

GERDAU CONTINUOUSLY INVESTS IN OUR OPERATIONS TO ENSURE CUSTOMERS ARE GETTING THE BEST AND MOST RELIABLE STEEL BARS

We have invested more than US\$ 200 million in our special steel mill in Monroe, Mich. over the last few years to better serve our valued customers with consistent, high quality engineered steel bars. Included in this investment is a state-of-the-art continuous caster, new twin-tank vacuum degasser, walking beam reheat furnace, six additional rolling mill stands, and new quality inspection and straightening equipment.



Our state-of-the-art continuous caster was commissioned in October 2012. The new strand caster transforms liquid steel into solidified steel billets for subsequent re-rolling. This caster features a 10 meter radius, four cooling zones and complete shrouding from ladle to mold with automated mold level control and electromagnetic stirring. The caster has the capability to produce billets and blooms in 152mm, 210mm and 280mm square dimensions.



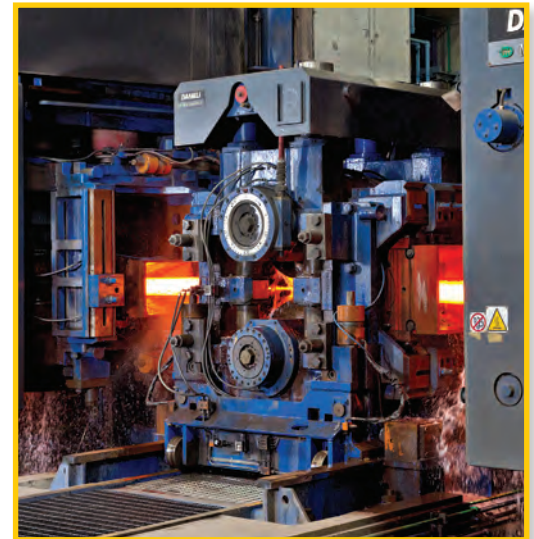
Our new vacuum degasser is a twin tank design, which utilizes a mechanical pump system that increases the efficiency of the operation. This fully automated system also increased our degassing capacity to where we can degas 100% of the heats produced.



WE ARE COMMITTED TO QUALITY AND IT SHOWS.



Our new walking beam reheat furnace features six zones with top and bottom firing at the pre-heat, heat and soak stations. The new furnace increases reheating capacity and offers capability to reheat billets and blooms from 152mm to 280mm square sections. The automatic controls allow for custom reheating temperature curves for individual order requirements and adjustable residence time for improved decarburization.



Included in this capital expenditure project is the installation of six additional rolling mill stands. These new stands allow us to increase the input bloom sizes up to 280mm squares and offers higher reduction ratios. Enhancements to the cooling beds and the installation of two hot abrasive saws are also part of this project.

Gerdau has invested \$21.6 million in a new straightening and quality inspection line. Included in this expansion is a new heavy-duty 10 roll bar straightening unit (pictured), surface inspection equipment, and automatic ultrasonic inspection equipment for testing internal cleanliness. Also included is 100% x-ray grade verification as well as end face and chamfer capability.

