

February 6, 2019

Nippon Steel & Sumitomo Metal Corporation
Nisshin Steel Co., Ltd.
Nippon Steel & Sumikin Stainless Steel Corporation

Conclusion of integrated basic agreement on integration of stainless steel sheet businesses

To achieve the timely and utmost synergy of the stainless steel business of the NSSMC Group, Nippon Steel & Sumitomo Metal Corporation (hereinafter referred to as “NSSMC”), Nisshin Steel Co., Ltd. (hereinafter referred to as “Nisshin Steel”) and Nippon Steel & Sumikin Stainless Steel Corporation (hereinafter referred to as “NSSC”) concluded a basic agreement on May 16, 2018 to enable NSSC to succeed a part of the steel sheet business among NSSC special stainless steel business (steel sheets, shaped steel) and the steel sheet business among Nisshin Steel stainless steel business (steel sheets, steel pipes and tubes) (hereinafter referred to as “this integration”), and have been proceeding with the investigation to date based on the said basic agreement.

Then on January 1, 2019, since Nisshin Steel became a wholly-owned subsidiary of NSSMC (hereinafter “wholly-owned subsidiary of NSSMC”), we today concluded an integrated basic agreement between the three companies concerning this integration on April 1, 2019, and thus hereby report the details below.

1. Purpose of this integration

Since Nisshin Steel became a wholly-owned subsidiary of NSSMC in March 2017, NSSMC, Nisshin Steel and NSSC have been promoting cooperation and mutual understanding in each field of manufacturing, sales, procurement, etc. of the stainless steel business. However, in order to deal with the harsh business environment such as significant oversupply in Asian markets and future changes in social and industrial structures, and achieve development and growth, we have concluded that there is an urgent need to handle the maximization of synergy through assembling the collective efforts of the stainless steel business of the NSSMC Group, sharing and expanding the strengths of the three companies, and reinforcing the weaknesses.

NSSMC, Nisshin Steel and NSSC have now decided to integrate each stainless steel business on April 1, 2019 by gathering the management resources for the stainless steel business fostered by each company, integrating the corporate strategy, and through not only the promotion of efficiency of the organizational and operating structure, but the creation of customer values by providing on-target products, application processing technology and services, the promotion of our world-leading technical development, the thorough pursuit of best practices and the building of an optimum production facility system, thereby constructing further synergy and promoting future growth and development.

2. Contents of this integration

(1) Business integration method

Setting April 1, 2019 as the date of entry into force, the three companies, NSSMC, Nisshin Steel and NSSC, use the company split method to make NSSMC a split company and NSSC a succeeding company, and have NSSC succeed part of the special stainless steel sheet business (excluding pure nickel/nickel alloy and clad steel sheet

business) of NSSMC special stainless steel businesses (steel sheets, shaped steel). They also use the company split method of making Nisshin Steel a split company and NSSC as a succeeding company, and have NSSC succeed the stainless steel sheet business (including steel sheet and steel plate business) of Nisshin Steel stainless steel businesses (steel sheets, steel pipes and tubes).

(2) Overview of integrated company

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|--------------------------|---------------------------------------------------------------------------------------------------------------------|
| Trade name: | NIPPON STEEL Stainless Steel Corporation |
| Location of head office: | 1-8-2, Marunouchi, Chiyoda-ku, Tokyo |
| Description of business: | Manufacturing and sales of stainless steel (product type: steel sheet, steel plate, bar and wire rod, billet), etc. |
| Number of employees: | About 3,200 |
| Sales volume: | About 1.5 million t/year |
| Sales amount: | About 460 billion yen, consolidated |
| Manufacturing sites: | Kashima, Kinuura, Hikari, Shunan, Yawata |
| Group companies: | 11 domestic and 9 overseas consolidated subsidiaries and companies accounted for using the equity method |

3. Schedules for this integration

February 6, 2019

Integrated basic agreement concluded

April 1, 2019 (planned)

Execution date of this integration (date of entry into force)

* Reference: Overview of companies involved in this integration (as of March 31, 2018)

| | | | |
|--------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------------------|
| (1) Name | Nippon Steel & Sumitomo Metal Corporation | Nisshin Steel Co., Ltd. | Nippon Steel & Sumikin Stainless Steel Corporation |
| (2) Location | 2-6-1, Marunouchi, Chiyoda-ku, Tokyo | 3-4-1, Marunouchi, Chiyoda-ku, Tokyo | 1-8-2, Marunouchi, Chiyoda-ku, Tokyo |
| (3) Title and name of representative | Kosei Shindo, Representative Director and President | Kinya Yanagawa, President & Chief Executive Officer and Representative Director | Hitoshi Ito, Representative Director and President |
| (4) Description of business | Steelmaking, engineering, chemical and material, system solutions | Steelmaking business (manufacturing and sales of steel products) | Manufacturing and sales of stainless steel |
| (5) Capital fund | 419.524 billion yen | 30 billion yen | 5 billion yen |
| (6) Date of foundation | April 1, 1950 | October 1, 2012 | October 1, 2003 |
| (7) Amount of sales (2017 FY) | 5,668.663 billion yen | 614.196 billion yen | 258.804 billion yen |
| (8) Number of | (consolidated) 93,557 | (consolidated) 7,859 | (consolidated) 2,302 |

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|-----------|--|--|--|
| employees | | | |
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