

**<MISI to Establish High Grade Colored Steel Sheet Processing Center
in San Diego, U.S.A. >**

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Marubeni-Itochu Steel Inc. is pleased to announce its decision to invest approximately US\$3 million in the establishment of a plant in San Diego, California, through a joint venture with Coil Center Settsu Kozai Co., Ltd. The new plant will process high grade colored steel sheet used in the production of flat screen TVs.

Electrical appliances manufacturers have expanded production capacity on North America's west coast in response to the exploding demand for flat screen TVs in the U.S. This has caused a sudden spurt in demand for high grade colored steel sheet, which is used for covering the rear of flat screen TVs. These materials are currently transported to overseas plants after shearing in Japan. The switch to local production due to expanded demand is part of efforts to provide more stable supply services.

In response to the stringent quality standards of electrical appliances manufacturers, we have agreed to establish the new company as a joint venture with Settsu Kozai, a leading processor of high grade colored steel sheet.

<JV Corporate Profile>

1. Company name : San Diego Metal Processing Inc. (tentative)
2. Plant location : 100 Kerns Street, San Diego, CA, USA
3. Capitalization : US\$3 million
4. Shareholders : Marubeni-Itochu Steel Inc. 60%, Settsu Kozai 40%
5. Total investment : US\$3 million
6. Sales : approx. US\$3 million
7. Scheduled operation startup : May 2007
8. Plant equipment : Large leveler, fine drum shear by Yonemori Ironworks Co., Ltd.
(more equipment will be added upon demand)
9. Projected manufacturing capacity : 3,000 tons per month

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