

November 8, 2005
Nippon Steel Corporation

Commencement of Business by Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd.

Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd., a joint venture founded in Shanghai last year by Nippon Steel Corporation (president: Akio Mimura), Baoshan Iron & Steel Corporation (president: Ai Baojun) and Arcelor (CEO: Guy Dollé), held an opening ceremony at its factory premises on November 8.

The opening ceremony, held in the presence of honorable representatives from the central government of China and the local government of Shanghai City, and Their Excellencies, the Ambassadors and Consuls General of Luxemburg, Japan and France, was a splendid event attended by some 500 guests, including the executives of the major Japanese automakers operating in China and all the carmakers in China.

The joint venture was granted official approval for its founding in July of last year. Since the end of last year, it has gradually started up one production line after another. The No. 1 CGL—the principal production line for automotive steel sheets—began rolling at the end of last March, more than a month ahead of schedule. At the end of June, the No. 2 CGL also came on-line ahead of schedule. These lines are operating quite satisfactorily and have partially started commercial production of steel sheets for automobiles.

The company is a joint venture founded by three leading companies from Japan, Europe and China in order to ensure that demand for high-grade automotive steel sheets – which is expected to grow rapidly in the medium to long term – can be met. It is the first company in China dedicated to the full-scale supply of automotive steel sheets.

The joint venture is due to shift to full-scale production next year. At present, it is engaged in start-up production with the emphasis on improving product quality and production efficiency.

This venture should complete Nippon Steel's organization in terms of the supply of automotive steel sheets in its strategic areas around the world, including the Chinese market. Nippon Steel believes that this joint venture will not only improve its responsiveness to automakers as they promote their own global strategies, but will also contribute much to the development of China's steel and automotive industries.

Outline of the joint venture company

Company name:

Baosteel-NSC/Arcelor Automotive Steel Sheets Co., Ltd.

Business:

Manufacture and sales of automotive steel sheets (cold-rolled sheets and hot-dip galvanized sheets)

Product:

Cold-rolled steel sheets and hot-dip galvanized steel sheets (mainly for automobiles, partly for household appliances and buildings)

Equipment (annual capacity):

Pickling and cold rolling equipment (1,700,000 tons)

Continuous annealing and processing line (CAPL) (900,000 tons)

No. 1 hot-dip galvanizing line (No. 1 CGL) (450,000 tons)

No. 2 hot-dip galvanizing line (No. 2 CGL) (350,000 tons)

Personnel:

About 650 persons

Total investment:

6.5 billion yuan

Registered capital:

3 billion yuan

Equity:

[Chinese capital] Baoshan Iron & Steel (50%)

[Foreign capital] NSC (38%) and Arcelor (12%)

Effective period:

20 years from the founding of the joint venture

Location:

On premises of Baoshan Iron & Steel (Baoshan District, Shanghai)

Board:

[Chairman] Shoji Muneoka, Vice-President of NSC

Four directors from NSC, one from Arcelor and five from Baoshan (total: 10 directors)

Management:

[President] Linlong Yao (Baoshan)

[Vice-President] Yuji Yokoyama (NSC)

Founded:

July 30, 2004

Operational status:

	Plan	→	Start-up
CDCM	March, 2005		December 16, 2004
C.A.PL	April, 2005		February 27, 2005
1CGL	May, 2005		March 30, 2005
2CGL	August, 2005		June 28, 2005