

Metal One Group
Mid-term Consolidated Management Plan
2006 – 2008

from **Circle** to **Globe**

Building a Global Value Chain



Metal One

Metal One Corporation

Seeking Further Evolution

Metal One was established in January 2003 in search of a new paradigm for the metals distribution market at a time when restructuring was taking place on a global scale and companies were looking for more advanced strategies. With our vision as a “Metal Market Maker” and our mission as a “Metal Value Optimizer,” our entire workforce has joined together to engage in PMI (Post-Merger Integration), BPI (Business Process Integration/Innovation) and our “Growth Strategy” in effecting the successful merger and growth of the two companies. Today, three years on, there is far greater awareness of the Metal One brand, and the steel industry, clients and many others anticipate further evolution.

In creating the new Mid-term Consolidated Management Plan and determining the direction for Metal One over the next three years, we looked back over the past three years, re-acknowledging our strengths and examining the company’s internal and external issues, in order to realize Metal One’s own unique paradigm. During the planning process, many within the company shared their thoughts and discussed various topics at length, and I believe that every word of the final version represents our strong beliefs and determination.

The principle for our new business plan is to strive for a Metal One Group that is “strong but flexible, ethically and financially sound and has great growth potential” through “the building of a global value chain.” This not only means increases in numbers and scale, but also putting emphasis on quality and volume.

To this end, we will need to overcome our own fixed notions, raise Metal One’s corporate value through intense efforts and create a global paradigm.

Promoting Metal One’s advancement will require no less than for all employees, including those in Group companies, to take the initiative in expanding their respective activities. Collaboration within the Metal One Group, as well as with our long-term partners and clients, will be indispensable. Let’s get everyone behind our new goals and expand our range of activities. My fervent hope is that everyone will be a part of this growth at an individual level and will feel proud of being a Metal One employee.

Moriji Kanada

President, Director

Mid-term Consolidated Management Plan Presentation Program

April 6, 2006, Tokyo Headquarters

- 1 Metal One’s Roots**
- 2 First-stage Review**
- 3 Announcement of Second-stage Mid-term Consolidated Management Plan**
- 4 Announcement of Basic Strategies**
- 5 Seeking Further Evolution for Metal One**

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Building a Global Value Chain
from Circle to Globe

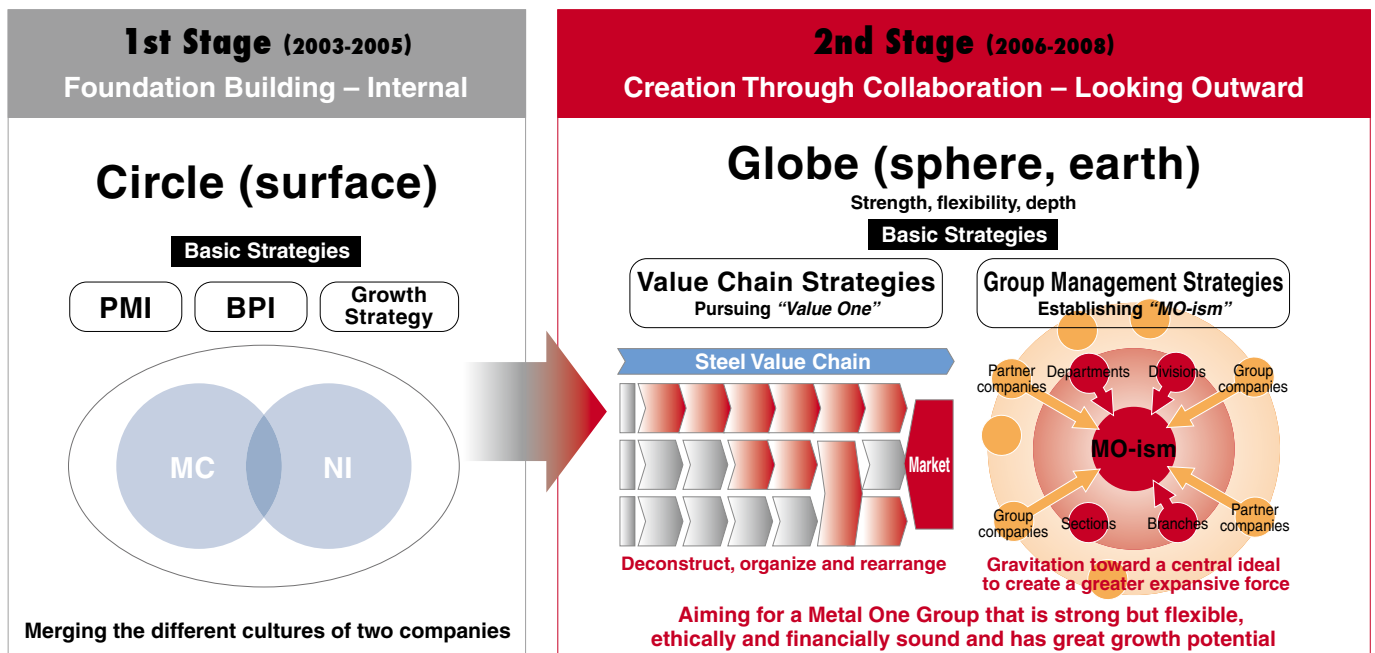


Using a strong domestic foundation and the Group's overall capabilities to "build a global value chain"

The first three years of Metal One's existence involved bringing together two companies with different corporate cultures and attempting to integrate their businesses, or, put another way, establishing an internal structure. During the second three-year period, we will broaden this foundation to explore external values and possibilities.

"from Circle (surface) to Globe (sphere/earth)" – not only will we create a linear chain of products that flows from upstream to downstream, we will also create new values with a global value chain through the constant and comprehensive strength of the Group. Instead of merely being a sum of departments and Group companies, Metal One will become a single organic mass that functions in pursuit of its ideals and visions.

We see this mass becoming a strong, flexible and profound entity, which is global in scale, viewpoint and potential.

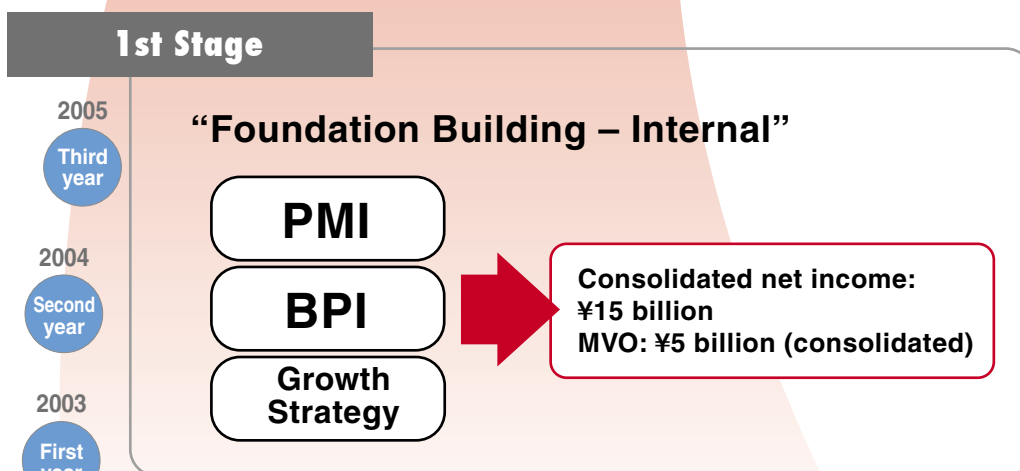
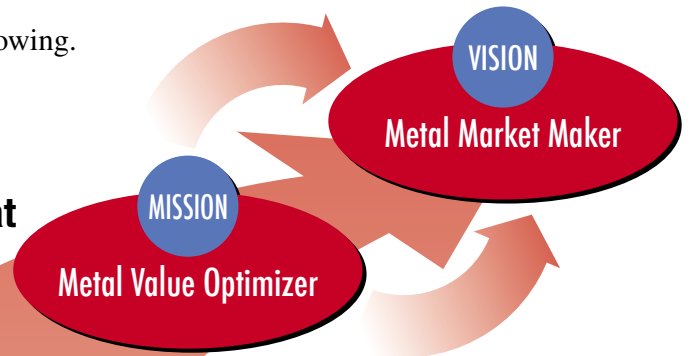


Making a Global Value Chain a Reality

① Metal One's Evolution

To achieve our ultimate vision and mission, we must promote our own growth and continue growing. Growth toward the next stage starts now.

Aiming for a Metal One Group that is strong but flexible, ethically and financially sound and has great growth potential

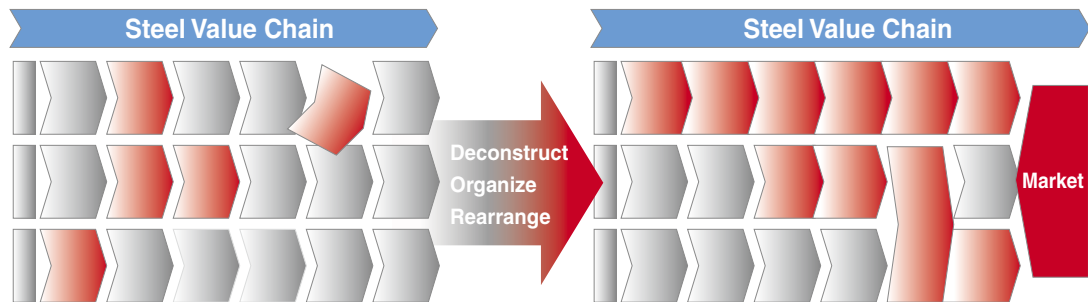


② Two Basic Strategies

These two basic strategies will be the starting point toward achieving a global value chain.
What will change and how?

Value Chain (VC) Strategies

Pursuing “Value One”



Value chain up to now

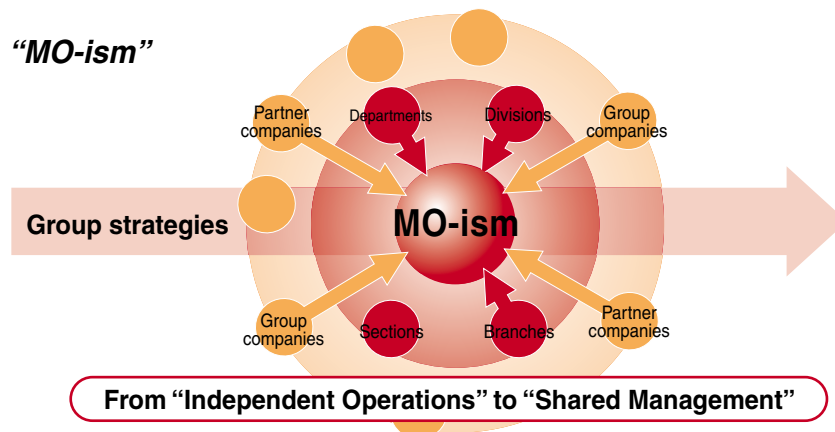
- A “get-the-product-out” orientation
- Business development unsuited to VC
- Lack of collaboration outside the scope of VC
- Isolated business development that lacks synergy
- Failing to recognize links in the value chain
- Failing to see VC links from the user’s perspective

Future value chain

- Market-based value chain orientation
- Group companies will integrate organically in each process
- Achieve superiority in specific processes
- Work cooperatively outside the scope of VC
- Link value chains for efficient distribution

Group Management Strategies

Establish “MO-ism”



What is best for each [a group of individual entities]

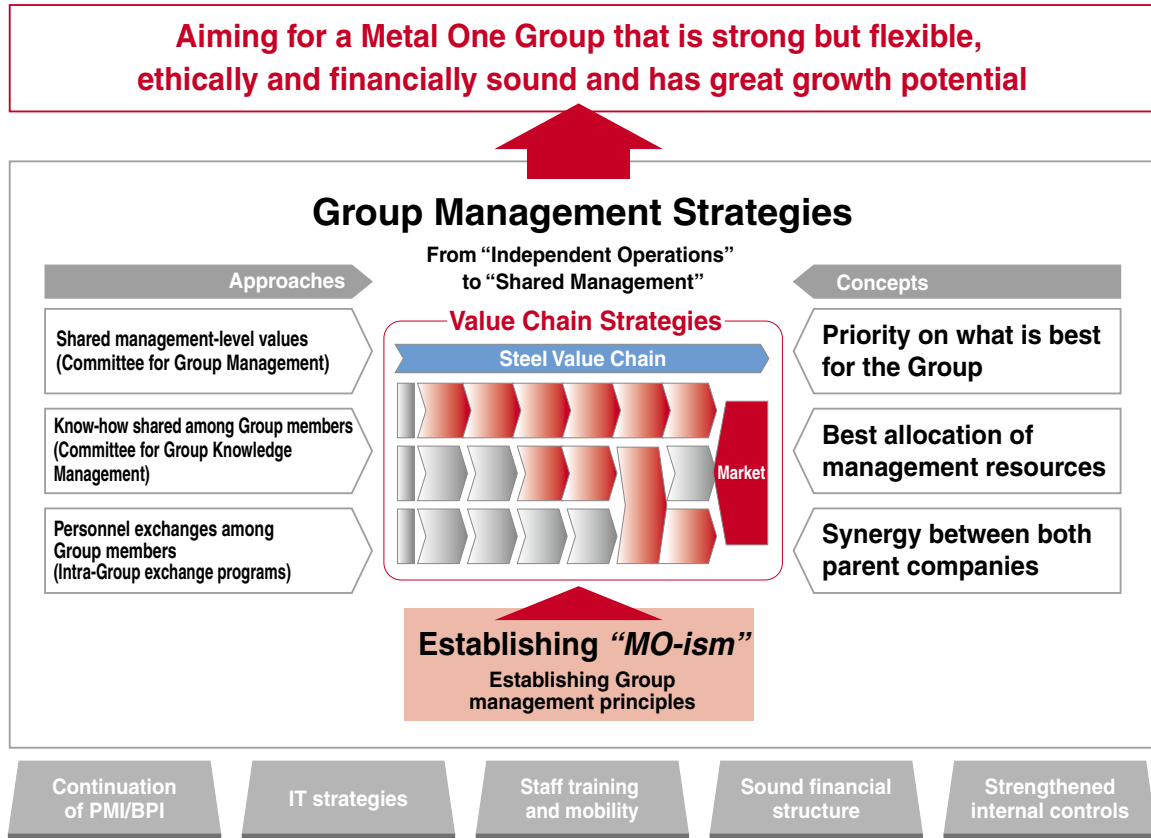
- Separate strategies
- The basic ways of thinking are not unified
- No opportunities for Group companies to be involved in managing

What is best for the Group [“organic” business integration]

- Group strategies for each strategic unit
- Sharing big ideals and basic philosophy
- Opportunities created for Group companies to participate in MO Group management

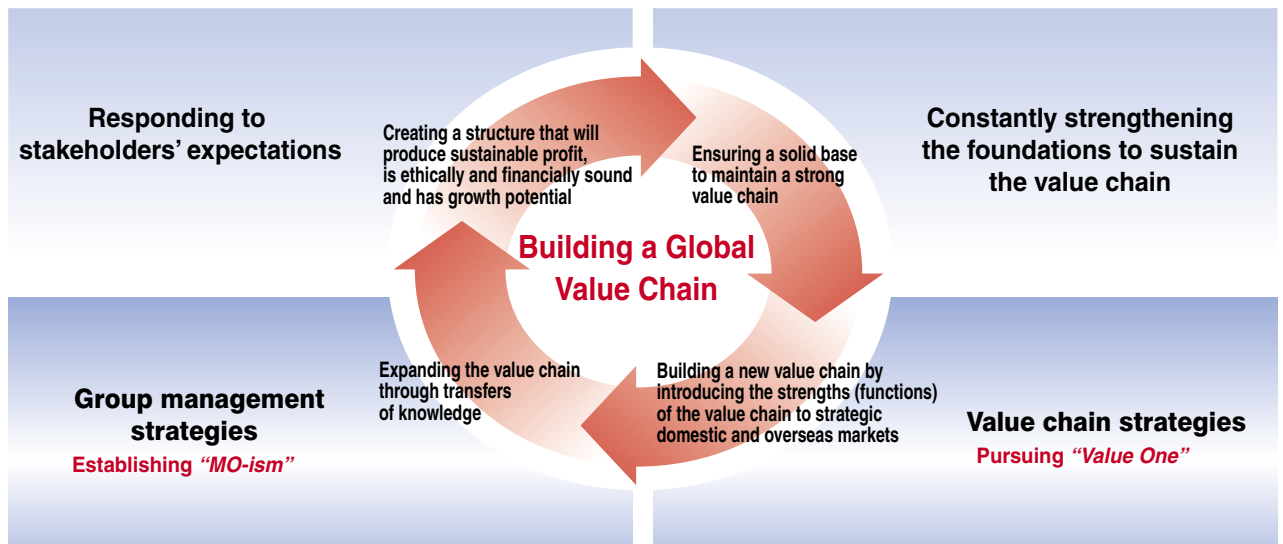
③ Group Management Strategy Overview

Efforts to enhance value chain strategies will continue, based on MO-ism and Group management principles. We need to promote Group management by changing our thinking and behavior from “Independent Operations” to “Shared Management.”



④ Overview of “Global Value Chain Building”

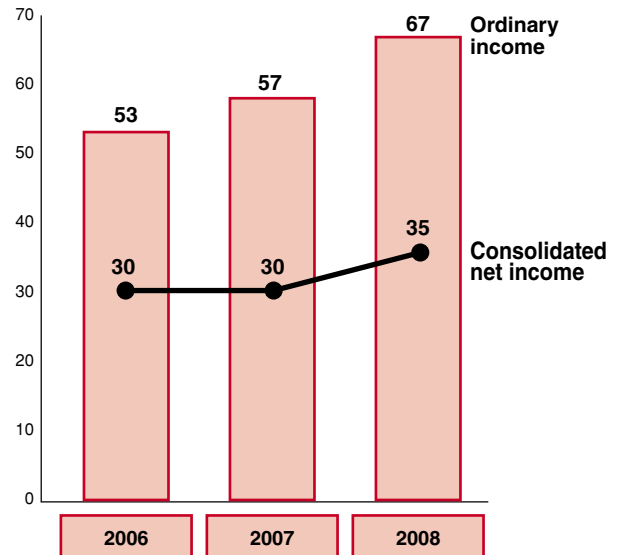
The dual wheels of the two basic strategies will set the value chain cycle in motion and we will build a global value chain.



5 Numerical Targets

These are the numerical targets the Metal One Group hopes to achieve through its collective strength over the medium term. Let us work hard to meet these strategic targets by changing our thinking, perspectives and concepts, not just continuing as before.

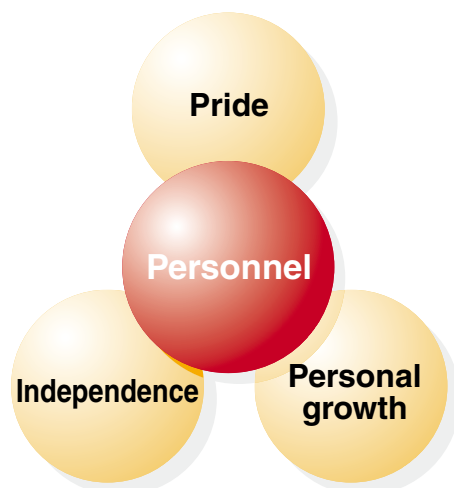
¥ billion	2006	2007	2008
Sales	2,650	2,750	2,850
Gross profit	134	140	150
Ordinary income	53	57	67
Consolidated net income	30	30	35



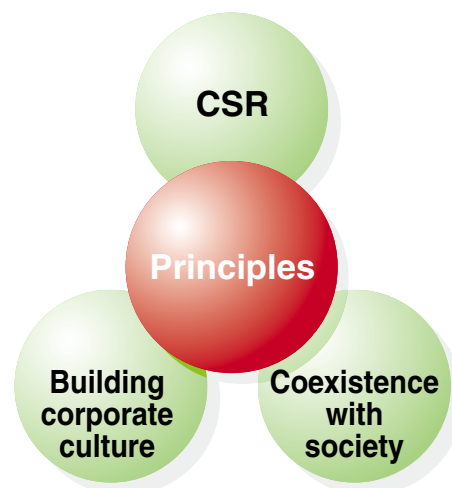
6 Pursuing Corporate Longevity

The people belonging to the Metal One Group are the most important resource in promoting our evolution. Metal One is a group of employees with high aspirations and deep pride, and recognizes its social responsibilities as a corporation, based on fundamental and enduring principles. Through this, we hope to achieve corporate longevity.

Strengthening our most important resources



Contributing to the creation of an affluent society



Metal One

Looking back, moving forward

Metal One's Roots

● Metal One Corporate Identity

Company Name **Metal One Corporation**

The name "Metal One" shows our resolve for all employees to act as one, and to make two organizations with different histories and cultures into one. It expresses our commitment to being the "Number One" company in terms of service quality and customer satisfaction, and the "Only One" in terms of pursuing a uniqueness not found in other companies. We will do this by building on our proven track record in the steel distribution industry.

Corporate Logo **Metal One**

The carefree script expresses Metal One's intention to boldly meet new challenges. The gray base color of the logo symbolizes steel and strength, while the red symbolizes our passion and zeal for creating new markets. The "O" is open at the top to show that alone, our business is not complete, and express our desire to contribute to the growth of all metals industries, in cooperation with all users, makers, and partners.

● Vision & Mission

VISION Metal Market Maker

Metal One's goal is to become a "Metal Market Maker" that can help bring about the sustained revitalization and growth of the metal industry through greater sophistication and globalization. We are aiming to stimulate the creation of a new market through the collaboration of every sector and every enterprise in contact with the metal industry, so that metals, which are materials of vital importance, can continue to enhance human life and culture.

MISSION Metal Value Optimizer

Working together with all the participants of the metal industry community in the world, Metal One will live up to its role as a "Metal Value Optimizer" by engaging in activities that are wholly guided by the objective of raising the level of the industry and the market. Through its experience as a key trading house, Metal One will remain committed to the renovation of the value chain of the steel industry and other metal industries.