and will allow Warren to be strong in its market.

How well we are served by this strategy will depend on execution. Execution is about doing the things we need to do, doing our very best every day and using our experience to deliver consistently good results... whether it’s making steel, buying scrap or developing new products.

Severstal has afforded us the resources to acquire the “tools” we need to be successful. Whether we are successful is up to us... and every person matters. What is really encouraging is that Sparrows Point, Dearborn and Warren all have unique expertise, and as we begin to share experiences across each business unit, there is significant opportunity for each location to improve its day to day execution.

Have you taken your winning pictures for the Photo Contest yet?

Send us your entries now through September 1. See the rules in the May issue of True Metal and on the Intranet’s Home Page.

Persistence is to the character of man as carbon is to steel.” - Napoleon Hill
One tattered outfit. Wanting to do more to help, Rachel had the idea to start sending new dresses to the girls. When she returned home she started Little Dresses for Africa, a non-profit organization that aids children in Africa.

In places like Malawi, three out of every 10 children will die of AIDS before the age of five. Fifty percent of homes are led by children under the age of 15. Little Dresses for Africa tries to do as much as possible to help these orphaned kids. Along with supplying clothes and other necessary items, Little Dresses educates the children about AIDS prevention, good nutrition and health and family skills. Rachel likes to say, “We are not just sending dresses...we are sending Hope!”

Originally, when Rachel gathered friends and family to sew dresses from used pillowcases, her goal was to send 1,000. Since then the organization has made over 4,000. In fact, the response was so great that they were also able to supply a 40 ft. container full of medical supplies, 150 bikes, 2,000 textbooks and some sports equipment. They are even starting a new branch called Britches for Boys.

As Little Dresses for Africa and Britches for Boys continue to grow, more help is needed. Ways to become involved range from sending money, to offering your time to help sew, to donating gallon-sized bags or new and gently used pillowcases. All contributions are tax deductible, and 100% of the donations go directly to the children.

If you’re interested in supporting Little Dresses for Africa, you can visit its website at http://www.littledressesforafrica.org. There you will find all of the information that you need to get involved, including an innovative pattern for making a pretty dress out of a pillowcase.
Modernization Update

In the previous issue of True Metal, we shared an update on the Cold Mill’s modernization program (PLTCM and HDGL). In this issue, we continue with the latest modernization news. The information below is by courtesy of Dave Morris, SNA’s Vice President, Engineering.

“C” Blast Furnace Modernization

Our new state-of-the-art blast furnace began operation on October 18, 2007. The furnace has been steadily increasing its productivity and overcoming normal ramp-up problems and learning curve issues associated with the launch of new operations and complex technologies. The new “C” Blast Furnace has already reached production levels of nearly 6,000 tons per day, well above the capability of the old furnace.

The final two phases of the “C” Blast Furnace modernization, new cold blast blowers and pulverized coal injection (PCI), are nearing completion. The new cold blast blowers will allow “C” Blast Furnace to achieve its production target of 6,500 tons per day, while PCI will drive down the cost of producing hot metal by eliminating the need for injecting expensive natural gas as a component of furnace fuel.

“Currently “C” Furnace is running very well. Our equipment upgrades are performing as expected with only a few minor problems. Our people are doing a good job of learning the new procedures and the new equipment. I believe the investment we made in training for the new furnace has paid great dividends,” Keith Kahl, Manager, Blast Furnace Operations, reported.

All the members of the project team, led by Keith Kahl along with Mike Walsh and Art Cheng, should be congratulated for their astounding accomplishments. The “C” Blast Furnace modernization program has already received awards for outstanding projects within the steel industry and is featured on the cover of the March edition AIST Steel Technologies magazine.

BOF Secondary Emissions Control System

The BOF has been successfully operating the new secondary emissions control system which was commissioned October 2007. “The SNA Environmental Engineering Department obtained approval from the Michigan Department of Environmental Quality to install and operate the baghouse. Stack testing to verify that the baghouse meets all the permit limits will be performed by October 2008. With the increased ability to capture all emissions, the BOF is now able to use lower cost scrap in its steel production, which has yielded substantial cost savings,” Jim Earl, Manager, Environmental Engineering, said.

This new fume collection system has been recognized as another example of Severstal’s ongoing commitment to environmental quality and the protection of our surrounding communities.

According to Joe Ryan, Manager, BOF, in addition to lower cost scrap, the system greatly improves flexibility in switching vessels, a critical productivity enhancement. “We are already realizing the return on the secondary emission system, the scrap loading facility rebuild and the linear ladle gate conversion. Work is progressing on the next phase of our plan, including the hot metal processing and scrap charging system upgrades,” Joe Ryan commented.

Continuous Caster Straight Mold Conversion

The conversion of the Continuous Caster’s #1 and #2 strands to a straight mold configuration was completed and the strands returned to service during October of last year. After many difficulties encountered during the commissioning and start-up, the new straight mold casters are beginning to show the quality improvements predicted.

As Al Hughes, Manager, Continuous Caster and Ladle Refining, pointed out, “The surface quality defects encountered prior to the conversion have been substantially reduced through the efforts of the Caster and Quality teams working together to identify and correct previously unidentified equipment and operating issues. Their combined efforts and teamwork will without doubt result in a product that will please our customers.”

The troublesome “pencil pipe” defects created by argon bubbles trapped on the surface of the slabs have been non-existent, and lamination defects are beginning to decline as the process is fine-tuned.

Hot Strip Mill Reheat Furnace Upgrades

The last of the three reheat furnace upgrades was completed in February of this year. After many problems were encountered during the upgrade of the first two furnaces and extensive delays were associated with their start-up, the work on the third furnace was completed according to plan and brought to full operating capability with minimal performance issues. The Process Control department is completing the final tuning of all the furnaces, and productivity increases and fuel reduction potential are being realized.

There were many lessons learned from the implementation of the first two furnaces. One of the lessons learned was the need for a clear scope of work and a focus on institutionalizing reliability activities. As the Hot Strip Mill Team continues to focus on furnace performance, the mill expects to achieve its business plan targets by 2nd quarter 2008.
April showers bring May flowers. At SNA, May also brings a new group of interns. On May 12, thirty college students joined the Company workforce, making this year’s class the largest group of interns yet.

Since its inception in 2006, the internship program has grown in more ways than in just numbers. This year, round-table meetings with executives have been added to familiarize interns with the wide range of issues currently facing SNA, as well as training for intern mentors to help them to provide an educational and beneficial intern experience.

The intern program is also expanding in scope. Departments who previously have not participated in the program have taken on an intern this summer, adding a fresh perspective and energy to their team. In fact, for the first time ever, the Communications Department and True Metal have an intern: me! As one of my first assignments, I am talking to my fellow interns about their experiences at the Company to date.

Four students are returning to the program for a second summer. After positive experiences last year, these students are seeking more responsibility and deeper knowledge of their field. Picking up where she left off, Stephanie Leiting is building on her knowledge of the Treasury and Credit job to become involved more quickly. “It’s been very good so far. I’ve taken a more active role with customer interaction, which is exciting!” Returning interns Rob Wasilevich (Production Planning) and Ibrahim Qasim (Cold Mill) find they have been working on projects more relevant to their schoolwork. Both have been assigned projects related to their studies over the past few semesters.

Interns are often recruited at college job fairs. Betrework Tizazu (Maintenance – Double Eagle) first encountered Severstal at a University of Michigan–Dearborn job fair. After the job fair, Betrework researched the Company and decided it would be a good fit for him. His instinct was right; he is very enthusiastic about the work he is doing.

No matter how an intern arrives at Severstal, all interns have a common goal: to learn about and gain experience in their field over and above what can be taught in a classroom. After two years of school, David Goshgarian (Crane Repair) did not have a good understanding of what a mechanical engineering job would entail. Since David has been here, “I went from literally not being able to look at a blueprint to almost entirely understanding it.” Ultimately, the tasks that interns perform throughout their tenure provide a valuable education. Chris Ienna (Sales and Marketing), who has interned since last summer, says of his experience, “Overall, I’ve learned a lot at Severstal; things that will be beneficial to me throughout my career.”

Interns are drawn to Severstal by the promise of meaningful work. “I heard that the program was good, that I would learn a lot and that I would work on real world projects,” said Dave Hogarth (Quality Assurance – Double Eagle). As promised, he was quickly given a project to improve the accuracy of a scanner. Interns at SNA are involved in such projects from their first day of employment.

Perhaps the most indicative sign of the intern program’s success is the number of participants who would like to work for the Company on graduation from college. After less than one month of work, many interns are interested in a career at Severstal. Some cited the exciting pace of the steel industry or the recent acquisitions being made. Nick Kroll (Accounting/Finance – Double Eagle) put it best. When asked what his future plans are he simply said, "As of right now, I enjoy working here.”

Famous Former Interns
Bill Gates - Congressional Page
Madeleine Albright - The Denver Post
Ronald Reagan - WOC (Davenport, IA)
Brooke Shields - San Diego Zoo
Kiefer Sutherland - Williamstown Theater Festival
Donald Trump - Trump Corporation (construction)
Oprah Winfrey - WTVF-TV (Nashville, TN)
Frank Lloyd Wright - with Representative Robert Stephens, Jr.
Betsey Johnson - Mademoiselle Magazine
Brian Williams - administration of President Carter
Steven Spielberg - Universal Pictures (editing room)
Dick Cheney - with Senator Ted Kennedy’s staff
Have you recently gotten married or added a new member to your family? Congratulations! Have you contacted the Benefits Office to add your new dependent(s) to your health care coverage?

Your dependent(s) need to be added to your health care coverage within 30 days of a wedding, birth, adoption or legal guardianship. You will need to complete a health care application to add them and provide a copy of the state-issued marriage certificate, verification of birth, birth certificate, guardianship paperwork, adoption paperwork or proof of parentage to the Benefits Office. Adding step-children will require both the marriage and birth certificates.

If the documentation is received within 30 days of the marriage, birth, adoption or placement for guardianship, the effective date of health coverage will be retroactive to the date of marriage, birth, adoption or placement. If, however, the paperwork is received more than 30 days after the event, there will be a gap in coverage – coverage will begin the first of the month after the paperwork is turned in, and the effective date will not be retroactive.

If you have a baby, don’t wait for the state-issued birth certificate or for the Social Security card – those documents almost always take more than 30 days to arrive. Apply for coverage as soon as your baby is born to ensure that your baby will have health coverage from the very start. When you do receive the birth certificate, send a copy to the Benefits Office to ensure continued coverage for your child.

If a spouse or child is no longer a dependent, you will need to complete a form to drop them from your health care coverage. You may be required to supply supporting documentation, such as a judgment of divorce.

If you have any questions, please contact the Benefits Office at 313-323-1600.

**Golf Club Donations**

Dear SNA employees and golfers:

Rosalind Edwards, Manager, MRO Purchasing, is working with a Detroit based non-profit organization, Divas4Life, to develop a golf clinic for young women ages 14 through 18. The clinic is scheduled for July 14th and 15th at the Plum Hollow Country Club in Southfield.

Rosalind feels that learning and playing golf is rewarding physically, mentally and emotionally. She hopes that every young woman, regardless of economic background, be given the opportunity to experience the satisfaction of playing golf. She is asking you to donate any old or used clubs to this worthy cause.

Your donation can be dropped off at the Schaefer Court Receiving area in the large barrel provided. Please make your donation on or before July 11, 2008.

Thank you from Rosalind and the Divas4Life. If you have any further questions about the organization, please contact Rosalind at 313-317-9769 or redwards@severstalina.com.

**Oops!**

True Metal would like to apologize to Matt Kramer for publishing a photo of another person instead of his. Matt was featured in the Day in the Life: Process Control article in May. The photo turned out to be of Ben Galster, one of the other Level I engineers. Here is a real photo of Matt Kramer. Sorry for the confusion!
SNA Hosts a Tour for the Ford Technical Board

Ford team to develop global sheet metal material specifications and related practices to support global vehicle development. The team was able to appreciate the magnitude and complexity of the steel making operations, as well as the intricacy of producing steel grades with a wide range of end properties.

The attendees were:
Mario Ciricola, Interpreter; Lucia Correia Rama, Ford of Brazil; Donald L. Jordan, Ford North America; Yukihiro Sugimoto, Mazda; Simon Buckingham, Jaguar-Land Rover; Sam Xue Ford-Nanjing; Richard Johansson, Volvo Cars; Mitsugi Fukahori, Mazda; Albert Toennesen, Ford of Germany; and Buva Bellam Janarthanan, Ford of Germany.

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