

Russian Subsidiary Established

Metal One Corporation (headquartered in Minato-ku, Tokyo; President: Naoto Matsuoka) completed procedures to register a subsidiary, Limited Liability Company Metal One Rus (MORUS), in the Russian Federation in early March this year.

MORUS has set up its headquarters in Moscow and has a total of 12 people on its team, including Japanese and national staff. The new company will engage in a wide range of steel businesses in the 12-nation Commonwealth of Independent States (CIS), which includes Russia.

Foreign currency acquired through the export of resources such as gas and oil is currently being used to prop up the Russian economy and help it shake off the global financial crisis. Propelled by strong consumer demand, Russia's GDP growth rate in 2011 was approximately 4 percent. Expectations are that the leisurely expansion will continue in 2012, and keep the economy expanding at around 4 percent.

Apparent steel consumption (which equals domestic production plus imports minus exports) of some 52 million tonnes in the CIS last year is forecast to amount to 7.5 percent growth over the year before. In Russia, there are particular expectations for more steel transactions related to resource development and consumer durables.

The country is also a major power in natural resources, and its crowded slate of energy-related projects—including deep gas field development and pipelines—is predicted to create substantial growth in demand for high-grade steel. Moreover, foreign car manufacturers, including Japanese makers, have entered the car market in force, and Russia's industry and trade minister, Viktor Khristenko, opined, "Russia will be the number one (passenger vehicle) market in Europe by 2014." With big projects such as the 2014 Winter Olympics in Sochi and 2018 FIFA World Cup also on the agenda, expectations are that steel demand will increase.

Establishing this subsidiary will enable us to conduct Russian currency transactions, domestic sales, credit sales, inventory sales, etc., in Russia. Along with product transactions—mainly involving automotive steel and high-grade oil well pipes for gas field sectors—the subsidiary will coordinate with offices of our shareholding companies (Mitsubishi Corporation and Sojitz Corporation) in Russia and consider expanding into businesses related to food products and construction materials. Making the most of the advantages of establishing a subsidiary and marshaling the Metal One Group's overall capabilities, we will meet the flourishing steel demand and diverse requirements of Russia and the rest of the CIS.

MORUS was preceded by subsidiaries in China formed between 2003 and 2007, India in 2007, and Brazil in 2003, and its creation means that Metal One now has subsidiaries in all of the BRIC countries.

Outline of MORUS

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| 1. Name: | Limited Liability Company Metal One Rus (MORUS) |
| 2. Capitalization: | 70 million rubles (approx. ¥210 million) |
| 3. Shareholders: | Wholly owned by Metal One |
| 4. Location: | Headquarters in Moscow |
| 5. Representative: | Satoshi Endo, general director |
| 6. Number of employees: | 12 |