December 27, 2017

Company Name:	Nippon Steel & Sumitomo Metal Corporation
Representative:	Kosei Shindo, Representative Director and President
(Code Number:	5401)
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Notice Regarding Merger (Simplified Merger) with Nippon Steel & Sumikin Koutetsu Wakayama Corporation

Nippon Steel & Sumitomo Metal Corporation ("NSSMC") hereby announces that NSSMC and its consolidated subsidiary Nippon Steel & Sumikin Koutetsu Wakayama Corporation ("NSSKW") resolved today to implement a merger (the "Merger"), in which NSSMC will be the surviving company and NSSKW will be the absorbed company, effective on April 1, 2018, and executed a merger agreement.

Since the Merger is a simplified merger with a consolidated subsidiary, certain disclosure items and information are omitted.

1. Purpose of the Merger

NSSKW, a consolidated subsidiary of NSSMC, is a company which undertakes the upstream operations (ironmaking and steelmaking operations) of NSSMC's Wakayama Works, and has supplied semi-finished products for seamless steel pipes which are mainstay products of NSSMC's Wakayama Works and semi-finished products for NSSMC's other steelworks.

The business of NSSKW will be continued as the upstream operations (ironmaking and steelmaking operations) of NSSMC's Wakayama Works, and through the Merger, NSSMC will strive to further enhance its management efficiency by utilizing NSSMC's business infrastructure.

By promoting measures to enhance competitiveness, including the Merger, NSSMC is determined to further improve its strengths (i.e., technological superiority, cost-competitiveness and worldwide capabilities) and ensure the position of NSSMC as the "Best Steelmaker with World-Leading Capabilities", thereby aiming to achieve sustainable growth and enhance our corporate value.

2. Outline of the Merger

(1) Schedule

Resolution of the Board of Directors on the Merger (NSSMC):	December 27, 2017
Execution date of the merger agreement:	December 27, 2017
Effective date of the Merger:	April 1, 2018 (plan)

* Since the Merger falls under a simplified merger as set forth in Article 796, Paragraph 2 of the Companies Act of Japan for NSSMC, and a short-form merger as set forth in Article 784, Paragraph 1 of the Companies Act of Japan for NSSKW, neither NSSMC nor NSSKW will hold a general meeting of shareholders for approval of the merger agreement.

(2) Method of the Merger

The Merger is an absorption-type merger in which NSSMC will be the surviving company and NSSKW will be the absorbed company. Upon the Merger, NSSKW will be dissolved.

Although NSSKW had excessive debt as of March 31, 2017, NSSKW will resolve it by implementing a capital increase through third-party allotment to NSSMC (the "Capital Increase") prior to the Merger. As a result, NSSMC is expected to become the special controlling company of NSSKW (NSSMC's shareholding: approx. 99.97%).

(3) Details of allotment in relation to the Merger

Merger ratio (the allotment ratio of NSSMC's shares to be delivered for each share of NSSKW)

	NSSMC	NSSKW
Merger ratio	1	0.0079

Notes 1. Merger ratio
0.0079 shares of NSSMC's common stock will be allotted and delivered to shareholders of NSSKW as of the final time of the day immediately preceding the effective date of the Merger for each share of NSSKW's common stock; provided, however, that no shares will be allotted in the Merger for the shares of NSSKW's common stock held by NSSMC.

2. Number of NSSMC's shares to be delivered in the Merger
NSSMC will allot and deliver 272 shares of NSSMC's common stock. NSSMC will apply its treasury stock for the common stock to be delivered and will not issue any new shares in the Merger.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights

NSSKW has not issued stock acquisition rights or bonds with stock acquisition rights.

3. Calculation basis for the allotment in relation to the Merger

Upon determining the merger ratio, the value of NSSMC's shares was calculated using the market price method (based on the closing price on December 26, 2017) as they are listed on financial exchanges and market prices are available, while the value of NSSKW's shares, which are not listed, was calculated using the book value method and based on the estimated book value of NSSKW's net assets after the Capital Increase. The merger ratio was determined upon comprehensively taking these results into account and deliberation between the parties.

4. Overview of the companies involved in the Merger

(1) NSSMC

(i) Name	Nippon Steel & Sumitomo Metal Corporation	
(ii) Head Office Location	6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	
(iii) Name and Title of the Representative	Kosei Shindo, Representative Director and President	
(iv) Description of Business Activities	Steelmaking and steel fabrication, engineering and construction, chemicals, new materials, and system solutions	
(v) Capital	¥419,524 million	
(vi) Date of Establishment	April 1, 1950	
(vii) Number of Shares Issued	950,321,402 shares	
(viii) Date of Fiscal Year End	March 31	
(ix) Major Shareholders and Ownership Percentage (as of September 30, 2017)	Japan Trustee Services Bank, Ltd. (Trust Account)	4.5%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.8%
	Nippon Life Insurance Company	2.6%
	Sumitomo Corporation	1.9%
	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.8%
	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%
	Japan Trustee Services Bank, Ltd. (Trust Account 1)	1.4%

(x) Operating Results and Financial Conditions for the Previous Fiscal Year (Consolidated)	
Fiscal Year	Fiscal year ended March 31, 2017
Net Assets	¥3,291,015 million
Total Assets	¥7,261,923 million
Net Assets per Share	¥3,340.21
Sales	¥4,632,890 million
Operating Profit	¥114,202 million
Ordinary Profit	¥174,531 million
Profit Attributable to Owners of Parent	¥130,946 million
Earnings per Share	¥147.96

(2) NSSKW

(i) Name	Nippon Steel & Sumikin Koutetsu Wakayama Corporation
(ii) Head Office Location	1850 Minato, Wakayama City, Wakayama Pref.
(iii) Name and Title of the Representative	Yoshimi Yamadera, Representative Director and President
(iv) Description of Business Activities	Manufacturing and sales of slabs, billets and other steel products
(v) Capital	¥17,217million (*) Estimate as of March 31, 2018: ¥100 million
(vi) Date of Establishment	November 4, 2003
(vii) Number of Shares Issued	34,435 shares (*) Estimate as of March 31, 2018：approx. 132 million shares
(viii) Date of Fiscal Year End	March 31
(ix) Major Shareholders and Ownership Percentage	East Asia United Steel Corporation (consolidated subsidiary of NSSMC) 100% (*) Estimate as of March 31, 2018 NSSMC approx. 99.97% East Asia United Steel Corporation approx. 0.03%
(x) Operating Results and Financial Conditions for the Previous Fiscal Year (Non-Consolidated)	
Fiscal Year	Fiscal year ended March 31, 2017
Net Assets	¥(132,648) million (*) Estimate as of March 31, 2018: approx. ¥3,000 million
Total Assets	¥195,039 million
Net Assets per Share	¥(3,852,142.97) (*) Estimate as of March 31, 2018: approx. ¥23
Sales	¥230,023 million
Operating Profit	¥5,040 million
Ordinary Profit	¥2,882 million
Profit Attributable to Owners of Parent	¥2,877 million
Earnings per Share	¥83,567.51

(*) NSSKW will implement the Capital Increase and reduction of paid-in capital prior to the Merger, and the impact of these measures are reflected in the estimated figures above as of the day immediately preceding the effective date of the Merger (March 31, 2018).

5. Situation after the Merger

There will be no change in NSSMC's trade name, description of business activities, head office location, representative, capital or date of fiscal year end as a result of the Merger.

6. Future outlook

Since the Merger involves NSSMC and its consolidated subsidiary, the impact of the Merger on NSSMC's consolidated results will be immaterial.

(Reference)

NSSMC' Consolidated Financial Forecast for the Current Term (Released on October 27, 2017) and Consolidated Financial Results for the Previous Term

	Consolidated sales	Consolidated operating profit	Consolidated ordinary profit	Consolidated profit attributable to owners of parent
Consolidated financial forecasts for the current term (term ending in March 2018)	5,600,000	-	300,000	170,000
Consolidated financial results for the previous term (term ending in March 2017)	4,632,890	114,202	174,531	130,946

(Unit: million yen)