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May 13, 2016

To Whom It May Concern,

Company 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 Name:	Nisshin Steel Co., Ltd.
Representative:	Toshinori Miki Representative Director and President
(Code Number.:	5413, First Section of the TSE)
Contact:	Nobuyuki Sakaki, General Manager, General Administration Dept.
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Notice Regarding Execution of an Agreement to Make Nisshin Steel Co., Ltd. a Subsidiary of Nippon Steel & Sumitomo Metal Corporation, etc. and Implementation of Tender Offer

As previously announced in the press release dated February 1, 2016 (entitled "Commencement of Discussions Regarding Making Nisshin Steel a Subsidiary of Nippon Steel & Sumitomo Metal and Regarding Nippon Steel & Sumitomo Metal Supplying Steel Slabs to Nisshin Steel"), Nippon Steel & Sumitomo Metal Corporation ("NSSMC") and Nisshin Steel Co., Ltd. ("Nisshin Steel") entered into a memorandum of understanding on February 1, 2016, pursuant to which the parties would commence discussions (the "Discussions") regarding making Nisshin Steel a subsidiary of NSSMC by around March 2017 (the "Proposed Transaction") and regarding NSSMC's constant supply of steel slabs to Nisshin Steel subject to the completion of the Proposed Transaction, and have been engaged in the Discussions since then. As a result of the Discussions, the companies reached an agreement on the specific structure of the Proposed Transaction and the conditions for NSSMC's capital contribution to Nisshin Steel, etc. Therefore, based on the resolutions adopted at their respective board of directors' meetings held today, the companies entered into an agreement dated today to, among other things, make Nisshin Steel a subsidiary of NSSMC (the "Agreement for the Proposed Transaction, Etc."). Beginning immediately, the companies will work to implement NSSMC's acquisition of shares of Nisshin Steel to reach the ownership ratio of 51.00% of the total number of outstanding shares (including treasury shares; hereinafter the same shall apply) of Nisshin Steel by means of a combination of a tender offer (the "Tender Offer"), through which NSSMC will acquire common shares of Nisshin Steel (the "Nisshin Steel Shares"), and (if necessary) a capital increase by third-party allotment, through which NSSMC would subscribe for Nisshin Steel Shares to be newly issued (the "Capital Increase by Third-Party Allotment") (provided that, in connection with the Capital Increase by Third-Party Allotment, NSSMC would purchase only the number of offered shares needed to bring NSSMC's ownership ratio to 51.00% of the total number of outstanding shares of Nisshin Steel upon completion of the purchase; accordingly, if the Tender Offer alone results in NSSMC owning 51.00% of the total number of outstanding shares of Nissin Steel, then NSSMC will not purchase any shares through the Capital Increase by Third-Party Allotment) (the aforementioned transactions, collectively,

the "Transaction"). The Transaction is not intended to result in the delisting of Nisshin Steel Shares, which are expected to remain listed on the First Section of Tokyo Stock Exchange, Inc. (the "TSE") after completion of the Transaction. At its board of directors' meeting held today, Nisshin Steel adopted a resolution to express an opinion, as of today, of support for the Tender Offer, assuming that the Tender Offer is to be conducted, and a resolution to the effect that Nisshin Steel has left to its shareholders the decision as to whether they would tender their shares in the Tender Offer or not, because the Nisshin Steel Shares will remain listed after the Transaction as stated above and Nisshin Steel believes that the proposed purchase price is reasonable.

The Tender Offer will be conducted promptly after satisfaction of the conditions precedent, which include, among other conditions, the completion of certain procedures required by domestic and foreign competition laws. For details of the other conditions for conducting the Tender Offer, see "(ii) Conducting the Tender Offer" under "(2) Details of the Agreement for the Proposed Transaction, Etc." under "2. Additional Details Relating to the Proposed Transaction" below.

1. Rationale for the Proposed Transaction

(1) Business Environment Surrounding the Companies

Although the worldwide demand for steel is expected to grow steadily in the mid- to long-term along with economic and industrial development, at present, the demand in China for steel, which had for a long period been increasing, began to decline in 2014, and this has resulted both in a worldwide slowdown (especially in Asia) in the steel products market and in the rise of trade issues. On account of these factors, the business environment surrounding NSSMC and Nisshin Steel is rapidly deteriorating. Among other things, production capacity in China has expanded rapidly and its crude steel production capacity is now estimated to be 1.1 billion tons/year, and the decrease in China's demand for steel products due to the recent economic deceleration in China has created approximately 400 million tons/year of excess capacity. Roughly 100 million tons/year of surplus steel products, which is the equivalent of the total annual crude steel production in Japan, are exported to countries in Southeast Asia and the rest of the world, and this has caused in turn a slowdown in steel products markets around the world. The rapid deterioration of the business environment mentioned above, coupled with depressed market prices, have impacted the business of steel companies globally and put pressure on their earnings. While there are indications that the excess of production capacity in China will be corrected, it will likely take considerable time. Given that the decline in China's demand for steel is predicted to continue, consumption of steel products in Japan is unlikely to increase considering the declining population, etc., and advanced coastal steelworks in China and Southeast Asia are soon going into full-scale production one after another, the business environment surrounding the steel business will become even more severe.

Moreover, regarding the stainless steel business in which the respective groups of NSSMC and Nisshin Steel engage, the production capacity of stainless steel manufacturers overseas (particularly in China) has been enhanced, and this has pushed NSSMC and Nisshin Steel and their respective groups out of the global top 10 in terms of the scale of stainless crude steel production. As a result, competition in both domestic and overseas markets is intensifying, with stainless steel imports from such overseas stainless steel manufacturers into the Japanese market growing as well.

In these circumstances, the earnings of NSSMC and its group companies, and Nisshin Steel and its group companies (collectively, the "Companies' Groups") are rapidly decreasing. We believe that in order to achieve sustainable profit growth in the present severe business environment, it will be essential for the Companies' Groups to maintain superiority over their overseas and domestic competitors and further enhance their earning power.

(2) Efforts Made by the Companies and Background to the Transaction

NSSMC was formed in October 2012 by the business integration of Nippon Steel Corporation (established in 1950) and Sumitomo Metal Industries, Ltd. (established in 1949). NSSMC (which manufactures and sells steel products used in a wide range of business areas, including automobiles, shipbuilding, energy generation/transmission, home electrical appliances, industrial machinery, and civil engineering and construction) is a global leader in technology with highly satisfied customers, especially in the area of high-grade steel products for which NSSMC is well-known. Since the business integration, NSSMC has strived to become the "Best Steelmaker with World-Leading Capabilities," by focusing on three main objectives: technological superiority, cost competitiveness, and global business expansion. NSSMC has taken measures to reduce costs, integrate facilities, invest in downstream processes overseas, and integrate and reorganize its group companies by combining technologies and promoting synergies resulting from the business integration. Through these measures, NSSMC has generated synergy effects of 200 billion Japanese yen per year as stated in the mid-term management plan of NSSMC published on March 13, 2013, and has steadily improved both its profitability and financial strength. Recognizing that enhancing domestic manufacturing bases and improving earnings overseas establishments are an inseparable pair of driving forces for the improvement of its corporate value, in March 2015, NSSMC formulated its "2017 Mid-Term Management Plan" and has steadily made investments to enhance its business foundation and achieve growth in the currently deteriorating business environment, as a step toward the realization of a firm position as the "Best Steelmaker with World Leading Capabilities."

On the other hand, Nisshin Steel was established in April 2014 by the merger of Nisshin Steel Holdings Co., Ltd. (established in 2012), the former Nisshin Steel Co., Ltd. (established in 1959), and Nippon Metal Industry Co., Ltd. (established in 1932). Nisshin Steel is a steelmaker specializing in coated steel plates, special steel, and stainless steel, etc. In the coated steel plates market, Nisshin Steel has received high evaluations from its customers for the galvanized steel plates and aluminum-coated steel plates bearing its moon-and-star corporate symbol. Also, in the stainless steel market, Nisshin Steel was a pioneer in spreading stainless steel products across Japan. In addition, since the establishment of Nisshin Steel Holdings Co., Ltd., Nisshin Steel has steadily implemented the measures set forth in its "No. 24 Mid-Term Consolidated Management Plan" formulated in November 2012, including enhancing business competitiveness by reducing costs, ensuring multi-stratified earnings through global business expansion and core products strategies (the enhancement of core product areas (i.e., coated steel plates, special steel, and stainless steel, among others) in which Nisshin Steel has technical advantages), and creating new markets by deepening customer-centrism, and has achieved certain positive results.

In these circumstances, Nisshin Steel independently began engaging in an examination of the enhancement of its business foundation in response to the extreme severity of the current business environment in Japan and overseas. Specifically, based on the core products strategies stated above, Nisshin Steel considered directing management resources to its most competitive products and rationalizing the iron- and steel-making process (blast furnaces and steel making), including by transitioning to a single blast furnace system at Kure Works (which entails an expansion and relining of blast furnace No. 1 and the cessation of blast furnace No. 2) by the end of fiscal year 2019. As a result, Nisshin Steel determined that implementing structural reforms for its business would contribute to the improvement of Nisshin Steel's corporate value. These reforms would include receiving a supply of steel slabs (a material for steel products) from NSSMC (with whom Nisshin Steel has built a relationship of trust over many years through alliance measures, such as supply of steel slabs at the time of the relining of blast furnaces and joint investment in business companies, and personnel exchanges, starting with Nisshin Steel's acceptance of a capital contribution from Yawata Iron & Steel Co., Ltd., the predecessor company of NSSMC, in October 1951), as Nisshin Steel would otherwise fall short in its supply of steel slabs due to the rationalization of its iron- and steel-making process. Therefore, Nisshin Steel has requested NSSMC's cooperation in August 2015.

After lengthy discussions between the companies, in light of such request and the market environment faced by the companies and their business strategies, NSSMC and Nisshin Steel reached a shared view on the following two points: (i) in order to make available NSSMC's constant supply of steel slabs to Nisshin Steel (a competitor of NSSMC), it would be necessary for Nisshin Steel to become a subsidiary of NSSMC, and (ii) in order for them to improve the likelihood of their survival in the severe global business environment in the future, besides the supply of steel slabs, it would be essential for them to bring together the management resources that each had fostered to date to create synergies and enhance their competitive strengths, and it would be necessary to make Nisshin Steel a subsidiary of NSSMC for that purpose. On February 1, 2016, they entered into a memorandum of understanding for the commencement of the Discussions, and they publicly announced the commencement of such discussions on the same day. After the execution of the memorandum of understanding, the Discussion Committee which was established in early February 2016 (to confirm and discuss the basic matters regarding the present transaction; comprised of both companies' vice presidents, as the chairs, and other relevant officer-class personnel) engaged in such discussions and examinations including due diligence (which was implemented for the period from late February to early May 2016) and reached an agreement regarding the method of the Proposed Transaction (i.e., the Transaction comprised of a combination of the Tender Offer and the Capital Increase by Third-Party Allotment), the shareholding ratio, the implementation of the supply of steel slabs by NSSMC to Nisshin Steel by around fiscal year 2019 (which will begin after the realization of the Proposed Transaction), and other matters.

(3) The Companies' Vision

Through the completion of Proposed Transaction, NSSMC and Nisshin Steel will strengthen the position of the NSSMC Group as the "Best Steelmaker with World-Leading Capabilities" with the addition of Nisshin Steel, and will thereby intend to achieve sustainable growth and enhance their corporate value in the mid- to long-term. In addition, in order to increase their competitiveness, the companies will implement the constant supply of steel slabs by NSSMC to Nisshin Steel subject to the completion of the Proposed Transaction. Both companies wish to better serve their customers by putting these measures into effect, which may also help them to contribute to the creation and development of a more prosperous society. Specifically, the companies will strive to implement the measures and achieve the objectives outlined below:

(i) Creating Synergy by Exploiting the Management Resources of Both Companies' Groups

NSSMC's strengths are global top-level technological superiority and product readiness, cost competitiveness centering on iron- and steel-making, and worldwide capabilities. Nisshin Steel's competitive advantage is customer- and market- readiness, enabled by meticulous development marketing (such as suggesting solutions from the design stage for customers), and other activities in line with customer needs. NSSMC and Nisshin Steel will bring together these management resources and create synergies (see "(4) Expected Synergies" below), exploiting their respective strengths. Thus, they will provide better products, technologies, and services that would meet customer needs, on a domestic and global basis, and will thereby seek to enhance their profitability.

(ii) Promoting Alliance Measures

After consummating the Proposed Transaction, NSSMC and Nisshin Steel will promote various alliance measures, including, without limitation, the improvement of efficiency through mutual alliances in the areas of their operations, technologies, facilities, procurement of raw materials, resources and equipment and manufacturing site management (including in the areas of safety, the environment, disaster prevention and maintenance matters) in addition to implementing the supply of steel slabs, as they work to achieve a level of cost-competitiveness necessary for survival in an environment of fierce global competition.

(iii) Maximizing Corporate Value and Improving Evaluations by Shareholders and Capital Markets

Through the Proposed Transaction, NSSMC and Nisshin Steel will establish stable financial condition through the efficient use of their funds and assets, looking to help ensure healthy and sustainable growth, and maximize their corporate value in the mid- to long-term, as well as endeavoring to earn higher evaluations from current shareholders and other participants in the capital markets.

(4) Expected Synergies

NSSMC and Nisshin Steel are expecting to create, through the implementation of the measures set forth above, the following synergies, currently estimated to generate an effect in the size of 20 billion Japanese yen per year or more. After obtaining approvals from domestic and foreign competition authorities, the companies will deepen their studies towards realizing these synergies.
< Examples of Synergies>

(i) Pursuing best practices for operational technologies, facilities, and maintenance

- Maximizing operational and technical synergies through the exchange of superior technologies

- Exchanging maintenance technologies, optimizing deployment of personnel between the steelworks

- Improving efficiency in plant and equipment investments (e.g., reduction of purchase prices and improvement of construction efficiency)

(ii) Reducing the procurement costs of raw materials, resources and equipment

- Raw materials: improving efficiency in transporting raw materials, optimizing the procurement of auxiliary materials, fuels

- Resources and equipment: optimizing the procurement of common resources and equipment

(iii) More efficient production across the group

- Establishing an optimized production system for each region

- Strengthening and utilizing overseas production and sales bases

(iv) Improving efficiency in group companies

- Optimizing mutual use of both companies' group companies

- Alliances between companies with divided functions (e.g., logistics companies) in the Companies' Groups

(v) Measures regarding funds and cash flow

- Group financing, streamlining overlapping assets (e.g., shares)

(vi) Reducing fixed costs by, among others, avoiding large-scale investments in the relining of blast furnaces, etc.

(vii) Improving the capacity utilization ratio through the supply of steel slabs

2. Additional Details Relating to the Proposed Transaction

(1) Information Regarding the Proposed Transaction

(i) Overview of the Transaction

The aim of the Transaction is NSSMC's acquisition of Nisshin Steel Shares to reach the ownership ratio of 51.00% of the total number of outstanding shares of Nisshin Steel, by means of a combination of the Tender Offer and (if necessary) the Capital Increase by Third-Party Allotment. Because of the nature of a tender offer, NSSMC's share ownership ratio (meaning the ratio of the shares owned by NSSMC in comparison to the total number of outstanding shares of Nisshin Steel; hereinafter, the same shall apply) after the implementation of the Tender Offer will not be fixed before the settlement is completed; therefore, it is contemplated that if the Tender Offer results in a share ownership ratio for NSSMC of less than 51.00%, which is the target ratio in the Tender Offer, the Proposed Transaction will be realized through NSSMC purchasing Nisshin Steel Shares through the Capital Increase by Third-Party Allotment. NSSMC and Nisshin Steel view the Tender Offer and the Capital Increase by Third-Party Allotment as a related series of procedures designed to achieve the Proposed Transaction and view the Capital Increase by Third-Party Allotment as a supplement to the Tender Offer.

Specifically, when the conditions (including, without limitation, the completion of certain procedures required under domestic and foreign competition laws) are satisfied, NSSMC will promptly conduct the Tender Offer prior to the payment for the Capital Increase by Third-Party Allotment. The maximum number of shares to be purchased during the Tender Offer is planned to be 46,896,300 shares, the number of shares needed for the shares owned by NSSMC to represent 51.00% of the total outstanding shares of Nisshin Steel at the time of the completion of the settlement for the Tender Offer (units of less than 100 shares shall be rounded up), when combined with 9,124,200 shares (NSSMC's shareholding ratio: 8.31%), the number of Nisshin Steel Shares owned by NSSMC as of the submission date of the tender offer statement. In the Capital Increase by Third-Party Allotment, only where the Tender Offer does not result in NSSMC's acquisition of such maximum number of shares, NSSMC will make a payment only to the extent needed for the number of shares owned by NSSMC upon completion of the purchase in the Capital Increase by Third-Party Allotment to be the number of shares calculated by multiplying the total number of outstanding shares of Nisshin Steel at that time by 51.00% (for more details on the Tender Offer, see "A. Overview of the Tender Offer" of "(ii) Implementation of the Tender Offer, and Purpose of the Purchase" below; for more details of the Capital Increase by Third-Party Allotment, see "(iii) Implementation of the Capital Increase by Third-Party Allotment" below).

Regarding the implementation of the Capital Increase by Third-Party Allotment, a part of the Transaction aiming at the realization of the Proposed Transaction, Nisshin Steel plans to submit the subscription agreement for shares to be offered in connection with the Capital Increase by Third-Party Allotment (the "Subscription Agreement") as an agenda item for approval at the 4th Annual Shareholders Meeting of Nisshin Steel (the "Annual Shareholders Meeting"), to be held on June 24 this year, in order to obtain prior approval from Nisshin Steel's shareholders.

(ii) Implementation of the Tender Offer, and Purpose of the Purchase

A. Overview of the Tender Offer

As stated in "(i) Overview of the Transaction" above, when the conditions precedent (including, without limitation, the completion of certain procedures required under domestic and foreign competition laws) are satisfied, NSSMC will conduct the Tender Offer (the timing of the Tender Offer may vary depending on the time of the satisfaction of these conditions precedent; however, at present, we assume that the Tender Offer will start by around February 2017). In implementing the Tender

Offer, the proposed purchase price for the Tender Offer (the "Proposed Tender Offer Price") is planned to be 1,620 Japanese yen per share of Nisshin Steel.

As of today, the Nisshin Steel Shares are listed on the First Section of the TSE. Because the purpose of the Transaction is to make Nisshin Steel a consolidated subsidiary of NSSMC and it is intended that Nisshin Steel Shares will remain listed after the Transaction, the maximum number of shares to be purchased during the Tender Offer (constituting a part of the Transaction) is planned to be 46,896,300 shares which will make NSSMC's share ownership ratio 51.00%, combined with the number of Nisshin Steel Shares owned by NSSMC as of the date of the submission of the tender offer statement. If the total number of the tendered shares in response to the Tender Offer (the "Tendered Shares") exceeds the maximum number of shares to be purchased, the excess portion will not be purchased, and the shares will be delivered and other settlement procedures for their purchase will be implemented using the pro rata method as specified in Article 27-13, paragraph (5) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended) and Article 32 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990; as amended). On the other hand, no minimum number of shares to be purchased is set; therefore, if the total number of the Tendered Shares is equal to or less than the maximum number of shares to be purchased, all the Tendered Shares will be purchased.

At the board of directors' meeting held today, Nisshin Steel, pursuant to the unanimous approval of its nine (9) directors, excluding Mr. Kenji Minami, adopted a resolution to express an opinion, as of today, of support for the Tender Offer, assuming that the Tender Offer is to be conducted, and a resolution that Nisshin Steel has left to its shareholders the decision as to whether they would tender their shares in the Tender Offer or not, because the Nisshin Steel Shares will remain listed after the Transaction and Nisshin Steel believes that the proposed purchase price is reasonable. In order to avoid any suspicion of conflicts of interest, among Nisshin Steel's directors, Mr. Minami did not participate at all in the deliberations or resolutions regarding the Transaction at the meeting of the board of directors since he previously served as an officer at NSSMC (Nippon Steel Corporation at that time), the tender offeror and the contemplated subscriber for the shares of Nisshin Steel in the Capital Increase by Third-Party Allotment.

The Tender Offer will be launched subject to the satisfaction of certain conditions, as mentioned above, and it is expected that it will be some time before the launch thereof. Therefore, at the meeting of the board of directors of Nisshin Steel mentioned above, the board also adopted a resolution to express a subsequent opinion regarding the Tender Offer after additional discussions take place at the time of the launch of the Tender Offer.

Nisshin Steel introduced its "Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measures)" on October 1, 2012. After deliberation, in light of the purposes of these rules, Nisshin Steel adopted a resolution that, in its judgment, the Tender Offer would contribute to maximizing Nisshin Steel's corporate value and the common interests of its shareholders.

B. Background to Implementation of, Purposes of and Decision-Making Process for the Tender Offer and Post-Tender Offer Management Policies

For the background to the implementation of, the purposes of and the decision-making process for the Tender Offer, see "(1) Business Environment Surrounding the Companies" and "(2) Efforts Made by the Companies and Background to the Transaction" of "1. Rationale for the Proposed Transaction" above. For post-Tender Offer management policies, see "(3) The Companies' Vision" and "(4) Expected Synergies" of "1. Rationale for the Proposed Transaction" above, as well as "(vii) Plan for after the Proposed Transaction" of "(2) Details of the Agreement for the Proposed Transaction, Etc." of "2. Additional Details of the Proposed Transaction."

C. Procedures Performed for the Tender Offer

(a) Valuation Report from an independent third-party valuation organization obtained by NSSMC

In determining the Proposed Tender Offer Price, NSSMC asked Nomura Securities Co., Ltd. ("Nomura Securities"), a third-party valuation organization independent of NSSMC and Nisshin Steel, to conduct the analyses of the equity value of Nisshin Steel Shares. After considering various appropriate valuation methodologies for the Tender Offer, Nomura Securities calculated Nisshin Steel's share value using the market share price analysis, comparable company analysis, and discounted cash flow analysis (the "DCF analysis"), and Nomura Securities provided NSSMC with a valuation report of Nisshin Steel Shares (the "Valuation Report") on May 12, 2016. Nomura Securities is not a related party of NSSMC or Nisshin Steel, nor is it materially interested with respect to the Tender Offer. NSSMC has not obtained any written opinion regarding the fairness of the Proposed Tender Offer Price (i.e., a fairness opinion) from Nomura Securities.

According to the Valuation Report, the adopted methods and the range of the per-share value of the Nisshin Steel Shares calculated based on these methodologies are as follows:

Market share price analysis (Reference Date (i)):	1,127 Japanese yen to 1,263 Japanese yen
Market share price analysis (Reference Date (ii)):	1,303 Japanese yen to 1,478 Japanese yen
Comparable company analysis:	985 Japanese yen to 1,535 Japanese yen
DCF analysis:	939 Japanese yen to 2,201 Japanese yen

Under the market share price analysis, the per-share value of the Nisshin Steel Shares was calculated to range from 1,127 Japanese yen to 1,478 Japanese yen, using January 29, 2016, which was the business day immediately preceding the execution of the memorandum of understanding for the commencement of the Discussions, as the reference date ("Reference Date (i)"), based on the closing price of the Nisshin Steel Shares on the First Section of the TSE on Reference Date (i) (1,127 Japanese yen), the simple average of the closing price for the five (5) business days immediately preceding Reference Date (i) (1,147 Japanese yen) (rounded to the nearest Japanese yen; the same method was applied to the calculation of the simple average of the closing price), the simple average of the closing price for the one (1) month immediately preceding Reference Date (i) (1,168 Japanese yen), the simple average of the closing price for the three (3) months immediately preceding Reference Date (i) (1,263 Japanese yen), and the simple average of the closing price for the six (6) months immediately preceding Reference Date (i) (1,223 Japanese yen), and using May 12, 2016 as the reference date ("Reference Date (ii)"), based on the closing price of the Nisshin Steel Shares on the First Section of the TSE on Reference Date (ii) (1,478 Japanese yen), the simple average of the closing price for the five (5) business days immediately preceding Reference Date (ii) (1,476 Japanese yen), the simple average of the closing price for the one (1) month immediately preceding Reference Date (ii) (1,430 Japanese yen), the simple average of the closing price for the three (3) months immediately preceding Reference Date (ii) (1,345 Japanese yen), and the simple average of the closing price for the six (6) months immediately preceding Reference Date (ii) (1,303 Japanese yen).

Under the comparable company analysis, the value of Nisshin Steel Shares was calculated by comparing the market price and financial indicators (e.g., profitability, etc.) of listed companies that engage in businesses comparatively similar to those of Nisshin Steel. Using this methodology, the per-share value was calculated to range from 985 Japanese yen to 1,535 Japanese yen.

Under the DCF analysis, Nisshin Steel's enterprise value and share value were analyzed by discounting the free cash flow that is expected to be generated in the future by Nisshin Steel in and after fiscal year ending in March 2017 at a certain discount rate to the present value, based on the relevant factors including the profitability and investment plans in Nisshin Steel's business plan for the period from the fiscal year ending in March 2017 to the fiscal year ending in March 2024 as well as other publicly available information. Using this methodology, the per-share value of Nisshin Steel Shares was calculated to range from 939 Japanese yen to 2,201 Japanese yen.

At the meeting of its board of directors held today, NSSMC ultimately determined that the Proposed Tender Offer Price would be 1,620 Japanese yen per share, comprehensively taking into account: (i) the valuation results in the Valuation Report obtained from Nomura Securities, (ii) the results of the due diligence on Nisshin Steel conducted by NSSMC, (iii) real-world examples of premiums granted when the purchase price was determined in the case of previous tender offers for shares by persons other than issuers, (iv) whether the board of directors of Nisshin Steel would support the Tender Offer, (v) fluctuations in the market price of Nisshin Steel Shares for the immediately preceding one (1) year, and (vi) anticipated levels of tendering in the Tender Offer, and based on the results of discussions and negotiations with Nisshin Steel.

The Proposed Tender Offer Price of 1,620 Japanese yen per share represents the following premiums: 43.74% (rounded to the nearest hundredth; and, hereinafter, the same shall apply in this paragraph) on the closing price of Nisshin Steel Shares (i.e., 1,127 Japanese yen) on the First Section of the TSE on January 29, 2016, which is the business day immediately preceding the execution of the memorandum of understanding for the commencement of the Discussions; 41.24% on the simple average of the closing price of 1,147 Japanese yen for the five (5) business days immediately preceding January 29, 2016; 38.70% on the simple average of the closing price of 1,168 Japanese yen for the one (1) month immediately preceding January 29, 2016; 28.27% on the simple average of the closing price of 1,263 Japanese yen for the three (3) months immediately preceding January 29, 2016; and 32.46% on the simple average of the closing price of 1,223 Japanese yen for the six (6) months immediately preceding January 29, 2016.

In addition, the Proposed Tender Offer Price of 1,620 Japanese yen per share represents the following premiums: 9.61% on the closing price of the Nisshin Steel Shares of 1,478 Japanese yen on the First Section of the TSE as of May 12, 2016, which is the business day immediately preceding the execution of the Agreement for the Proposed Transaction, Etc.; 9.76% on the simple average of the closing price of 1,476 Japanese yen for the five (5) business days immediately preceding May 12, 2016; 13.29% on the simple average of the closing price of 1,430 Japanese yen for the one (1) month immediately preceding May 12, 2016; 20.45% on the simple average of the closing price of 1,345 Japanese yen for the three (3) months immediately preceding May 12, 2016; and 24.33% on the simple average of the closing price of 1,303 Japanese yen for the six (6) months immediately preceding May 12, 2016.

(b) Valuation report from an independent third-party valuation organization obtained by Nisshin Steel

On the other hand, in expressing its opinion on the Tender Offer, in order to ensure the fairness thereof, Nisshin Steel asked Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“Mitsubishi UFJ Morgan Stanley Securities”), its financial advisor and a third-party valuation organization independent of NSSMC and Nisshin Steel, to calculate Nisshin Steel’s share value and obtained the valuation report with the results of the calculation of its share value on May 13, 2016. Mitsubishi UFJ Morgan Stanley Securities is not a related party of NSSMC or Nisshin Steel, nor is it materially interested with respect to NSSMC or Nisshin Steel. Nisshin Steel has not obtained any opinion regarding the fairness of the Proposed Tender Offer Price (i.e., a fairness opinion) from Mitsubishi UFJ Morgan Stanley Securities.

Mitsubishi UFJ Morgan Stanley Securities evaluated and analyzed Nisshin Steel’s share value using the market price analysis, comparable company analysis, and DCF analysis.

The range of the per-share value of the Nisshin Steel Shares (based on the total number of outstanding shares of Nisshin Steel as of the reference date (after deducting treasury shares); and, hereinafter, the same shall apply) calculated based on these methods is as follows:

Market price analysis (Reference Date A): 1,168 Japanese yen to 1,263 Japanese yen

Market price analysis (Reference Date B):	1,303 Japanese yen to 1,430 Japanese yen
Comparable company analysis:	663 Japanese yen to 1,494 Japanese yen
DCF analysis:	1,434 Japanese yen to 1,748 Japanese yen

Under the market price analysis, for the Nisshin Steel Shares on the First Section of the TSE, the per-share value of the Nisshin Steel Shares was calculated to range from 1,168 Japanese yen to 1,430 Japanese yen, using January 29, 2016, which was the business day immediately preceding the execution of the memorandum of understanding for the commencement of the Discussions, as the reference date ("Reference Date A"), based on: (i) the closing price on Reference Date A (i.e., 1,127 Japanese yen), (ii) the simple average of the closing price for the one (1) month immediately preceding Reference Date A (i.e., 1,168 Japanese yen) (rounded to the nearest Japanese yen; and the same method was applied to the calculation of the simple average of the closing price), (iii) the simple average of the closing price for the three (3) months immediately preceding Reference Date A (i.e., 1,263 Japanese yen), and (iv) the simple average of the closing price for the six (6) months immediately preceding Reference Date A (i.e., 1,223 Japanese yen), and using May 12, 2016, as the reference date ("Reference Date B"), based on: (i) the closing price on Reference Date B (i.e., 1,478 Japanese yen), (ii) the simple average of the closing price for the one (1) month immediately preceding Reference Date B (i.e., 1,430 Japanese yen), (iii) the simple average of the closing price for the three (3) months immediately preceding Reference Date B (i.e., 1,345 Japanese yen), and (iv) the simple average of the closing price for the six (6) months immediately preceding Reference Date B (i.e., 1,303 Japanese yen).

Under the comparable company analysis, Nisshin Steel's share value was analyzed by comparing the market price and financial indicators (e.g., profitability, etc.) of listed companies that engage in businesses comparatively similar to those of Nisshin Steel. Using this method, the per-share value of Nisshin Steel Shares was calculated to range from 663 Japanese yen to 1,494 Japanese yen.

Under the DCF analysis, Nisshin Steel's corporate value and share value were analyzed by discounting the free cash flow that is expected to be generated by Nisshin Steel in the future at a certain discount rate to the present value, based on Nisshin Steel's future revenue projections for the fiscal year ending in March 2016 and thereafter (reflecting Nisshin Steel's business plan for the period from the fiscal year ending in March 2017 to the fiscal year ending in March 2024, trends in business results to date, the business environment and other factors). Using this method, the per-share value of Nisshin Steel Shares was calculated to range from 1,434 Japanese yen to 1,748 Japanese yen. In Nisshin Steel's business plan for the period from the fiscal year ending in March 2017 to the fiscal year ending in March 2024, which was used for the analysis under the DCF analysis, a significant profit increase is expected in the fiscal year ending in March 2017 due to a decrease in inventory evaluation write-downs, and a significant profit decrease and a significant profit increase are expected in the fiscal year ending in March 2020 and the following fiscal year ending in March 2021, respectively, due to temporary expense arising in the fiscal year ending in March 2020 from the planned cessation of blast furnace No. 2 at Kure Works.

(Note) The analysis by Mitsubishi UFJ Morgan Stanley Securities, and in particular, analysis of the share value of Nisshin Steel's common shares as the basis thereof, is addressed to Nisshin Steel's board of directors for information purposes only in relation to its opinion regarding the Tender Offer by NSSMC of Nisshin Steel Shares. Mitsubishi UFJ Morgan Stanley Securities's analysis is not a financial opinion or recommendation by Mitsubishi UFJ Morgan Stanley Securities or any of its affiliates, and Mitsubishi UFJ Morgan Stanley Securities's analysis does not constitute an opinion or recommendation to any shareholders of Nisshin Steel or NSSMC as to how such shareholder should act with respect to the Transaction. In performing its analysis, Mitsubishi UFJ Morgan Stanley Securities has assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by Nisshin Steel as an appropriate basis for its analysis. With respect to the financial projections, including information relating to certain strategic, financial and operational

benefits anticipated from the Transaction, Mitsubishi UFJ Morgan Stanley Securities has assumed that they have been reasonably prepared to reflect the best currently available estimates and judgments of the management of Nisshin Steel of the future financial performance of Nisshin Steel. Mitsubishi UFJ Morgan Stanley Securities has not made any independent valuation or appraisal of the assets or liabilities of Nisshin Steel, nor has Mitsubishi UFJ Morgan Stanley Securities been furnished with any such valuations or appraisals. The analysis by Mitsubishi UFJ Morgan Stanley Securities is necessarily based on financial, economic, exchanges, market and other conditions as in effect on, and the information made available to Mitsubishi UFJ Morgan Stanley Securities as of, the previous business day of the relevant report. Events occurring after such date may affect the analysis and the assumptions used in preparing it, and Mitsubishi UFJ Morgan Stanley Securities does not assume any obligation to update, revise or reaffirm its analysis. The preparation of a valuation report and the analysis forming the basis thereof is a complex process and is not necessarily susceptible to a partial analysis or summary description. The range of valuations resulting from any particular analysis described therein should not be taken to be Mitsubishi UFJ Morgan Stanley Securities ' s view of the actual value of Nisshin Steel.
Mitsubishi UFJ Morgan Stanley Securities has acted as financial advisor to Nisshin Steel in connection with the Transaction and will receive a fee for its services, a portion of which is contingent upon the closing of the Transaction.

(c) Advice from independent law firm to Nisshin Steel

As a means to ensure fairness in the decision-making process at Nisshin Steel's board of directors' meeting, Nisshin Steel has obtained from Nomura & Partners, a legal advisor independent from both Nisshin Steel and NSSMC, the tender offeror, necessary legal advice on the manner and the process of decision-making at the board of directors' meeting regarding the Transaction, including the Tender Offer.

(d) Approval of all directors without interests in Nisshin Steel and opinion of all corporate auditors without interests therein that they have no objections thereto

At the Nisshin Steel board of directors' meeting held today, with the attendance of all directors and the unanimous approval of all directors present, except Mr. Kenji Minami, it was resolved that Nisshin Steel would execute the Agreement for the Proposed Transaction, Etc. with NSSMC and express its opinion in support of the Tender Offer. In addition, while Nisshin Steel believes that the Proposed Tender Offer Price is reasonable in light of the results of the calculation of its share value as stated in "(b) Valuation report from an independent third-party valuation organization obtained by Nisshin Steel" above, there would be a maximum number of shares to be purchased during the Tender Offer, and the listing of Nisshin Steel Shares is intended to be maintained after the Transaction. As such, Nisshin Steel decided to take a neutral position, and leave to its shareholders the decision as to whether they would tender their shares in the Tender Offer or not, and passed a resolution to that effect. At the above board of directors' meeting, all of Nisshin Steel's corporate auditors (a total of five (5) corporate auditors) attended, and all corporate auditors, excluding Mr. Makoto Haya, gave the opinion that they did not object to the matters resolved at the above board of directors' meeting. Mr. Minami, a director of Nisshin Steel, and Mr. Haya, a corporate auditor of Nisshin Steel, had previously worked as officers for NSSMC (then Nippon Steel Corporation), the tender offeror and the contemplated subscriber for the shares of Nisshin Steel in the Capital Increase by Third-Party Allotment. Therefore, in order to avoid any suspicion of conflicts of interest, Mr. Minami did not participate, at all, in the deliberations or resolutions regarding the Transaction at the board of directors' meeting, and Mr. Haya did not participate in the deliberations nor express any opinion regarding the Transaction at the board of directors' meeting.

D. Schedule for Acquisition of Shares after the Tender Offer

At the Nisshin Steel board of directors' meeting held today, in order to prepare for the possibility that the number of shares owned by NSSMC will not reach 51.00% of the total number of outstanding shares of Nisshin Steel at the time of completion of the settlement for the Tender Offer, it was resolved to issue shares in the manner of a third-party allotment (95,706,600 common shares at 1,620 Japanese yen per share for a total (maximum amount) of 155,045 million Japanese yen (rounded to the nearest million Japanese yen) with December 1, 2016, to June 23, 2017, being the payment period (the reason why Nisshin Steel set the payment period widely is because the payment for the Capital Increase by Third-Party Allotment will be made after the settlement for the Tender Offer is completed, and the timing of the Tender Offer and the payment date for the Capital Increase by Third-Party Allotment will vary depending on the timing of the satisfaction of conditions, such as the completion of certain procedures required under domestic and foreign competition laws) (please see "Notice Regarding Offering of Shares to Be Issued through Third-Party Allotment" announced today for details). In connection with the Capital Increase by Third-Party Allotment, NSSMC and Nisshin Steel have agreed, if the Tender Offer is successfully completed, and after confirming the outcome of the Tender Offer, to purchase only the shares needed to bring NSSMC's share ownership ratio after the capital increase to 51.00% (the share ownership ratio being the ratio of the number of shares owned to be calculated with the numerator being the total of (a) the number of Nisshin Steel Shares owned by NSSMC as of the date of submission of the tender offer statement, (b) the number of Nisshin Steel Shares to be obtained by NSSMC as a result of the Tender Offer, and (c) the number of Nisshin Steel Shares to be obtained by NSSMC as a result of the Capital Increase by Third-Party Allotment, and the denominator being the total number of outstanding shares of Nisshin Steel upon completion of the purchase in the Capital Increase by Third-Party Allotment; hereinafter the same shall apply; with any fraction falling short of 100 shares to be rounded up). Therefore, pursuant to the above agreement, it is possible that NSSMC will not pay for all (or even any) of the number of shares resolved by Nisshin Steel as the number of shares to be issued in the Capital Increase by Third-Party Allotment (95,706,600 common shares), depending on the outcome of the Tender Offer.

Furthermore, in the interest of stabilizing the management and business platform of the Nisshin Steel group and further increasing the competitiveness thereof, Nisshin Steel intends to allocate the funds to be procured by the Capital Increase by Third-Party Allotment (maximum value) to investments in the renewal of its facilities, the repayment of loans, etc., from financial institutions for the purpose of enhancing its financial condition and for capital investment in business structure reforms, and magnifying the value of Kure Works, among other things.

The specific purposes of use, and the scheduled period for expenditures are as follows:

Specific purposes of use	Amount (in 100 million Japanese yen)	Scheduled period for expenditures
Investment for facility renewal	500	from April 2017 ~ March 2019
Repayment of interest-bearing liabilities	543	from April 2017 ~ March 2019
Capital investment in business structure reform, including magnification of the value of Kure Works	500	from April 2019 ~ March 2021

The Capital Increase by Third-Party Allotment is also one of the transactions designed to realize the Proposed Transaction, in combination with the Tender Offer, and there is a possibility that there will be no purchase of some (or even any) of the offered shares subscribed to by NSSMC. Even though the amount of the funds to be procured by the Capital Increase by Third-Party Allotment would be decreased in such cases, the measures of investments are scheduled to be implemented using loans, etc., from financial institutions. Also, although all or a part of the interest-bearing liabilities will not be repaid, the Proposed Transaction is expected to realize the stabilization of the management and business platforms of the Nisshin Steel group, and the repayments will be made due to the expected improvement of cash flow resulting from the effects of the Proposed Transaction. To briefly explain

each amount for the specific purposes of use: “Investment for facility renewal” is the amount expected to be spent during the scheduled period for expenditures above, based on past records, considering a feature of Nisshin Steel is that it engages in the steel business, which is the process industry; “Repayment of interest-bearing liabilities” is the amount expected based on the amounts of bonds and loans from financial institutions (they have been procured to finance the facilities) to be redeemed or repaid during the scheduled period for expenditures above; and “Capital investment in business structure reform, including magnification of the value of Kure Works”, as stated in “(2) Efforts Made by the Companies and Background to the Transaction” of “1. Rationale for the Proposed Transaction”, is the amount expected to be allocated to, among others, capital investment for expansion and relining of blast furnace No. 1 at Kure Works. The funds to be procured by the Capital Increase by Third-Party Allotment are to be allotted when the relevant scheduled period for expenditures set forth above comes. The funds are scheduled to be held as bank deposits or the like until the expenditures.

E. Listing to be Maintained

As of today, Nisshin Steel Shares are listed on the First Section of the TSE. The Transaction is not intended to delist Nisshin Steel Shares, and the listing of Nisshin Steel Shares on the First Section of the TSE is intended to be maintained after the Transaction. NSSMC will implement the Tender Offer (constituting a part of the Transaction) with the maximum number of shares to be purchased being 46,896,300 shares (the number of shares scheduled to be owned by NSSMC after the Tender Offer: 56,020,500 shares; share ownership ratio: 51.00%).

As stated above, in connection with the Capital Increase by Third-Party Allotment, NSSMC would purchase only the number of offered shares needed to bring NSSMC’s share ownership ratio to 51.00% of the total number of outstanding shares of Nisshin Steel upon completion of the purchase; accordingly, even if NSSMC makes payment for the Capital Increase by Third-Party Allotment, NSSMC’s share ownership ratio against the total number of outstanding shares of Nisshin Steel upon completion of the purchase will be 51.00%. The policy for maintaining the listing of Nisshin Steel Shares will remain unchanged even if the payment for the Capital Increase by Third-Party Allotment is made.

(iii) Implementation of the Capital Increase by Third-Party Allotment

Nisshin Steel has, at its board of directors’ meeting held today, resolved in favor of the Capital Increase by Third-Party Allotment with NSSMC as the subscriber.

As mentioned above, NSSMC and Nisshin Steel agreed that NSSMC will own Nisshin Steel Shares amounting to 51.00% of the total number of outstanding shares of Nisshin Steel, through a combination of the Tender Offer and the Capital Increase by Third-Party Allotment, in order to turn Nisshin Steel into a subsidiary of NSSMC by around March 2017 (provided, however, that NSSMC would purchase only the shares needed to achieve a 51.00% shareholding ownership ratio for the outstanding shares of Nisshin Steel upon completion of the purchase in the Capital Increase by Third-Party Allotment, and shall not pay for the Capital Increase by Third-Party Allotment if the Tender Offer alone results in NSSMC owning 51.00% of the total number of outstanding shares of Nisshin Steel), and executed the Agreement for the Proposed Transaction, Etc. NSSMC and Nisshin Steel view the Tender Offer and the Capital Increase by Third-Party Allotment as a series of related procedures designed to achieve the Proposed Transaction, and view the Capital Increase by Third-Party Allotment as a supplement to the Tender Offer.

In response to the fact that NSSMC is a Special Subscriber, as defined in Article 206-2, paragraph (1) of the Companies Act in the Capital Increase by Third-Party Allotment, Nisshin Steel plans to submit the Subscription Agreement for approval of its shareholders pursuant to paragraphs (4) and (5) of Article 206-2 of the Companies Act at the Annual Shareholders Meeting of Nisshin Steel to be held on June 24, 2016 in order to obtain prior approval from its shareholders. Article 206-2, paragraph (4) of the Companies Act provides that the approval of the shareholders will be required for the subscription

for offered shares by the Special Subscriber if shareholders, that hold voting rights equal to one-tenth (1/10) or more of the voting rights of all shareholders, notify their opposition to such subscription. However, given the importance of the Capital Increase by Third-Party Allotment, Nisshin Steel decided that it would be appropriate to obtain the approval of its shareholders for the Subscription Agreement regardless of the existence of such notice of dissent and decided to include it as an agenda item at the Annual Shareholders Meeting.

(iv) Supply of Steel Slabs

It was agreed that, after the realization of the Proposed Transaction through the Transaction, NSSMC will commence the constant supply (for consideration) of steel slabs to Nisshin Steel approximately within fiscal year 2019, and that Nisshin Steel will purchase such steel slabs. The specific terms and conditions, such as the timing of the commencement of supply and the volume, price, etc. of supply shall be separately determined through mutual consultation between the companies.

(v) Number of Nisshin Steel Shares to be newly obtained by NSSMC, etc.

As set forth in "(i) Overview of the Transaction" above, the maximum number of shares to be purchased during the Tender Offer is scheduled to be only the number of shares necessary to make the number of shares owned by NSSMC 51.00% of the total number of the outstanding shares of Nisshin Steel as of the time of completion of the settlement for the Tender Offer, when combined with the number of shares owned by NSSMC as of the date of submission of the tender offer statement (portions falling short of 100 shares shall be rounded up). As of today, NSSMC owns 9,124,200 Nisshin Steel Shares (a share ownership ratio of 8.31%). Based on this, the maximum number of shares to be purchased shall be 46,896,300 shares (a share ownership ratio of 42.69%) and, the number of shares scheduled to be owned by NSSMC after the Tender Offer shall be 56,020,500 shares (a share ownership ratio of 51.00%). In addition, as described in "D. Schedule for Acquisition of Shares after the Tender Offer" of "(ii) Implementation of the Tender Offer, and Purpose of the Purchase" above, Nisshin Steel has resolved to offer 95,706,600 common shares in the Capital Increase by Third-Party Allotment. NSSMC will pay only for the offered shares in the number necessary to make its shareholding 51.00% of the total number of outstanding shares of Nisshin Steel upon completion of the purchase in the Capital Increase by Third-Party Allotment, and if NSSMC comes to own 51.00% of the total number of outstanding shares of Nisshin Steel through the Tender Offer alone, NSSMC will not make any payment for the Capital Increase by Third-Party Allotment. Therefore, the minimum number of Nisshin Steel Shares to be newly obtained by NSSMC through the Transaction shall be 46,896,300 shares when the subscription for the Tender Offer reaches the maximum number of shares to be purchased and the payment for the Capital Increase by Third-Party Allotment is not made, and the maximum number shall be 95,706,600 shares when payment regarding the Capital Increase by Third-Party Allotment is conducted in full.

(2) Details of the Agreement for the Proposed Transaction, Etc.

As stated above, NSSMC and Nisshin Steel entered into the Agreement for the Proposed Transaction, Etc. as of today pursuant to resolutions adopted at their respective board of directors' meetings held today. An overview of the Agreement for the Proposed Transaction, Etc. is as follows.

(i) Purpose and Overview of the Agreement for the Proposed Transaction, Etc.

Aiming to bring together the respective management resources of NSSMC and Nisshin Steel that they have fostered to date and create synergies, and thereby enhance their competitiveness, and to strengthen the position of the NSSMC Group as the "Best Steelmaker with World-Leading Capabilities" with the addition of Nisshin Steel, and to thereby enhance sustainable growth and corporate value in the mid- to long-term and contribute to the creation and development of a more prosperous society, NSSMC and Nisshin Steel have agreed to complete the Proposed Transaction by around March 31, 2017, and to conduct the Tender Offer and the Capital Increase by Third-Party

Allotment as procedures for the Proposed Transaction. In addition, premised on the Proposed Transaction, NSSMC and Nisshin Steel agree to commence NSSMC's supply of steel slabs to Nisshin Steel approximately within fiscal year 2019.

(ii) Conducting the Tender Offer

NSSMC shall conduct the Tender Offer upon satisfaction of the following conditions: (a) on the execution date of the Agreement for the Proposed Transaction, Etc. and on the day when NSSMC decides to commence the Tender Offer ("Date of Decision to Commence the Tender Offer"), Nisshin Steel shall have passed a due and valid resolution at a board of directors' meeting to express its support for the Tender Offer (a "Resolution in Support") and announced such resolution; (b) on the execution date of the Agreement for the Proposed Transaction, Etc., pursuant to Nisshin Steel's "Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measures)" dated October 1, 2012, Nisshin Steel shall have passed a due and valid resolution by its board of directors that in its judgment the Tender Offer will contribute to maximizing Nisshin Steel's corporate value and the common interests of its shareholders and shall have announced such resolution; (c) a proposal to approve the Subscription Agreement shall have been duly and validly resolved at the Annual Shareholders Meeting; (d) there has been no event which would prevent the payment for the Capital Increase by Third-Party Allotment from being completed by the end of the payment period for the Capital Increase by Third-Party Allotment; (e) Nisshin Steel's representations and warranties (Note 1) shall be true and correct in all material respects as of the commencement date of the Tender Offer; (f) all of the obligations to be performed or observed by Nisshin Steel (Note 2) by the commencement date of the Tender Offer under the Agreement for the Proposed Transaction, Etc. shall have been performed or observed in all material respects; (g) any filing or waiting periods required under domestic or foreign competition laws shall have expired or been early terminated, and any approvals or other procedures imposed by such competition laws shall have been completed; (h) there shall be no laws, regulations or orders, dispositions, decisions or judgments by judicial, administrative or other competent authorities restricting or prohibiting the Transaction; (i) there shall be no events or circumstances that will materially affect Nisshin Steel's business operations, assets, liabilities, financial condition, business results, cash flow, or future profit plan on a consolidated basis or will otherwise materially affect the Transaction; (j) there shall be no circumstances that have arisen from force majeure or other events not attributable to NSSMC that would make the commencement of the Tender Offer impossible in light of social norms on the commencement date of the Tender Offer; and (k) there shall be no material facts (meaning material facts as set forth in Article 166, paragraph 2 of the Financial Instruments and Exchange Act, and facts regarding conducting and ending tender offers, etc., as set forth in Article 167, paragraph 2 of that Act; hereinafter the same shall apply), or any fact reasonably deemed likely to constitute a material fact, regarding Nisshin Steel, that have not been disclosed. However, NSSMC may waive any or all of these conditions at its discretion and conduct the Tender Offer.

(Note 1) Nisshin Steel has made representations and warranties to NSSMC regarding: (a) Nisshin Steel's due and valid incorporation and existence; (b) existence of authority and power to execute and perform the Agreement for the Proposed Transaction, Etc.; (c) enforceability of the obligations owed by Nisshin Steel under the Agreement for the Proposed Transaction, Etc.; (d) obtaining permits and licenses, etc. pursuant to relevant laws and regulations; (e) absence of infringement of laws and regulations; (f) absence of bankruptcy proceedings; (g) matters related to Nisshin Steel's shares; (h) properness of statutory disclosure documents; (i) properness of financial statements; (j) absence of material subsequent events; (k) absence of contingent liabilities, etc.; (l) absence of material breach of laws and regulations or of material claim for damages from a third party; (m) absence of a relationship with anti-social forces; (n) absence of non-public material facts; and (o) proper disclosure to NSSMC.

(Note 2) Nisshin Steel owes the following obligations: (a) to notify NSSMC of non-public material facts; (b) to engage in the business that it had previously engaged in in the ordinary course of business and to maintain proper accounting records, etc.; (c) to obtain NSSMC's prior consent to certain material matters; (d) to report material facts regarding the Transaction; (e)

to make its utmost efforts to obtain consent regarding agreements for which consent is required in connection with the Transaction; (f) to give notice, etc. regarding agreements for which notice, etc. is required in connection with the Transaction; (g) to promptly correct any errors in representations or warranties; and (h) to accept additional due diligence requests for each company of the Nisshin Steel group.

(iii) Nisshin Steel's Support of the Tender Offer

On each of the execution date of the Agreement for the Proposed Transaction, Etc. and the Date of Decision to Commence the Tender Offer, Nisshin Steel shall adopt a Resolution in Support and announce such resolution, and it shall not adopt a resolution to change the Resolution in Support or any resolution contrary to the Resolution in Support at its board of directors' meeting until the end of the Tender Offer period. Nisshin Steel's Resolution in Support on the Date of Decision to Commence the Tender Offer shall be subject to the satisfaction of all of the following conditions: (a) NSSMC's representations and warranties shall be true and correct in all material respects as of the Date of Decision to Commence the Tender Offer; and (b) all of the obligations to be performed or observed by NSSMC by the Date of Decision to Commence the Tender Offer under the Agreement for the Proposed Transaction, Etc. shall have been performed or observed in all material respects. However, Nisshin Steel may waive any or all of these conditions at its discretion and adopt the Resolution in Support.

(iv) Details of the Capital Increase by Third-Party Allotment

Nisshin Steel shall resolve, at its board of directors' meeting to be held on the execution date of the Agreement for the Proposed Transaction, Etc. (May 13, 2016), to issue 95,706,600 shares (the "Offered Shares") with NSSMC as the subscriber on the following terms and conditions.

(1) Number of Offered Shares	95,706,600 shares
(2) Issue price	1,620 Japanese yen per share
(3) Payment period	From December 1, 2016, to June 23, 2017
(4) Increase in capital and capital reserve	(i) Capital: An amount equal to 1/2 of the capital increase limit calculated pursuant to Article 14, paragraph 1 of the Ordinance on Accounting of Companies (any amount less than one thousand Japanese yen to be rounded up) (ii) Capital reserve: The amount of capital increase limit calculated pursuant to Article 14, paragraph 1 of the Ordinance on Accounting of Companies, minus the amount of the increase in capital in (i)
(5) Others	(i) The Capital Increase by Third-Party Allotment shall be performed by issuing new shares, not by disposing of treasury shares. (ii) Even if NSSMC's payment is made after the record date for exercising rights at Nisshin Steel's general shareholders meeting, NSSMC shall be entitled to exercise the voting rights corresponding to its newly purchased shares at such meeting.

(v) Payments for the Capital Increase by Third-Party Allotment

NSSMC shall purchase the Offered Shares in the number needed to bring NSSMC's ownership ratio to 51.00% (portions less than 100 shares to be rounded up) upon completion of the capital increase, if the following conditions are satisfied: (a) the settlement of the Tender Offer shall have been completed; (b) Nisshin Steel shall have duly and validly performed all the procedures under the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations required to issue the

Offered Shares; (c) Nisshin Steel's representations and warranties (see Note 1 of (ii) above) shall be true and correct in all material respects as of the day when payment for the Capital Increase by Third-Party Allotment is made (the "Payment Date"); (d) all of the obligations to be performed or observed by Nisshin Steel (see Note 2 of (ii) above) by the Payment Date under the Agreement for the Proposed Transaction, Etc. shall have been performed or observed in all material respects; (e) there shall be no laws or regulations or orders, dispositions, decisions or judgments by judicial, administrative or other competent authorities restricting or prohibiting the Transaction; (f) there shall be no circumstances that will materially affect Nisshin Steel's business operations, assets, liabilities, financial condition, business results, cash flow, or future profit plan on a consolidated basis or will otherwise materially affect the Transaction; and (g) the Agreement for the Proposed Transaction, Etc. shall not have been terminated before the Payment Date. However, NSSMC may waive any or all of these conditions at its discretion and make payment for the Capital Increase by Third-Party Allotment. If, as of the time of completion of the settlement of the Tender Offer, NSSMC owns 51.00% of the total number of outstanding shares of Nisshin Steel, NSSMC shall not make any payment for the Capital Increase by Third-Party Allotment.

(vi) Supply of Steel Slabs

After the realization of the Proposed Transaction through the Transaction, NSSMC will commence the constant supply (for consideration) of steel slabs to Nisshin Steel approximately within fiscal year 2019 and Nisshin Steel will purchase such steel slabs. The specific terms and conditions such as the timing of commencement of supply and the volume and price, etc. of supply shall be separately determined through mutual consultation between the parties.

(vii) Plan for after the Proposed Transaction

After the closing date of the Transaction, Nisshin Steel shall not, without NSSMC's prior written consent, engage in any action that would result in the percentage of voting rights held by NSSMC in Nisshin Steel falling to less than 51.00%, such as the issuance of new shares or the disposition of treasury shares.

3. Overview of the Companies

(1) Overview of NSSMC

(i)	Name	NIPPON STEEL & SUMITOMO METAL CORPORATION
(ii)	Location	6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
(iii)	Name and Title of Representative	Kosei Shindo, Representative Director and President
(iv)	Description of Business Activities	l. Steelmaking and steel fabrication (manufacturing and sales of steel products) 2. Engineering and construction 3. Chemicals 4. New materials 5. System solutions
(v)	Capital	419,524 million Japanese yen
(vi)	Date of Establishment	April 1, 1950
(vii)	Major Shareholders and Ownership Percentage (as of March 31, 2016)	Japan Trustee Services Bank, Ltd. (Trust Account) 4.2% The Master Trust Bank of Japan, Ltd. (Trust Account) 2.8% Nippon Life Insurance Company 2.6% Sumitomo Corporation 1.9% Mizuho Bank, Ltd. 1.7% Sumitomo Mitsui Banking Corporation 1.5% Meiji Yasuda Life Insurance Company 1.5%

		The Bank of Tokyo-Mitsubishi UFJ, Ltd. 1.4% STATE STREET BANK WEST CLIENT-TREATY 505234 1.2% Japan Trustee Services Bank, Ltd. (Trust Account 7) 1.2%
(viii)	Relationship between NSSMC and Nisshin Steel	
	Capital Relationship	As of March 31, 2016, NSSMC owns 9,124,200 shares representing 8.31% of Nisshin Steel's outstanding shares and Nisshin Steel owns 3,711,600 shares representing 0.4% of NSSMC's outstanding shares.
	Personnel Relationship	Two persons from NSSMC (then Nippon Steel Corporation) are serving respectively as one director and one corporate auditor of Nisshin Steel.
	Business Relationship	Nisshin Steel and Nippon Steel & Sumikin Stainless Steel Corporation (NSSMC's subsidiary) mutually supply hot-rolled stainless steel to each other; and Nisshin Stainless Steel Tubing Co., Ltd. (Nisshin Steel's subsidiary) entrusts manufacturing of stainless steel pipes to Nippon Steel & Sumikin Stainless Steel Pipe Co., Ltd. (NSSMC's subsidiary).
	Status as Related Parties	N/A

(ix) Operating Results and Financial Conditions for Past Three Years of NSSMC (consolidated basis)

Fiscal Year	FY ended March 2014	FY ended March 2015	FY ended March 2016
Net Assets	3,237,995	3,547,059	3,009,075
Total Assets	7,082,288	7,157,929	6,425,043
Consolidated Net Assets per Share (Japanese yen)	2,941.0	3,263.0	3,074.3
Sales	5,516,180	5,610,030	4,907,429
Operating Income	298,390	349,510	167,731
Ordinary Income	361,097	451,747	200,929
Net Income	242,753	214,293	145,419
Net Income per Share (Japanese yen)	266.7	234.8	158.7
Dividend per Share (Japanese yen)	5.0	5.5	18.0

(in millions of Japanese yen unless otherwise specified)

(Note) NSSMC implemented a share consolidation, consolidating every 10 shares into l share, with the effective date of October l, 2015. As such, consolidated net assets per share and net income per share were calculated assuming that the share consolidation was implemented at the beginning of the fiscal year ended March 2014.
NSSMC implemented a share consolidation, consolidating every 10 shares into l share, with the effective date of October l, 2015. The dividend per share for the fiscal year ended March 2016 is stated to show a total of an interim dividend of 3.0 Japanese yen and a year-end dividend of 15.0 Japanese yen. The interim dividend would be 30.0 Japanese yen if it were calculated based on the share consolidation; as such, the annual dividends (added by the year-end dividend of 15.0 Japanese yen) will be 45.0 Japanese yen per share.

(2) Overview of Nisshin Steel

(i)	Name	Nisshin Steel Co., Ltd.
(ii)	Location	4-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
(iii)	Name and Title of Representative	Toshinori Miki, Representative Director and President

(iv)	Description of Business Activities	l. Steelmaking and steel fabrication (Manufacturing and sales of steel products)
(v)	Capital	30,000 million Japanese yen
(vi)	Date of Establishment	October 1, 2012
(vii)	Major Shareholders and Ownership Percentage (as of March 31, 2016)	NSSMC 8.3% Japan Trustee Services Bank, Ltd. (Trust Account) 7.4% The Master Trust Bank of Japan, Ltd. (Trust Account) 5.6% Taiyo Life Insurance Company 2.4% The Bank of Tokyo-Mitsubishi UFJ, Ltd. 2.2% CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (standing agency: Citibank Japan Ltd.) 1.9% Japan Trustee Services Bank, Ltd. (Trust Account 9) 1.7% Nippon Life Insurance Company 1.5% The Nomura Trust and Banking Co., Ltd. (Trust Account) 1.2% Sumitomo Life Insurance Company (standing agency: Japan Trustee Services Bank, Ltd.) 1.2%
(viii)	Relationship between Nisshin Steel and NSSMC	
	Capital Relationship	As of March 31, 2016, NSSMC owns 9,124,200 shares representing 8.31% of Nisshin Steel's outstanding shares and Nisshin Steel owns 3,711,600 shares representing 0.4% of NSSMC's outstanding shares.
	Personnel Relationship	Two persons from NSSMC (then Nippon Steel Corporation) are serving respectively as one director and one corporate auditor of Nisshin Steel.
	Business Relationship	Nisshin Steel and Nippon Steel & Sumikin Stainless Steel Corporation (NSSMC's subsidiary) mutually supply hot-rolled stainless steel to each other; and Nisshin Stainless Steel Tubing Co., Ltd. (Nisshin Steel's subsidiary) entrusts manufacturing of stainless steel pipes to Nippon Steel & Sumikin Stainless Steel Pipe Co., Ltd. (NSSMC's subsidiary).
	Status as Related Parties	N/A

(ix) Operating Results and Financial Conditions for Past Three Years of Nisshin Steel (consolidated basis)

Fiscal Year	FY ended March 2014	FY ended March 2015	FY ended March 2016
Net Assets	215,958	271,997	217,978
Total Assets	741,750	770,591	708,167
Consolidated Net Assets per Share (Japanese yen)	2,079.9	2,398.4	1,931.2
Sales	576,447	617,525	547,026
Operating Income	16,557	21,055	10,087
Ordinary Income	19,722	19,697	6,206
Net Income	17,759	16,947	△6,613
Net Income per Share (Japanese yen)	177.7	160.5	△60.3
Dividend per Share (Japanese yen)	15.0	40.0	40.0

(in millions of Japanese yen unless otherwise specified)

4. Schedule

Resolution of the board of directors' meeting (both companies)	May 13, 2016 (Friday)
Execution date of the Agreement for the Proposed Transaction, Etc.	May 13, 2016 (Friday)

(both companies)	
Annual Shareholders Meeting (Nisshin Steel)	June 24, 2016 (Friday)
Public notice of commencement of the Tender Offer (NSSMC)	February 2017 (target)
Submission of the Tender Offer Statement (NSSMC)	February 2017 (target)
Commencement of NSSMC's supply of steel slabs to Nisshin Steel (both companies)	Within Fiscal Year 2019

5. Future Prospects

After the conditions precedent (including, without limitation, the completion of certain procedures required under the domestic and foreign competition laws) are satisfied, NSSMC and Nisshin Steel will conduct the Proposed Transaction by around March 2017. If it becomes obvious that this could materially affect the business results of the companies, it will be timely disclosed. Both companies share a common understanding that Nisshin Steel Shares will remain listed after the Transaction.

End

This press release is a document to publicly release the schedule of the Tender Offer process, and was not prepared for the purpose of soliciting a tender for a sale or tendering for a purchase of shares of Nisshin Steel. If you intend to tender an offer to sell the shares in the Tender Offer upon the commencement of the Tender Offer, please make sure that you refer to the Tender Offer Explanatory Document regarding the Tender Offer in advance, and tender for it at your own discretion. This press release is not a tender for, or a solicitation for a tender for, a sale or purchase of securities, and does not constitute a part of the foregoing. In addition, this press release (or any part of it) and any distribution hereof will not be the basis for any agreement concerning the Tender Offer, nor will it be relied upon when executing an agreement.

If the Tender Offer is commenced, the Tender Offer will be conducted in compliance with the procedures and information disclosure standards stipulated under Japanese law, and those procedures and standards are not always the same as those in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 or the rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures and standards. The financial information included in this press release is based on Japanese accounting standards, and these standards may largely differ from the general accounting principles adopted in the U.S. or other countries.

If the Tender Offer is commenced, all procedures regarding the Tender Offer will be conducted in Japanese unless specifically set forth otherwise. All or a part of the documents regarding the Tender Offer will be prepared in English; however, if there is any discrepancy between the documents in English and in Japanese, the document in Japanese shall prevail.

This press release includes the “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the content expressly or impliedly indicated in the forward-looking statements, due to known or unknown risks, uncertainty, or other factors. NSSMC and its affiliates do not guarantee that the outcomes expressly or impliedly indicated in the forward-looking statements will be accomplished. The forward-looking statements included in this press release were prepared based on the information held by NSSMC as of the date hereof, and unless obligated by laws or regulations, NSSMC and its affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations.

NSSMC, each financial advisor to NSSMC and Nisshin Steel, and the Tender Offer Agent (including their affiliates) may, within their ordinary course of business and to the extent permitted under Japan’s securities laws and other applicable laws and regulations and in accordance with the requirements of Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934 (including any amendments thereto), prior to the commencement of, or during the Tender Offer period in the Tender Offer, engage in the purchase, or arrangement to purchase, of shares of Nisshin Steel for its own account or for its customer’s account by means other than pursuant to the Tender Offer. If any information concerning any such purchases is publicly disclosed in Japan, corresponding public disclosure will be made on the websites of the relevant purchasers (or through other public disclosure methods) in English.