

Nippon Steel Corporation and Ternium Sign Memorandum of Understanding to form Joint Venture in Mexico

The joint venture, which would require an investment of approximately US\$ 350 million over two and a half years, would be expected to build a hot-dip galvanizing plant (equivalent to the state-of-the-art equipment now in operation at Nippon Steel's steelworks in Japan) in the vicinity of Monterrey City, and subsequently to manufacture and sell high-grade and high-quality galvanized and galvannealed steel sheets, including outer-panel and high-strength qualities. The plant, which would have a production capacity of about 400,000 metric tons per year, would be primarily intended to respond to customer demand (including that of Japanese car makers) for high-grade automotive steel sheets in Mexico. The Mexican automobile market is a growing and important market for both Nippon Steel and Ternium and is expected to further grow in the future.

The two companies will now maintain exclusive negotiations towards a binding joint venture agreement, which shall be subject to final documentation, due diligence, feasibility studies, agreement on other issues, and regulatory and corporate approvals.

About Nippon Steel

Nippon Steel, with its consolidated annual crude steel production of 40 million metric tons, is one of the leading steelmakers in the world. By virtue of its technical expertise of the world's highest level, which keeps on advancing day by day, and deployment of global and domestic strategic alliances, the company holds an unchallenged position in the global market of high-end steel products. More information about Nippon Steel is available at <http://www.nsc.co.jp/en/index.html>

About Ternium

Ternium is a leading steel company in Latin America, manufacturing and processing a wide range of flat and long steel products for customers active in the construction, home appliances, capital goods, container, food, energy and automotive industries. With its principal operations in Mexico and Argentina, Ternium serves markets in the Americas through its integrated manufacturing system and extensive distribution network. The Company has an annual production capacity of approximately nine million tons of finished steel products. More information about Ternium is available at www.ternium.com