Press Release

May 16, 2016
Nippon Steel & Sumitomo Metal Corporation

Partial Sale of POSCO Shares

Under the strategic alliance agreement executed in August 2000, under the agreement executed in October 2006 on the enhancement of the strategic alliance through mutual supply of steel slabs and other collaborations and on the additional cross-purchase of shares, and through other cooperative measures, Nippon Steel & Sumitomo Metal Corporation (Head Office: Chiyoda-ku, Tokyo; President: Kosei Shindo; "NSSMC") has developed the alliance relationship over 15 years with POSCO (Head Office: Pohang, Korea; Chairman: Kwon, Oh Joon). Based on the strategic alliance, NSSMC and POSCO have steadily been achieving various results in many fields, such as research and development, technology exchange, raw materials procurement, and mutual supply of steel slabs.

In accordance with various measures being taken to strengthen our competitiveness and to expand our overseas business, and also taking into account proposed asset reductions and other programs designed to improve our financial structure, NSSMC has decided to sell the 1,500,000 POSCO shares that NSSMC additionally purchased pursuant to the October 2006 agreement with POSCO (shares to be sold represent 34.1% of the 4,394,712 POSCO shares held by NSSMC). NSSMC will decide the timing of the sale after taking into consideration market conditions and other factors. After the sale, NSSMC's shareholding ratio for POSCO will be 3.32%.

Before making its decision to sell POSCO shares above, NSSMC discussed with POSCO a possible partial sale of the cross-shareholdings held by each party in share of the other party. NSSMC understands that POSCO has not decided, as of the date of this press release, to sell a portion of the NSSMC shares held by POSCO (equivalent to 34.1% of the 23,835,200 NSSMC shares held by POSCO).

It should be added that while NSSMC will sell part of its POSCO shares, the strategic alliance between the two companies will remain unchanged, and cooperative measures pursuant to the strategic alliance will continue to bear further results in the future.

The partial sale will not materially affect NSSMC's consolidated result of operations.

For inquiries, please contact:
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