

For Immediate Release

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A start-up of Newly Consolidated Stainless Steel Distribution Company

Recently, Nippon Steel & Sumikin Stainless Steel Corporation (“NSSC”), Sumitomo Corporation (“SC”), and Nippon Steel Trading Co., Ltd. (“NST”) have agreed to create a new consolidated company (“NEWCO”) for domestic stainless steel sheet distribution business turning Nippon Stainless Shoji Co., Ltd. (“NSS”, currently 65% NSSC, 35% SC) into NEWCO’s merging company, and have concluded the master agreement for this business combination on March 29th, 2007. The details of such business combination shall be mutually discussed and determined later by all parties concerned.

1. Objective and Purpose of Business Combination

NEWCO shall bring forward a new business model that offers value to each “end user (customer)”, “handler (distribution channel)”, and “maker (manufacturer)” through following activities;

- (1) NEWCO will roll out the nation wide sales and marketing network for stainless steel sheets utilizing each shareholder’s accumulated sales know-how, veteran sales force, information-gathering ability, and business bases.
- (2) NEWCO shall reinforce its uniform competitiveness by vertically integrating primary, secondary distribution functions, and coil center functions, and creating synergy among them.
- (3) NEWCO shall differentiate its services by various technical supports through a strict joint quality control with NSSC, and strengthened problem-solving capabilities.

As an NSSC’s main distribution channel, NEWCO shall contribute to the society by increasing the stainless steel demand in Japan and executing the necessary reforms and remedies that could ultimately result in the benefit of all customers and industry.

2. A Range of Business to be Combined, and its Method

(1) Combination of domestic stainless steel sheet distribution businesses:

SC and NST shall each carve out its domestic stainless steel sheet distribution business from its main frame, and consolidate them into NSS's existing operation.

(2) Consolidation of coil center businesses:

Futtsu-shi, Chiba based U-WA TECH CORPORATION (100% NSSC), and Amagasaki-Shi, Hyogo based Kansai Stainless Co., Ltd (80% SC, 20% NSSC) shall be placed under NEWCO's 100% ownership.

(3) NSSC, SC, and NST shall form NEWCO by contributing each party's stainless steel sheet distribution business, and shares of stainless steel coil center companies (namely Yuwa Sangyo and Kansai Stainless) to NSS through a business combination method set forth in the corporate laws.

3. Amount of Capital, and Ratio of Each Party's Capital Contribution

- Capital: 2 Billion Yen
- Ratio: SC 36%, NST 36%, NSSC 28%

4. President

Takashi Mizuno, currently a director, senior executive officer of NSSC, is nominated to be the first president of NEWCO.

5. Date of consolidation

Scheduled to take place on July 1st, 2007.

The consolidation preparation committee consisted of members from each party concerned shall be formed soon.

6. Out line of NEWCO

(1) Name of the company: NS-Stainless Corporation (provisional)

NSS is scheduled to change its corporate name after the consolidation.

(2) Bases of business: Headquarter) Tokyo

Branches, Sales Offices) Osaka, Nagoya, Hiroshima,
Fukuoka, Naoetsu

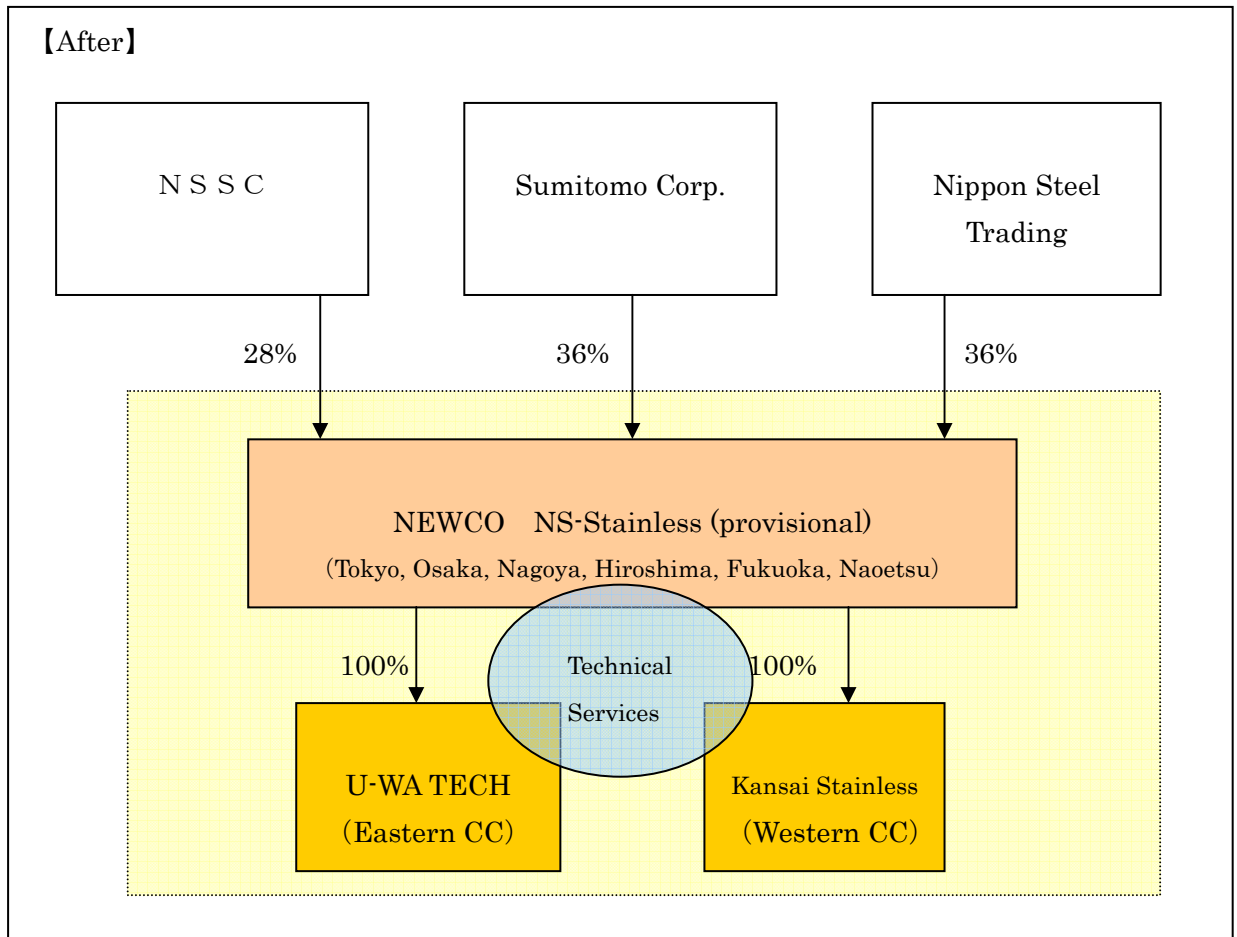
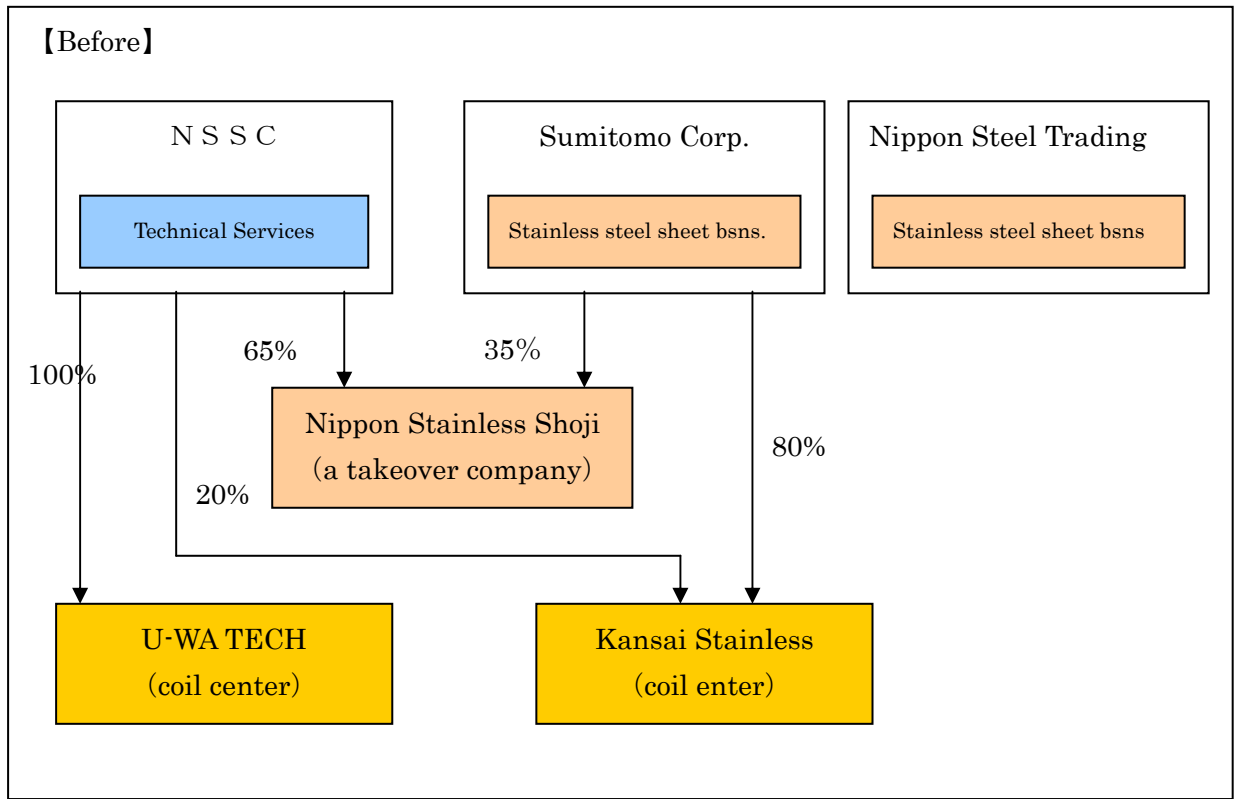
Coil Centers) Yuwa Sangyo, Kansai Stainless

(3) Sales: 90 Billion Yen (Consolidated Basis)

(4) Selling Quantity: 200,000 Metric Tons / Year (Consolidated Basis)

(5) Number of Employees: 150

Outline of Consolidation



< Reference 2 >

Outline of Nippon Stainless, Yuwa Sangyo, and Kansai Stainless

I. Nippon Stainless Shoji Co., Ltd.

- | | |
|--------------------|---|
| (1) Shareholders | NSSC 65%, Sumitomo Corp. 35% |
| (2) President | Yoshiaki Kobayashi |
| (3) Headquarter | Sumida-ku, Tokyo |
| (4) Branches | Osaka, Naoetsu, Nagoya, Ichikawa Service Center |
| (5) # of Employees | 54 |

II. U-WA TECH CORPORATION

- | | |
|--------------------|--|
| (1) Shareholders | NSSC 100% |
| (2) President | Hiroaki Hashimoto |
| (3) # of Employees | 32 |
| (4) Mfg. Base | Futtsu Plant 33-4 Futtsu-shi, Chiba 20,000 m ² Main Equipment 2 Levelers, 1 Slitter, 2 Re-Shears |

III. Kansai Stainless Co., Ltd.

- | | |
|--------------------|---|
| (1) Shareholders | Sumitomo Corp. 80%, NSSC 20% |
| (2) President | Kiyoshi Miyagawa |
| (3) # of Employees | 29 |
| (4) Mfg. Base | Amagasaki Plant 27 Higashi Kaigan-cho, Amagasaki, Hyogo 14,617 m ² Main Equipment 2 Levelers, 1 Slitter, 1 Re-Shear |