

June 22, 2001

To whom it may concern

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A Notice on a present situation of Metals Operations
Integration with Mitsubishi Corporation

Actions after this January's announcement

Preparatory Office for Integration has been established in both companies.

1.About 70 from both sales staff and administrative staff have been assigned for 8 Task Force such as Business Analysis, Office Net-work, Personnel, Logistics and Systems, etc.

2.Directors'-level Meetings are periodically held for assessment of progress and settlement of problematic issues.

A Basic Agreement concluded on June 21, 2001

1.Purpose

Based on the outcome of studies and discussions since this January, both companies agreed to keep the exclusive rights for negotiation to work out this integration by October 2002.

2.Schedule

June, 2001: The current situation will be reported on Annual General Meeting of Shareholders.

By March, 2002: Final agreement will be concluded between two companies.

June, 2002: Proposal will be submitted to AGMS for resolution.

October, 2002: Transfer and integration of business will be enforced.

3.Scope of integration

We aim to an across-the-board consolidation of whole metals operations, however, as first step, we will commence with integration of steel products operations.

An interim report

Both companies confirmed the analysis results of business and office network of each company;

- 1.Great synergy effect in market and functions will be expected by integration.
- 2.Much greater synergy effect will be feasible by making full use of both processing plants and distribution network each other.

System development

A joint venture for new company's system development will be established.

Adoption of SAP as operation system, to satisfy the requirements for business operation and efficient linkage with head office as well, has been agreed.