

February 6, 2019

To Whom It May Concern,

Listed Company's Name: Nippon Steel & Sumitomo Metal Corporation
Representative: Kosei Shindo, Representative Director and President
(Code Number: 5401, First Section of the TSE, First Section of the
NSE, FSE, and SSE)
Contact: Fumiaki Onishi, General Manager,
Public Relations Center
(Telephone: +81-3-6867-2135, 2146, 2977, 3419)

Company's Name: Nisshin Steel Co., Ltd.
Representative: Kinya Yanagawa, President & CEO,
and Representative Director
Contact: Hirokazu Kuwasako, Executive Officer,
General Manager, General Administration Dept.
(Telephone: +81-3-3216-5566)

Company's Name: Nippon Steel & Sumikin Stainless Steel Corporation
Representative: Hitoshi Ito, Representative Director and President
Contact: Manabu Tani, Executive Officer, General Manager,
Corporate Planning Div.
(Telephone: +81-3-6841-4853)

Notice Regarding the Execution of a Basic Integration Agreement for the Integration of the Stainless Steel Sheet Businesses of Nippon Steel & Sumitomo Metal Corporation, Nisshin Steel Co., Ltd. and Nippon Steel & Sumikin Stainless Steel Corporation, and the Execution of a Company Split (Simplified Absorption-Type Split) Agreement Between Nippon Steel & Sumitomo Metal Corporation and Nippon Steel & Sumikin Stainless Steel Corporation

Nippon Steel & Sumitomo Metal Corporation (“NSSMC”) and its group companies, Nisshin Steel Co., Ltd. (“Nisshin Steel”) and Nippon Steel & Sumikin Stainless Steel Corporation (“NSSC”), pursuant to the Basic Agreement regarding the Integration of the Stainless Steel Sheet Business executed as of May 16, 2018, resolved at their respective board of directors’ meetings held today to integrate the stainless steel sheet business of the NSSMC Group (the “**Integration**”) in order to maximize synergies in the NSSMC Group’s stainless steel business at an early stage, by having NSSC succeed a part of the special stainless steel strip business of NSSMC and the stainless steel sheet business of Nisshin Steel, effective April 1, 2019, and entered into the Basic Integration Agreement regarding the Integration as of today.

Additionally, NSSMC and NSSC, at their respective board of directors’ meetings, resolved to have NSSC succeed a part of NSSMC’s special stainless steel strip business (excluding pure nickel, nickel alloy and clad steel business) (the “**Subject of Business Succession**”) by way of an absorption-type company split (the “**Company Split**”), effective April 1, 2019, wherein NSSMC will be the split company and NSSC will be the successor company, and

entered into the Company Split Agreement (the “**Company Split Agreement**”) as of today.

As the Company Split is a company split wherein NSSC, a wholly owned subsidiary of NSSMC is the successor company, some disclosure details have been omitted.

The details of the foregoing resolutions are announced as follows.

I. Regarding the Integration

1. Purpose of the Integration

NSSMC, Nisshin Steel and NSSC, since Nisshin Steel became a subsidiary of NSSMC in March 2017, have proceeded to develop their alliance and complement each other’s respective stainless steel businesses in the areas of production, sale and procurement. However, in order to respond to harsh business circumstances such as the substantial over-supply in Asian markets and future changes in social and industrial structure, and to further develop and grow, NSSMC, Nisshin Steel and NSSC reached the conclusion that it is imperative that they work toward the maximization of synergies by uniting forces in the stainless steel sheet business of the NSSMC Group, sharing and expanding the respective strengths of the three companies, and addressing their weaknesses.

NSSMC, Nisshin Steel and NSSC have, at this time, agreed to integrate the stainless steel sheet business of each company, effective April 1, 2019, aiming for future growth and development by creating further synergies as follows: by bringing together management resources for the stainless steel sheet business cultivated so far by each company, integrating respective business strategies, creating value for customers not only through more efficient organizational and operational systems but also by providing optimal products and processing technology/services, facilitating world-leading technical developments, thoroughly pursuing best practices, and building a framework of optimal production systems.

2. Details of the Integration

The three companies, namely NSSMC, Nisshin Steel and NSSC, have agreed to have NSSC succeed a part of the special stainless steel strip business (excluding pure nickel, nickel alloy and clad steel business) contained within NSSMC’s special stainless steel business (steel sheets and shaped steel), by way of an absorption-type company split wherein NSSMC will be the split company and NSSC will be the successor company; and have NSSC succeed the stainless steel sheet business (including the strip and steel plate businesses) contained within Nisshin Steel’s stainless steel business (steel sheets, steel pipes and tubes), by way of an absorption-type company split wherein Nisshin Steel will be the split company and NSSC will be the successor company, effective April 1, 2019.

II. Regarding the Company Split

1. Outline of the Company Split

(1) Schedule of the Company Split

Board of directors' meeting to approve execution of the Company Split Agreement (NSSMC and NSSC)	February 6, 2019
Execution of the Company Split Agreement (NSSMC and NSSC)	February 6, 2019
Date of the Company Split (the effective date)	April 1, 2019 (planned)

(Note) With regard to NSSMC, the Company Split will be conducted through simplified absorption-type split procedures which do not require the approval at a shareholders' meeting pursuant to Article 784, Paragraph 2 of the Companies Act, and with regard to NSSC, the Company Split will be conducted through short-form absorption-type split procedures which do not require the approval at a shareholders' meeting pursuant to Article 796, Paragraph 1 of the Companies Act.

(2) Method of the Company Split

An absorption-type split wherein NSSMC will be the split company and NSSC will be the successor company.

(3) Allotment Details Regarding the Company Split

As NSSC is a wholly-owned subsidiary of NSSMC, there will be no allocation of the shares or other assets to NSSMC in conjunction with the Company Split.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights upon the Company Split

Not applicable.

(5) Stated Capital to Be Increased or Decreased as a Result of the Company Split

There will be no change in NSSMC's stated capital as a result of the Company Split.

(6) Rights and Obligations Succeeded by the Successor Company

NSSC will succeed from NSSMC the contractual positions and intellectual property rights relating to the Subject of Business Succession and the rights and obligations attached thereto (however, excluding the receivables and payables incurred for causes occurring prior to the effective date).

(7) Performance Prospects of the Liabilities

NSSMC believes that all liabilities incurred by NSSMC and NSSC can be performed even on and after the effective date of the Company Split.

2. Outline of the Companies Involved in the Company Split

	Split Company in an Absorption-Type Split	Successor Company in an Absorption-Type Split																				
(1) Name	Nippon Steel & Sumitomo Metal Corporation	Nippon Steel & Sumikin Stainless Steel Corporation																				
(2) Location	2-6-1 Marunouchi, Chiyoda-ku, Tokyo	1-8-2 Marunouchi, Chiyoda-ku, Tokyo																				
(3) Name and Title of Representative	Kosei Shindo, Representative Director and President	Hitoshi Ito, Representative Director and President																				
(4) Description of Business Activities	Steelmaking and steel fabrication, Engineering, Chemical and Material, and System solutions	Production and sale of stainless steel products																				
(5) Capital	419,524 million yen	5,000 million yen																				
(6) Date of Establishment	April 1, 1950	October 1, 2003																				
(7) Number of Outstanding Shares	950,321,402 shares	100,000 shares																				
(8) Fiscal Year End	March 31	March 31																				
(9) Major Shareholders and Shareholding Ratio (as of September 30, 2018)	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>4.7%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>4.6%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>2.8%</td> </tr> <tr> <td>Sumitomo Corporation</td> <td>2.1%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td> <td>2.0%</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>1.8%</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>1.7%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 9)</td> <td>1.6%</td> </tr> <tr> <td>Meiji Yasuda Life Insurance Company</td> <td>1.6%</td> </tr> <tr> <td>MUFG Bank, Ltd.</td> <td>1.5%</td> </tr> </table>	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.7%	Japan Trustee Services Bank, Ltd. (Trust Account)	4.6%	Nippon Life Insurance Company	2.8%	Sumitomo Corporation	2.1%	Japan Trustee Services Bank, Ltd. (Trust Account 5)	2.0%	Mizuho Bank, Ltd.	1.8%	Sumitomo Mitsui Banking Corporation	1.7%	Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.6%	Meiji Yasuda Life Insurance Company	1.6%	MUFG Bank, Ltd.	1.5%	Nippon Steel & Sumitomo Metal Corporation 100%
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Meiji Yasuda Life Insurance Company	1.6%																					
MUFG Bank, Ltd.	1.5%																					
(10) Financial Condition and Operating Results of the Immediately Preceding Fiscal Year																						
	FY ended March 2018 (consolidated)	FY ended March 2018 (consolidated)																				
Net Assets	3,515,501	102,422																				
Total Assets	7,592,413	168,127																				
Net Assets per Share (yen)	3,563.80	1,024,220																				
Sales	5,668,663	258,804																				
Operating Profit	182,382	22,927																				
Ordinary Profit	297,541	22,212																				
Net Income Attributable to Owners of Parent for the Period	195,061	16,075																				
Net Income per Share for the Period (yen)	221.00	160,750																				

(In millions of yen unless otherwise specified)

3. Outline of the Business Division to be Split

(1) Business Description of the Division to be Split

Sales of special stainless steel strip products (excluding pure nickel, nickel alloy and clad steel)

(2) Operating Results of the Division to be Split (fiscal year ended March 2018)

	NSSMC (Special SUS)
Consolidated Net Sales (Billions of yen)	4.4

(3) Items of Asset and Liabilities to be Split and the Amount Thereof

Contractual positions (commercial rights, intellectual property rights, etc.) relating to the special stainless steel strip business (excluding pure nickel, nickel alloy and clad steel business)

4. Status of the Companies After the Company Split

	Split Company in an Absorption-Type Split	Successor Company in an Absorption-Type Split
(1) Name	NIPPON STEEL CORPORATION (*Scheduled to change the company name on April 1, 2019, as stated above)	NIPPON STEEL Stainless Steel Corporation (*Scheduled to change the company name on April 1, 2019, as stated above)
(2) Location	6-1, Marunouchi 2-chome, Chiyoda- ku, Tokyo	8-2, Marunouchi 1-chome, Chiyoda- ku, Tokyo
(3) Name and Title of Representative	Eiji Hashimoto, Representative Director and President (*Scheduled to assume office on April 1, 2019)	Hitoshi Ito, Representative Director and President
(4) Description of Business Activities	Steelmaking and steel fabrication, Engineering, Chemical and Material, and System solutions	Production and sale of stainless steel products
(5) Capital	419,524 million yen	5,000 million yen
(6) Fiscal Year End	March 31	March 31

5. Future Prospects

Given that the Company Split is a company split between NSSMC and NSSC, a wholly owned subsidiary of NSSMC, the effects of the Company Split on the results of NSSMC are expected to be negligible.

End

(Reference) Consolidated financial forecast for the current fiscal year (announced on February 6, 2019) and consolidated operating results for the previous fiscal year (IFRS)

	Revenue	Business Profit	Profit Attributable to Owners of Parent
Financial Forecast for the Current Fiscal Year (FY ending March 2019)	6,200,000 million yen	330,000 million yen	230,000 million yen
Operating Results for the Previous Fiscal Year (FY ended March 2018)	5,712,965 million yen	288,700 million yen	180,832 million yen