

<OCTG Threading Company to be Set Up in China>

Marubeni-Itochu Steel Inc.
Nihonbashi 1-chome Bldg.
4-1 Nihonbashi 1-chome, Chuo-ku
Tokyo 103-8247

Marubeni-Itochu Steel Inc. has recently reached agreement with Chengdu Iron & Steel Co., Ltd. (CSST), an affiliated company of Panzhihua Iron & Steel Co.Ltd., one of China's major state-owned steel corporations, to set up a joint venture in Chengdu City, Sichuan Province, to thread and sell OCTG used in the excavation of oil and gas wells.

The new company has been named Pancheng Yihong Pipe Co., Ltd. and will be capitalized at \$30 million. CSST will invest 60% of the capital and Marubeni-Itochu Steel 40%. It is anticipated that permission to set up the plant will be obtained in August this year and production will start during the second half of next year. Production capacity will be about 250,000 tonnes a year. The company will mainly sell its products to oil fields in various parts of China, and some will be exported.

In China, demand for oil and gas has been increasing rapidly and, as a result, demand for OCTG used in the excavation of oil and gas has also been rising. China has become the largest user of such pipes.

Panzhihua Iron & Steel (Group) Co. is the largest steelmaker in western China and its crude steel production capacity is about 5.6 million tonnes a year. It is also the largest producer of vanadium and titanium products in China. It ranks as the second largest producer of vanadium in the world.

This venture will enable Marubeni-Itochu Steel to strengthen its ties with Panzhihua Iron & Steel (Group) Co.

Please direct inquiries about this news release to Mr. Yaegashi or Ms. Masada,
Corporate Planning & Coordination Department, Marubeni-Itochu Steel Inc.
Tel: 03-5204-3345