

Topics

1. Tie-up with AK Steel (US) in Automotive Steel Products

In April 2001, Kawasaki Steel concluded a tie-up agreement with AK Steel Corporation in the United States, under which the two companies will enter into a strategic cooperative relationship mainly in the field of automotive steel products.

By creating a close cooperative relationship between the two companies, this tie-up will make it possible to provide a higher level of satisfaction to the customers of both companies. Planned activities under the tie-up include the following.

Mutual technical cooperation in the field of automotive steel materials (product technology, process technology, application technology)

Reciprocal licensing in connection with the above

Joint research and development (product development, application technology development, computer simulation technology development, etc.)

AK Steel was originated from its predecessor company, Armco Steel Company, L.P., which was formed in 1989 as a JV between Armco Inc. and Kawasaki Steel. After integrating Armco Inc.'s specialty steel operations in 1999, AK Steel is an integrated blast-furnace mill that produces and sells mainly carbon steel, stainless steel, and coated steel products. In particular, AK Steel holds the top share of automotive steel sheets in the United States. Kawasaki Steel and AK Steel expect to create a system for mutual technical cooperation through this tie-up.

2. Signing of Comprehensive Tie-up Agreement with Hyundai HYSCO (Korea)

In December 2000, Kawasaki Steel concluded a comprehensive tie-up agreement with the Korean company Hyundai HYSCO (formerly Hyundai Pipe Co.). The two companies agreed to form a relationship of mutual cooperation in order to provide a stable supply of high quality, cost competitive automotive steel sheets to the rapidly growing Korean auto industry. The main features of the tie-up are as follows.

(1) Supply of hot rolled coil

Kawasaki Steel will supply approximately 500,000 tons per year of hot rolled coil material for cold rolling, which is required by Hyundai HYSCO.

(2) Supply of production technology for automotive cold rolled steel sheets

Kawasaki Steel will supply production technology for cold rolled steel sheets and coated steel sheets for automotive applications to Hyundai HYSCO.

(3) Purchase of Hyundai HYSCO stock by Kawasaki Steel

Kawasaki Steel will purchase somewhat more than 10% of the outstanding shares of Hyundai HYSCO.

Hyundai HYSCO was established in 1975, and is a steel maker that produces and sells steel pipe and cold rolled steel sheets. The name of the company was changed to Hyundai HYSCO in January of this year.