For Immediate Release

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Code number:	5401 TSE, NSE, FSE, and SSE
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Announcement Regarding the Incorporation of a Subsidiary and Company Split (Absorption-Type), and the Conclusion of a Joint Business Agreement Regarding a Joint Venture with Toho Titanium Co., Ltd.

Nippon Steel & Sumitomo Metal Corporation (the "Company") announces that at its board of directors' meeting held today, a resolution was adopted to conclude a joint business agreement with Toho Titanium Co., Ltd. ("Toho Titanium") as of today with respect to, among other things, the following matters: (i) the Company will incorporate a new wholly-owned subsidiary and implement a company split (absorption-type, the "Split"), effective as of April 1, 2014, in which a part of the titanium materials melting business that the Company is operating at its Naoetsu Works (the "Subject Business of Succession") will be succeeded to by the subsidiary, and subsequently (ii) the new company will implement a capital increase by allotting new shares to Toho Titanium (the "Third-Party Allotment"), to be operated as a joint venture company regarding the titanium materials melting business between the Company and Toho Titanium.

Because the Split is a simplified absorption-type company split where a consolidated subsidiary is the successor company, the disclosed matters and contents are partially omitted.

I. Split

1. Purposes of the company split

The aim is to enhance the Company group's consolidated enterprise value by establishing a production structure of titanium materials suitable for the production of titanium alloy for aerospace, which is expected to continue to enjoy an increase in demand, by ensuring production capacity, quality, and cost competitiveness. The Company, focusing on the production and sales of titanium alloy, resolved to incorporate a new wholly-owned subsidiary, cause the new subsidiary to succeed to a part of the titanium materials melting business by means of an absorption-type company split, and operate the new subsidiary as a joint venture between the Company and Toho Titanium, by receiving a capital contribution from Toho Titanium.

With respect to the production of titanium alloy for aerospace, the best structure for titanium ingot melting production is regarded as a structure that is equipped with both EB furnaces (Electron Beam Furnaces), which are competitive in terms of material selection because a wide variety of scraps can be used, and VAR furnaces (Vacuum Arc Re-melting Furnaces), which can ensure uniformity in composition.

The new company will succeed to the business regarding the one EB furnace that the Company is operating at Naoetsu Works, by means of an absorption-type company split. In addition, the new company will purchase two VAR furnaces held by OSAKA Titanium technologies Co., Ltd and relocate them to the new company. Through these measures, the Company plans to improve the

melting production structure. Furthermore, by operating the new company as a joint venture between the Company and Toho Titanium, the Company will utilize Toho Titanium's excellent titanium melting technology and establish material production foundations that are competitive on a global basis.

2. Overview of the subsidiary to be incorporated (schedule)

(i) Name: NIPPON STEEL & SUMIKIN NAOETSU TITANIUM CO., LTD. ("Nittetsu Sumikin Naoetsu Titan")
(ii) Location: 12-1, Minato-cho 2-chome, Joetsu-shi, Niigata
(iii) Title and name of the representative: Representative Director Takashi Tanioku
(iv) Business description: Melting production of titanium ingots, etc.
(v) Stated capital: 20 million yen
(vi) Issued Shares: 100 shares
(vii) Date of incorporation: Middle of September 2013 (schedule)
(viii) Major shareholders and equity ratio: Nippon Steel & Sumitomo Metal Corporation, 100%
(ix) Date of commencing the business: April 1, 2014 (schedule)

3. Outlines of the company split

(1) Split schedule

Board of directors' meeting to adopt the resolution for the Split (the Company)	September 4, 2013
Conclusion of the agreement regarding the Split	January 2014 (schedule)
Shareholders' meeting to adopt the resolution for the Split (Nittetsu Sumikin Naoetsu Titan)	March 2014 (schedule)
Effective date of the Split	April 1 2014 (schedule)

(Note) Because the Split meets the requirement under Article 784, paragraph 3 of the Companies Act (a simplified split regarding a splitting company), the Split will be implemented without obtaining the approval of a shareholders' meeting.

(2) Split method

A simplified absorption-type company split in which the Company is the splitting company and Nittetsu Sumikin Naoetsu Titan is the successor company.

(3) Allotment details regarding the Split

Nittetsu Sumikin Naoetsu Titan will newly issue 560 common shares at the time of the Split and allot them to the Company.

(4) Stated capital to be increased or decreased as a result of the Split, etc.

The amount of the Company's stated capital will not change as a result of the Split.

(5) Treatment regarding share options and bonds with share options of the splitting company

The company has not issued share options and bonds with share options.

(6) Rights and obligations succeeded to by the successor company

As a result of the Split, Nittetsu Sumikin Naoetsu Titan will succeed to the following rights and obligations, etc. regarding the Subject Business of Succession from the Company.

(i) Property and rights that are held by the Company for the Subject Business of Succession;
(ii) Liabilities and obligations that are owed by the Company for the Subject Business of Succession; and
(iii) Agreements that have been concluded by the Company for the Subject Business of Succession, and all incidental agreements, other than employment agreements.

(7) Performance prospects of the liabilities

The Company believes that the liabilities incurred by the Company and Nittetsu Sumikin Naoetsu Titan can be performed even on or after the effective date of the Split.

4. Outline of the companies split

(1) Corporate name	Nippon Steel & Sumitomo Metal Corporation (splitting company) (as of March 31 2013)	NIPPON STEEL & SUMIKIN NAOETSU TITANIUM CO., LTD. (successor company) (scheduled to be incorporated in the middle of September 2013)
(2) Business description	Production and sale of steel, etc.	Melting production of titanium ingots, etc.
(3) Date of incorporation	April 1, 1950	Middle of September 2013 (schedule)
(4) Location of the head office	6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	12-1, Minato-cho 2-chome, Joetsu-shi, Niigata
(5) Title and name of the representative	Chairman and CEO: Shoji Muneoka	Representative Director and President: Takashi Tanioku
(6) Stated capital	419,524 million yen	20 million yen
(7) Number of issued shares	9,503,214,022 shares	100 shares
(8) Net assets	2,938,283 million yen (consolidated)	40 million yen (non-consolidated)
(9) Total assets	7,089,498 million yen (consolidated)	40 million yen (non-consolidated)
(10) Fiscal year end	March 31	March 31
(11) Major shareholders and equity ratio	Japan Trustee Services Bank, Ltd.: 4.2% Sumitomo Corporation: 3.8%	Nippon Steel & Sumitomo Metal Corporation: 100%
(12) Financial condition and operating results of the immediately preceding fiscal year		
	consolidated	
Net assets	2,938,283 million yen	-
Total assets	7,089,498 million yen	-
Net assets per share	263.82 yen	-
Net sales	4,389,922 million yen	-
Operating profit	20,110 million yen	-
Ordinary profit	76,931 million yen	-

Current net profit	(124,567 million yen)	-
Current net profit per share	(16.23 yen)	-

(Note) The description contents of Nittetsu Sumikin Naoetsu Titan are those scheduled at the time of its incorporation. As Nittetsu Sumikin Naoetsu Titan is scheduled to be incorporated in the middle of, 2013, there are no operating results, etc. for the immediately preceding fiscal year.

5. Outline of the business division to be split

(1) Business description of the division to be split

Melting production business of titanium ingots, etc.

(2) Operating results of the division to be split (fiscal year ended March 2013)

	Succeeding business (a)	Company's results (consolidated) (b)	Ratio (a/b)
Net sales	0	4,389,922	-

(Note) Outside sales to the Company group related to the business regarding the EB furnace to be split were not recorded before the Split.

(Millions of yen)

(3) Asset items and liabilities to be split and the amount (as of the March 31, 2014, anticipation date)

Assets		Liabilities	
Items	Book price	Items	Book price
Liquid assets	114	Liquid assets	1,360
Fixed assets	1,470	Fixed assets	0
Total	1,584	Total	1,360

(Millions of yen)

6. Status of the companies after the company split

(1) Corporate name	Nippon Steel & Sumitomo Metal Corporation (splitting company)	NIPPON STEEL & SUMIKIN NAOETSU TITANIUM CO., LTD. (successor company)
(2) Business description	Production and sale of steel, etc.	Melting production of titanium ingots, etc.
(3) Date of incorporation	April 1, 1950	Middle of September 2013 (scheduled)
(4) Location of the head office	6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	12-1, Minato-cho 2-chome, Joetsu-shi, Niigata
(5) Title and name of the representative	Chairman and CEO: Shoji Muneoka	Representative Director and President: [Takashi Tanioku]
(6) Stated capital	419,524 million yen	132 million yen
(7) Fiscal year end	March 31	March 31

II. Third-Party Allotment

1. Outline of the Third-Party Allotment (schedule)

(1) Resolution date at the shareholders' meeting on the Third-Party Allotment: March 2014

(2) Amount to be paid for the shares for subscription: 136 million yen

(3) Number of shares for subscription: 340 common shares

(4) Issue price of shares for subscription: 400,000 yen per share

(5) Stated capital to be increased: 68 million yen

(6) Capital reserve to be increased: 68 million yen

(7) Payment date: April 2014

(8) Party allotted with the shares for subscription: 340 shares to Toho Titanium

(9) Equity ratio after the Third-Party Allotment: Company 66%, Toho Titanium 34%

(10) Main purpose of funds: scheduled to be used mainly for purchase, transfer, and installation etc. of VAR furnaces

2. Outline of Toho Titanium (as of March 31, 2013)

(1) Corporate name	Toho Titanium Co., Ltd.
(2) Business description	Production and sale of titanium metals, etc.
(3) Date of incorporation	September 1947
(4) Location of the head office	3-5, Chigasaki, Chigasaki-shi, Kanagawa, Japan
(5) Title and name of the representative	President & Representative Director: Kiyonobu Sugiuchi
(6) Stated capital	11,963 million yen
(7) Number of issued shares	71,270,910 shares
(8) Net assets	39,732 million yen (consolidated)
(9) Total assets	101,900 million yen (consolidated)
(10) Fiscal year end	March 31
(11) Major shareholders and shareholding ratios	JX Holdings, Inc.: 50.31% Nippon Steel & Sumitomo Metal Corporation: 4.91% Mitsui & Co., Ltd.: 2.83%

III. Future prospects

The above transactions' effects on the Company's results are negligible, both on consolidated and non-consolidated bases.

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