October 30th, 2013

Nippon Steel & Sumitomo Metal Corporation

NSSMC announces organizational Integration of steelworks

Nippon Steel & Sumitomo Metal Corporation (NSSMC) announces the organizational integration of steelworks to further enhance the competitiveness in steel business for further collaboration between steelworks as a part of "promoting organizational and business management" program in its mid-term business plan announced on March 13, 2013, as described below:

1. Integrate Yawata Works and Kokura Works into "Yawata Works"
2. Integrate Wakayama Works and Sakai Works into "Wakayama Works"
3. Integrate Kimitsu Works and Tokyo Works into "Kimitsu Works"

These organizational integration above shall be effective as of April 1st , 2014

Background and purpose of organizational integration

NSSMC has achieved synergy effects between steelworks by promoting collaboration such as, sharing energy sources, optimizing utilization of infrastructure in logistic operation, and mutually utilizing by-product scrap between steelworks.

After studying further optimization and collaboration between steelworks locating nearby, NSSMC decides the organizational integration of steelworks, taking into account multiple factors such as, progress of collaborations so far, geographical locations, and operational relationship in manufacturing activities.

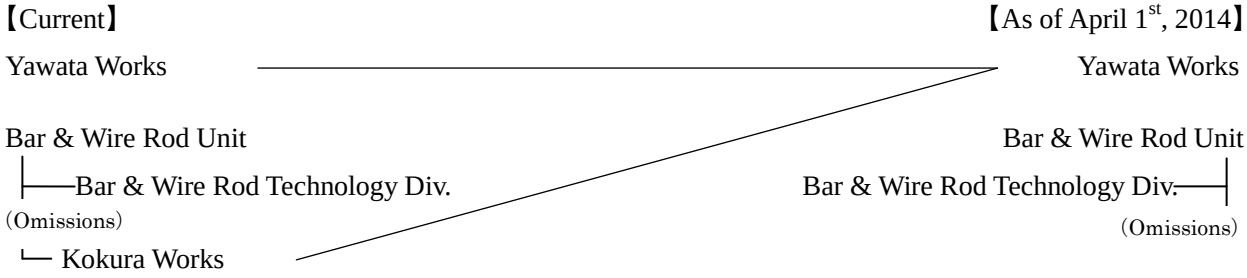
The major purposes of this integration are more efficient management and administration structure, expanding the pool of human resources in terms of more effective recruiting, education and training, and optimized human resource allocation, and accelerating further collaboration from a new point of view by sharing technology, skills, and best practices between steelworks.

Following this organizational integration, NSSMC shall further enhance the competitiveness in its steel business by bringing together each works' manufacturing resources, such as manufacturing infrastructure, human resources, technology, skills and best practices, as well as accelerating the implementation seeking for further synergy after merger. At the same time, NSSMC shall continue best effort to earn the trust from customers, neighboring communities, and other stakeholders of the company.

Details of each organizational integration

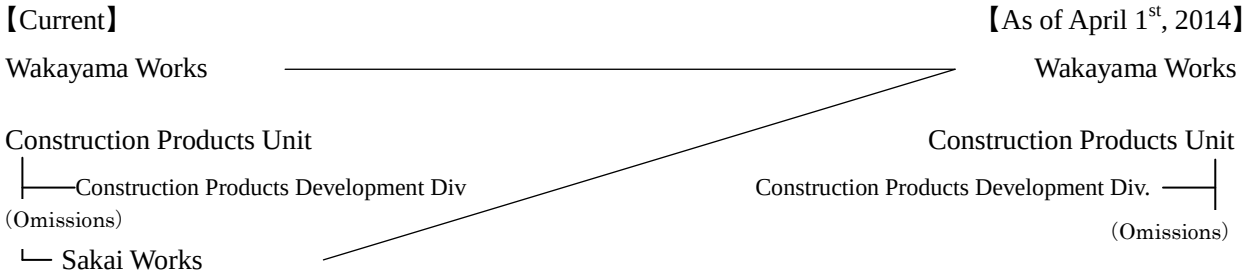
(1) Yawata Works ― Kokura Works

Both steelworks locate in the same administration zone, and have already made collaborations such as, sharing energy sources and raw materials, optimizing utilization of infrastructure in logistic operation. Taking into these factors, both steelworks shall integrate organizations to enhance the efficient management and operation, optimized utilization of infrastructure and combined human resources, and accelerating further study and implementation of collaborations.



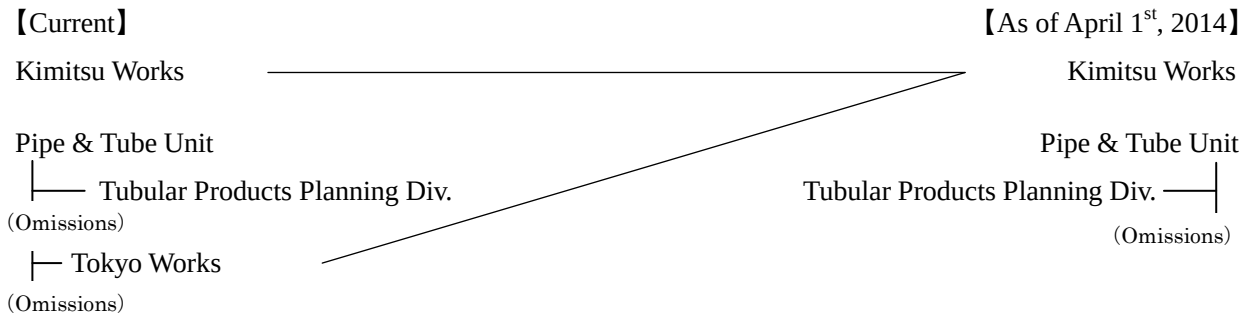
(2) Wakayama Works ― Sakai Works

Both steelworks have already made collaborations including vertical manufacturing relationship supplying semi-finished products from Wakayama to Sakai. Taking into account these factors and geographical proximity, both steelworks shall integrate organizations to enhance the efficient management and operation, optimized utilization of combined human resources, and accelerating further study and implementation of collaborations including integrated steel manufacturing from materials to products.



(3) Kimitsu Works― Tokyo Works

Both steelworks have already made collaborations both in vertical manufacturing relationship supplying semi-finished products from Kimitsu to Tokyo, and in human resource development. Taking into account these factors and geographical proximity, both steelworks shall integrate organizations to enhance the efficient management and operation, optimized utilization of combined human resources, and accelerating further study and implementation of collaborations.



For inquiries

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Exhibit 1： Organizational structure of each steelworks after organizational integration (Planned)

The post-integration organization of each steelworks is planned as described below. The principle of organizational design is that the same function is to be placed in the same organization for unified and integrated management system from the view of the top management, as well as ensuring the close and smooth cooperation with each product based unit.

Detailed organizations including department and plant shall be further studied based on this planned organizational structure.

Yawata Works

- General Administration Div.
- Labor Relations & Purchasing Div.
- Safety, Environment & Plant Safety Div.
- Production & Technical Control Div.
- Quality Management Div.
- Production Scheduling Div.
- Ironmaking Div.
- Steelmaking Div.
- Bar & Wire Rod Div.
- Rail & Shape Div.
- Sheet & Coil Div.
- Tin Mill Products Div.
- Electrical Steel Sheet Div.
- Stainless Steel Div.
- Equipment Div.
- Energy Management Div.

Wakayama Works

- General Administration Div.
- Production & Technical Control Div.
- Quality Control & Technical Service Div.
- Joint Marketing & Development Div.
- Sheet & Coil Div
- Pipe & Tube Div.
- Shape Div.
- Plant engineering & Maintenance Div.
- Environment & Energy Div.

Kimitsu Works

- General Administration Div.
- Labor Relations & Purchasing Div.
- Safety, Environment & Plant Safety Div.
- Production & Technical Control Div.
- Quality Management Div.
- Production Planning & Scheduling Div.
- Recycling &Energy Management Div.
- Ironmaking Div.
- Steelmaking Div.
- Sheet & Coil Div.
- Wire Rod Div.
- Shape Div.
- Plate Div.
- Pipe & Tube Div.
- Tokyo Pipe & Tube Div.
- Equipment Div.

Exhibit 2： Overview of each steelworks which are subject of organizational integration

1. Yawata Works

Location : Kitakyushu City, Fukuoka Pref.
Main Products : Hot rolled sheet, Cold rolled sheet, Coated sheet, Electrical steel, Rail, Shape, Pipe
Crude Steel output *1 : 3.55 million metric tons
Employees *2 : 2,778

2. Kokura Works, Bar & Wire Rod Unit

Location : Kitakyushu City, Fukuoka Pref.
Main Products : Bar, Wire Rod
Crude Steel output *1 : 1.24 million metric tons
Employees *2 : 1,059

3. Wakayama Works

Location : Wakayama City, Wakayama Pref.
Kainan City, Wakayama Pref.
Main Products : Cold rolled sheet, Coated sheet, Pipe
Crude Steel output *1 : 4.16 million metric tons
(produced by Nippon Steel & Sumikin Koutetsu Wakayama Corp.)
Employees *2 : 1,197
(excluding employees for Nippon Steel & Sumikin Koutetsu Wakayama Corp.)

4. Sakai Works, Construction Products Unit

Location : Sakai City, Osaka Pref.
Main Products : Shape
Employees *2 : 324

5. Kimitsu Works

Location : Kimitsu City, Chiba Pref.
Main Products : Plate, Hot rolled sheet, Cold rolled sheet, Coated sheet, Wire Rod, Shape, Pipe
Crude Steel output *1 : 9.07 million metric tons
Employees *2 : 3,521

6. Tokyo Works, Pipe & Tube Unit

Location : Itabashi-ku, Tokyo
Main products : Pipe
Employee *2 : 113

*1 Crude Steel output for FY2012

*2 As of March 31st, 2013, excluding those on secondment