

<MISI to Establish Automotive Steel Sheet Processing Venture in India>

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Marubeni-Itochu Steel Inc. is pleased to announce its recent decision to invest approximately \$4 million to launch a company in India with the purpose of processing steel sheets for use in automobiles.

The new company will be a joint venture with Caparo Engineering India, an Indian automotive press parts manufacturer, and will be located on the outskirts of Delhi. The goal is to process approximately 6,000 tonnes of tailor-welded blanks annually.

India's automobile market is expanding at a swift pace. The nation's domestic unit sales for the year from April 2005 amounted to approximately 1.55 million units. This means that India has already emerged as Asia's third largest auto sales power behind Japan and China. On the production front, its 1.7-million-unit output places it No. 4 in scale after Japan, China and South Korea. Industry observers project that the India car market will continue to chart robust expansion from here on as well, prompting a steady stream of complete vehicle manufacturers to announce plans to beef up their production capacities in India.

MISI is also targeting India as a pivotal market in its new medium-term business plan. It decided to establish a TWB manufacturing company as one phase of its strategy for keeping up with the rapidly expanding India auto market. This latest announcement, therefore, heralds further growth of MISI business activities in this highly promising field and marketplace.

The new company will be positioned to make optimum use of MISI experience in the automobile steel product processing field both in Japan and abroad, in tandem with the press part manufacturing expertise of JV partner Caparo, to supply the market with top-quality products and services.

<New Company Corporate Profile>

- (1) Targeted total investment : US\$3.8 million
- (2) Capitalization : US\$1.5 million
- (3) Targeted equity breakdown: Caparo Engineering 70%, Marubeni-Itochu Steel Inc. 30%
- (4) Scheduled location : Growth Center of Bawal, Haryana, India
- (5) Business activities : Manufacture of tailor-welded blanks (TWB)
- (6) Scheduled operation startup: July 2007

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