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A New Year Message from the President of Nippon Steel
Capitalizing on Superior Product-making Capabilities to Benefit Our Customers and Society
Happy New Year!

Again in 2004, Nippon Steel Corporation will focus company-wide efforts on benefiting our customers as we seek their continued patronage.

It can safely be said that last year the Japanese steel industry embarked on the path to a powerful revitalization. Behind this were the industry’s strenuous endeavors to go through with the drastic rationalization and structural reforms in order to ride out the harsh supply-and-demand environment. Both the steelmakers and steel distributors of Japan, at their own initiative, carried out a historic reorganization of the industry across the frames of individual enterprises.

Fortunately, Nippon Steel was able to record stable results, on a cash flow basis, as indicated by consolidated ordinary profits that for the 2003 fiscal year are projected to be ¥160 billion.

In 2004, steel demand overseas will continue to be strong, as evidenced by an expected 10% growth of demand in China. Domestic steel demand, after a spell of decline, is also beginning to show signs of reaching bottom. All this is a continuation from last year of a favorable tailwind.
for the Japanese steel industry. On the other hand, we are faced with the urgent tasks of how to respond to the current progress of yen appreciation and to sharp increase of raw material prices arising out of the rapidly expanding Chinese steel industry.

It is in these circumstances that we wish to make yet better use of our company’s “strengths” in the substantial improvement of the tasks facing us.

Four Major Strengths of Nippon Steel in Serving Our Customers

I would like to cite four points as the major “strengths” of Nippon Steel. First: Strategic nationwide locations of our steelworks and sales offices, enabling us to offer a full range of superior services to customers throughout the country. Second: A wealth of advanced technological capabilities and technology-development capabilities that have been fostered through partnerships with domestic customers. Third: User services backed by a global perspective that is derived from a nucleus of alliances with the world’s major steelmakers. Fourth: World-class credibility, acquired by Nippon Steel during a long history of its international transactions.

Alliances with Sumitomo Metal Industries, Ltd. and Kobe Steel, Ltd. have steadily produced results, including the formation in October 2003 of a new company specializing in stainless steel, Nippon Steel & Sumikin Stainless Steel Corporation. Henceforth, we wish to advance the levels of our existing alliances and transform them into the best possible solutions for our customers.

All these strengths are valuable assets that can never be acquired in a short period of time. As a legacy from our predecessors both inside and outside our company, we wish to further build up these strengths in the future.
Superior Product-making Capabilities to Provide Solutions

Firstly, technological development is the task that Nippon Steel must wrestle with first and foremost in 2004. Taking leadership in advancing the technological frontier in new product development and new process development and thus winning wholehearted customer confidence form the core of our company’s management policy. We take pride in our world-class technology-development capabilities that have already earned an excellent reputation among our customers both at home and abroad. We would like to not only supply excellent products but also provide ever higher-quality services, including steel utilization and fabrication technologies and solutions.

Secondly, capitalizing on the comprehensive capabilities both of the individual business segments of our company and of the Nippon Steel Group as a whole, we will seek to provide our customers with the best possible solutions. As the Nippon Steel Group is pushing forward with a broad range of multiple business operations spinning out of the core steel business, we can offer an extensive menu of products and services. With the total capabilities of individual segments and member companies of the Group, we wish to provide optimum solutions to our customers.

Thirdly, we wish to contribute to the structuring of recycling society. Nippon Steel is positively recycling plastic waste and by-products being generated by society and other industries. We will continue to contribute in this area, exploring the maximum out of the steel industry’s potential.

In Japan, as measures against global warming, a study on the introduction of environmental taxes and other economic measures is scheduled to begin soon. Naturally, we will continue efforts to make certain to achieve our own environmental targets. At the same time, however, we are going
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to make more endeavors, by working together closely with other industries, to prevent environmental taxation so that the Japanese steel industry can maintain and strengthen its competitiveness and continue to produce steel within the country.

And we reaffirm our commitment to ensuring safety and preventing accidents, which are the base of all our business activities. To this end, we will reexamine all the levels of “our product-making capabilities,” which underpin our efforts towards safety and accident prevention. We must deeply reflect on the causes of those some accidents which occurred last year.

To prevent the loss of human resources---the invaluable foundation on which our whole corporate management is based, I am going to personally take the lead in making the utmost efforts to further improve our safety-control and accident-prevention systems under the principle: “Safety Comes First.”

This year also, we intend to make a significant contribution to our customers and society, resolutely pushing further the limits of our “product-making capabilities.” The continued understanding and support of our customers would be most appreciated.

Akio Mimura
Representative Director and President
Nippon Steel Corporation

Thank you. Next issue coming soon.
After Finishing Moya-II Exhibition

I stopped for several nights to prepare the exhibition. In the darkness, all the surroundings changed to black woods. The mountains were dark and stars glimmered above the treetops. In the moonlit night, everything shone brilliantly. From early in the morning, at the end of the gallery space I began assembly of cut-out steel wheels by fusing their parts. I fervently wished to incorporate unseen things into the work, such as water vapor and radioactivity. When these effects were realized, I looked down from above and, for the first time, felt that the space thus created was one that could emanate light in the dark sky and mountains.

Noe Aoki

Born in Tokyo in 1958

—Selected Solo and Group Exhibitions

1992: Metal Sculpture Today: Iron, Steel, & Stainless Steel, Tokyo Metropolitan Art Museum
2000: NOE AOKI, Meguro Museum of Art, Tokyo
2001: Tsubaki-kai, Shiseido Gallery, Tokyo (also ‘02,’03,’04)
2002: Power of Art, Hyogo Prefectural Museum of Modern Art
2003: NOE AOKI, Aomori Contemporary Art Center, Aomori