

July 11, 2003

To whom it may concern

**Notice of Agreement in principle
for Merger under holding company**

Japan Storage Battery Co.,Ltd. (JSB) and Yuasa Corporation (YUASA) have agreed in principle to merge under a jointly incorporated holding company. The merger will create one of the world's largest storage battery companies with annual sales of ¥264 billion and 12,000 employees worldwide. Subject to regulatory and shareholder's approval, the merger will be effective on April 1, 2004 by incorporation of the new holding company. The name of the new holding company will be GS Yuasa Corporation.

According to the leadership of two companies, the new enterprise will focus on innovative product development, satisfying global customers and operating efficiencies initiatives. They have three reasons for their confidence in achieving those goals. First, the new company's combined entities have 28 manufacturing operations in 14 countries, which can deliver high quality products on time to meet the requirements of global customers. Second, the new company has greater R&D resources to develop world-class, innovative products for the next generation of storage battery. Finally, the new company can consolidate its logistics, production, sales/marketing and procurement to significantly improve its cost structure. Thus, with the vision of Innovation and Growth, new company will have a strong platform to sustain medium and long-term growth and become one of the global leaders among electrical storage solution providers.

Structure

Under the terms of the legally non-binding agreement in principle, approved by both companies' Boards of Directors, the two companies will jointly establish a holding company and become wholly-owned subsidiaries of the holding company. The shareholders of each company will exchange their shares for the holding company's shares. As a result, the shareholders of JSB and YUASA will become the holding company's shareholders.

Listings on the TSE and OSE

The holding company's shares are expected to be listed on the Tokyo Stock Exchange and the Osaka Stock Exchange. The listing is scheduled to be April 1, 2004 subject to the approval process of each stock exchange. When the new holding company listing is approved, the shares of JSB and YUASA will be de-listed.

Headquarters

Kyoto will be a legally registered headquarter. The merged entity will be headquartered in both Kyoto and Tokyo. The holding company corporate headquarters will play an active role in setting group strategy, implementing strategy, and monitoring group companies' performance to maximize shareholder value.

Integration Plan

To achieve operational efficiencies and synergies, the two companies' operations are expected to be integrated under the holding company. This integration may involve the mergers of operations by function. The Integration Committee, which will be launched immediately after this announcement, will discuss and determine the integration details.

Leadership

Shinichiro Murakami, president of JSB, will become chairman and Co-CEO of the holding company and Naruo Otsubo, president of YUASA, will become president and Co-CEO of the holding company. They are committed to take leadership and direct the new group to a leading position in the global storage battery business.

About JSB and YUASA

JSB and YUASA, both incorporated in Japan have been leading companies in the manufacturing and distribution of storage batteries for 85 years.

Companies' profile (As of March 31,2003; consolidated basis):

	<u>JSB</u>	<u>YUASA</u>
Revenue	131 billion yen	132 billion yen
Operating earnings	2.4 billion yen	4.1 billion yen
Net income	1.2 billion yen	1.3 billion yen
Shareholder's Value	32 billion yen	41 billion yen
Number of employees	4,607	7,198
Leadership (President)	Shinichiro Murakami	Naruo Otsubo
Headquarters	Kyoto	Osaka

Further information can be founded at

<http://www.nippondenchi.co.jp>

Inquiries;

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