

May 9, 2006
SUZUKI METAL INDUSTRY CO., LTD.
SUMITOMO (SEI) STEEL WIRE CORPORATION
NIPPON STEEL CORPORATION
SUMITOMO ELECTRIC INDUSTRIES, LTD.

Basic Agreement on the Stainless Steel Wire Business Integration

SUZUKI METAL INDUSTRY CO., LTD. (President: Masaki Sato, a 22%-owned affiliate of NIPPON STEEL CORPORATION, hereinafter “SUZUKI METAL”) and SUMITOMO (SEI) STEEL WIRE CORPORATION (President: Seizo Takamuku, a 100%-owned subsidiary of SUMITOMO ELECTRIC INDUSTRIES, LTD., hereinafter “SSW”) have reached a basic agreement to integrate their stainless steel wire business and establish a new company and have decided to initiate specific discussions and preparations towards its realization.

Details of the business integration will be determined through discussion between both companies.

1. Purpose of this business integration

From now on, the economic climate for the stainless steel wire business is expected to further grow in severity owing to the contraction of the home market resulting from the ongoing shift of production to East Asia by stainless steel wire users in Japan and the intensifying competition in the overseas markets.

In this situation, the two companies intend to separate their stainless steel wire operations and integrate them into a new company, which is structurally strengthened by more intensive production facilities and augmented sales capabilities and maximized synergies overall, with an aim at attaining the world top-level competitiveness in this field.

On the strength of the long-nurtured technologies of both companies that succeeded in creating quality in the manufacturing process, the new company will endeavor to grow into a company that manufactures and sells stainless steel wire and serves the customers, to their greater satisfaction, not only in Japan but also in the rest of the world, especially in East Asia where the prospects and potential for demand growth are high.

2. Profile of the new company

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|---------------------------------|--|
| (1) Company name: | SUZUKI SUMIDEN STAINLESS CO., LTD.
(provisional name) |
| (2) Head office address: | 1-9-1, Marunouchi, Chiyoda-ku, Tokyo |
| (3) Business: | Manufacture and sale of stainless steel wire |
| (4) Capital: | Undecided (Under ¥500 million) |

- (5) **Equity ratio:** SUZUKI METAL 60%, SSW 40%
- (6) **Representative director:** Undecided
- (7) **Scheduled date for integration:** April 2, 2007
- (8) **Scale of Business:** Sales: Approx. ¥14 billion per year
Production: Approx. 25,000 tons per year
(Consolidated figures; the aggregations of the actual figures for FY2004)
- (9) **Subsidiaries:** WEST JAPAN SATINLESS STEEL WIRE CO., LTD.
SUMIDEN WIRE PRODUCTS (GUANGZHOU) Co., Ltd.

3. Method of establishing the new company

Both companies' respective stainless steel wire businesses shall be succeeded by the new company by means of demerger (*kaisha bunkatsu*) or transferred to the new company by means of business transfers (*eigyō jouto*).

For more information, please contact:

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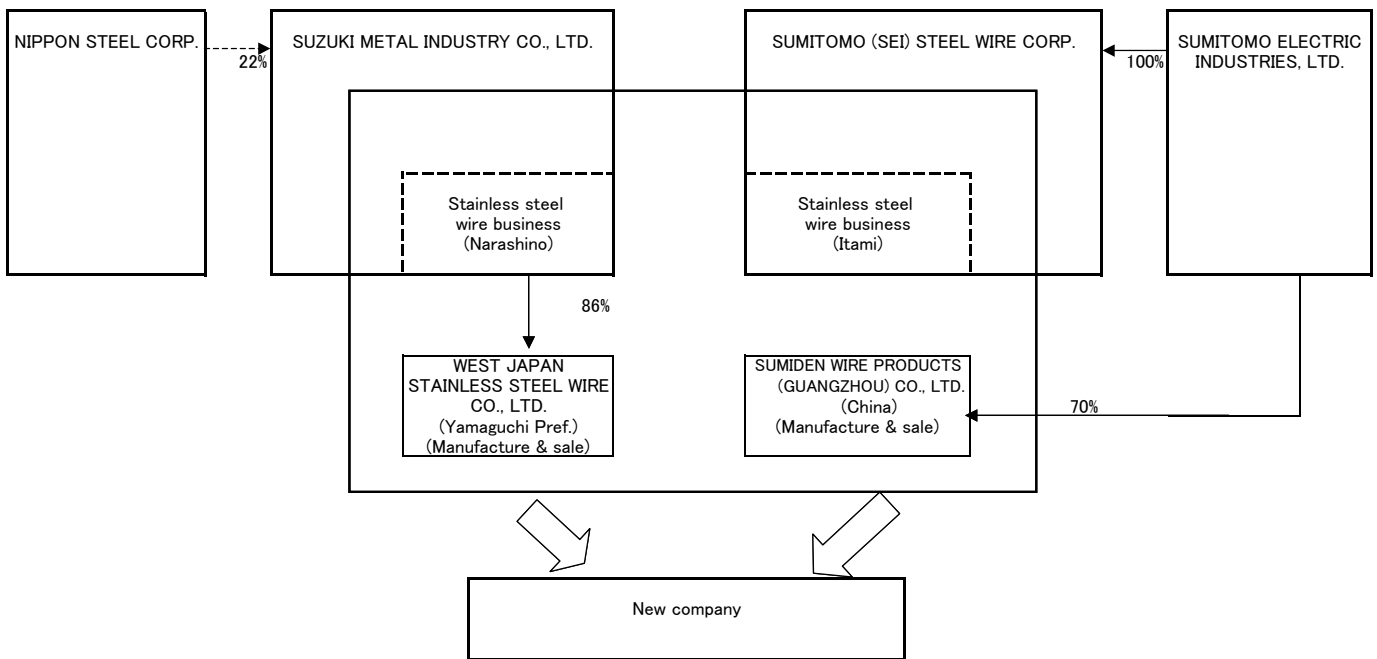
I . Corporate Profile

[Reference]

Company Name	SUZUKI METAL INDUSTRY CO., LTD.	WEST JAPAN STAINLESS STEEL WIRE CO., LTD.	SUMITOMO (SEI) STEEL WIRE CORP.	SUMIDEN WIRE PRODUCTS (GUANGZHOU) CO., LTD.
Date of Establishment	May 1938	March 1973	October 2002	July 1994
Representative	Masaki Sato	Seiichi Kawabata	Seizo Takamuku	Yoshimitsu Aoki
Capital	¥1,200 million	¥80 million	¥3,000 million	\$6 million
Plant Location	Narashino City, Chiba Pref.	Tabuse-Chyo, Yamaguchi Pref.	Itami City, Hyogo Pref.	Guangzhou, PRC
Number of Employees (as of March-end 2006)	482	59	380	116 (as of December-end 2005)
Main Stockholders	Nippon Steel Corp. (22%)	Suzuki Metal Industry Co., Ltd. (86%)	Sumitomo Electric Industries, Ltd. (100%)	Sumitomo Electric Industries, Ltd. (70%)
	Mitsui & Co., Ltd. (12%)	Metal One Corp. (14%)		Sumitomo Corp. (20%)
	Metal One Corp. (11%)			Guangzhou Development Zone Industrial Development Co., Ltd. (10%)
Main Products	Piano wire, oil tempered wire, PC steel wire, stainless steel wire	Stainless steel wire	PC steel wire, steel chord, piano wire, stainless steel wire	Stainless steel wire
Sales (FY2004) <Stainless wire business>	¥22,900 million <¥6,300 million>	¥3,700 million <¥3,700 milliom>	¥37,200 million <¥3,300 milliom>	¥600 million <¥600 milliom>

II . Stainless Steel Wire Business Integration Scheme by SUZUKI METAL INDUSTRY and SUMITOMO (SEI) STEEL WIRE

1. Integration scheme



2. New company's organization

With the establishment of the new company, the Itami stainless steel plant will be put out of operation at an early date, for intensive production to be undertaken by the Narashino plant. WEST JAPAN STAINLESS STEEL WIRE CO., LTD. and SUMIDEN WIRE PRODUCTS (GUANGZHOU) CO., LTD.

