

<Establishment of New Steel Processing Center in Jiaxing City, China>

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Marubeni-Itochu Steel Inc. (headquartered in Tokyo, President: Tsunekatsu Yonezawa) is pleased to announce the recent establishment of Jiaxing Hongzhong Steel Processing Co., Ltd., a wholly owned steel plate and sheet processing center in the Jiaxing City region of China's Zhejiang Province.

Marubeni-Itochu is already active in the steel plate and sheet processing center business with two companies in Shanghai City. However, in addition to the conventional users of its products in the consumer electronics field, automobile-related customers are also accelerating their advances to the Chinese market. With this trend accompanied by sharp growth in demand for high-quality steel products, such as high-strength steel plates and sheets for automobile use, the Company concluded that it is critical to bolster its processing capacity with the construction of a new plant. The newly founded Jiaxing Hongzhong Steel Processing has been capitalized at US\$10 million, and is slated to commence operations at the start of next year (2006).

Zhejiang Province's Jiaxing City is located within a 100-kilometer radius of the major demand area of East China, containing the key cities of Shanghai, Hangzhou and Suzhou. Jiaxing is linked directly to this zone by express highway, and also enjoys ready access to well-developed port facilities in the immediate vicinity. With the planned opening of linear motor car service between Shanghai and Hangzhou in the near future, it will become possible to reach Jiaxing from Shanghai Pudong International Airport within 20 minutes, boosting hopes for further robust development by the city as a major crossroads of distribution, transportation and other progress over the years to come.

<New Company Profile>

- (1) Company Name: Jiaxing Hongzhong Steel Processing Co., Ltd.
- (2) Address: Gangshan Road, Jiaxing Economic Development Zone, Jiaxing City, Zhejiang Province
- (3) Capitalization: US\$10 million (wholly owned by Marubeni-Itochu Steel Inc.)
- (4) Major Equipment
Large precision slitter (thin steel sheet): 1 unit
Large precision slitter (high-strength steel plate and sheet; thick steel sheet): 1 unit
Mini-leveler: 1 unit
- (5) Processing Capacity: Approx. 14,000 tonnes/month
- (6) Employees: Approx. 80 persons
- (7) Operations Startup: Early 2006

Please direct inquiries about this news release to Mr. Yaegashi or Mr. Hayakawa, Corporate Planning & Coordination Department, Marubeni-Itochu Steel Inc.

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