

Dear Shareholders:

Nippon Steel & Sumitomo Metal Corporation

Major Event Subsequent to the Audit Reporting Date

Whereas, in November 2006, the Company issued the two securities as described in (1) and (2) below (collectively, the “Existing Hybrid Securities”) and raised 300 billion yen, the Company has resolved, at a meeting of the board of directors held on May 15, 2015, to redeem the Existing Hybrid Securities in full as of July 21, 2015, and to raise 300 billion yen, as of the same date and by means of subordinated loans (the “Loans”), with the purpose of reducing financing costs and maintaining its consolidated financial base in terms of the Company’s international credit rating (the redemption of the Existing Hybrid Securities and the procurement of 300 billion yen through the Loans are hereinafter referred to, collectively, as the “Refinancing”).

- (1) Euro-yen denominated bonds (subordinated) issued by the Company through allocation to NS Preferred Capital Limited (the “Overseas SPC”), the Company’s wholly-owned subsidiary in British Overseas Territory Cayman Islands
- (2) Euro-yen denominated preferred securities issued by the Overseas SPC through allocation to the Company’s three main banks

The Loans have characteristics similar to equity instruments; accordingly, it is acknowledged as having equity credit equivalent to the Existing Hybrid Securities in a way that does not impact the Company’s international rating. With regard to the Company’s consolidated balance sheet, the preferred securities issued by the Overseas SPC were recorded as a “minority interest in consolidated subsidiaries” (in the section of Net Assets) but after the completion of the Refinancing, the Loans will be recorded as “long-term loans payable” (in the section of Liabilities).