



ArcelorMittal

# news release

## **Subsidiary of Mittal Steel Ostrava finalized the planned liquidation of its plant**

**31.10.2006**

**Válcovny plechu, subsidiary of Mittal Steel Ostrava, the biggest Czech steel company, finalized the physical liquidation of the hot rolling mill as committed by the Czech Republic in the Association Agreement with the EU. Production of plates at the hot rolling mill was according to the said Agreement with the EU, as well as with the Antimonopoly Authority terminated last December.**

"The hot rolling mill suitably supplemented the offered range of products, however, its preservation for the existence of the company was not extremely important," says Mrs. Marcela Blachová-Mikšová, CFO and Vice Chairman of the Board of Directors of the company. "The company's future lies in the production of electrical plates, which means that all investment projects in the coming years will be or are already oriented on the device necessary for production of these plates," the CFO added.

Hot rolling mill played a unique role not only in the era of the company itself, but in the entire Czech steel industry. There were thousands of people working in the plant not only from the region of Frýdek-Místek and its surroundings, but earlier also from Poland or Slovakia. More than 3 million of tons of steel have been products at the hot rolling mill since the production start in 1908, which means for 97 years of its existence.

Situation resulting from the close down of the hot rolling mill of last autumn complicated the decision of the Ministry of Culture, which proclaimed part of the hot rolling mill, namely thick sheets rolling line, for cultural monument. There were therefore two decisions standing against each other. The decision of the Ministry, according to which the monument should be preserved, and the decision of the European Commission and of the Antimonopoly Authority according to which the plant was to be liquidated. In view of the Association Agreement and the thread of eventual penalties imposed by the European Commission in tens of millions of Czech crowns the management of Válcovny plechu took final decision on termination of production of sheets in the hot rolling mill. The company's management placed appeal against the decision of the Ministry. In the beginning of this year the Ministry cancelled its initial decision. Historically valuable parts of the rolling line are only the flywheel and Siemens engine, produced 100 years ago. The company offered these two objects to the National Technical Museum. "The Museum of Prague can both unique objects, which together weigh more than several tens of tons, take over in the beginning of next year. They have already confirmed their interest, however, as they are waiting for new locality, we will temporarily store these objects in our company," the CFO added.

Válcovny plechu, a.s. Frýdek-Místek, ranking between the biggest domestic producers of electrical plates, employs 740 people. Last year the company achieved profit after taxation equal to CZK 221.6 million and sales of CZK 3.17 billion. Mittal Steel Ostrava is 100% owner of the rolling mill.