Nippon Steel & Sumitomo Metal Corporation

Notice of the 94th General Meeting of Shareholders

Nippon Steel & Sumitomo Metal Corporation
6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8071

June 4, 2018

Dear Shareholders:

Kosei Shindo
Representative Director and President
Nippon Steel & Sumitomo Metal Corporation (Code Number 5401) (the "Company" or "NSSMC")
6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan

Notice of the 94th General Meeting of Shareholders

We are pleased to invite you to attend the 94th General Meeting of Shareholders which will be held at **10 a.m., Tuesday, June 26, 2018**, at **the banquet room TSURU (Banquet Floor (1st Floor), the Main Building), Hotel New Otani Tokyo, 4-1, Kioi-cho, Chiyoda-ku, Tokyo, Japan**, the agenda of which is set forth below.

If you are unable to attend, you can exercise your voting rights after reading the "Reference Documents for Exercising Voting Rights" either by returning the Voting Rights Exercise Form by mail or via the Internet, as instructed below. When votes are registered by both methods, the vote registered via the Internet will be treated as the vote of record.

(Voting by mail)
Please indicate your choices on the enclosed Voting Rights Exercise Form and return it so that it will arrive at the Company by 5 p.m., Monday, June 25, 2018.

(Voting via Internet)
Please read the "Exercise of Voting Rights via the Internet" on page 20 and cast your vote by 5 p.m., Monday, June 25, 2018. Meanwhile, institutional investors can use the Internet voting rights exercise platform operated by ICJ, Inc.

AGENDA

Matters to be reported to the shareholders:

Report on operations for the 93rd term (from April 1, 2017 to March 31, 2018), consolidated financial statements and non-consolidated financial statements, and reports of accounting auditors and the Audit & Supervisory Board on consolidated financial statements for the 93rd term.

Matters for approval by the shareholders:

Item 1: Appropriation of Surplus for the 93rd Term (from April 1, 2017 to March 31, 2018)
Item 2: Amendments to the Articles of Incorporation
Item 3: Election of Fourteen (14) Directors
Item 4: Election of Two (2) Audit & Supervisory Board Members

1. Doors will open at 9 a.m.
2. Attendees are requested to submit the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting. When the voting rights are exercised by a proxy, the said proxy is requested to submit the Voting Rights Exercise Form of the principal at the reception desk, together with a power of attorney in this matter. Meanwhile, please note that a proxy must be another shareholder entitled to exercise voting rights.
3. If revisions are made to the "Reference Documents for Exercising Voting Rights", the report on operations or consolidated and non-consolidated financial statements, such changes will be indicated on the Company website (http://www.nssmc.com/).
4. In accordance with laws and regulations and Article 14 of the Company's Articles of Incorporation, the following matters are posted on the Company's website (http://www.nssmc.com/).
   - "Executive Officers on and after April 1, 2018," of "Members of the Board of Directors and Audit & Supervisory Board Members" in the business report
   - "Consolidated Statements of Changes in Net Assets" and "Notes to Consolidated Financial Statements" of the consolidated financial statements
   - "Non-Consolidated Statements of Changes in Net Assets" and "Notes to Non-Consolidated Financial Statements" of the non-consolidated financial statements

Reference Documents for Exercising Voting Rights

Item 1 Appropriation of Surplus for the 93rd Term (from April 1, 2017 to March 31, 2018)

The Board of Directors proposes that the term-end dividend for the 93rd term will be paid according to the "Surplus Distribution Policy" described in the page 39 as follows:

(1) Kind of Dividend
Cash

(2) Dividend Payment and Total Payment
40 yen per share Total payment: 35,355,392,280 yen

(3) Effective Date of the Dividend
Wednesday, June 27, 2018

(Reference)
For more information on the annual dividend and dividend payout ratio on a consolidated basis for the 93rd Term as well as those trends, see page 30.

Item 2 Amendments to the Articles of Incorporation

(1) Reasons for the amendment

In October 2012, the Company, with the trade name "NIPPON STEEL &SUMITOMO METAL CORPORATION," was formed from the business integration of Nippon Steel Corporation and Sumitomo Metal Industries, Ltd. This was followed by the consolidation of Nisshin Steel Co., Ltd. as a subsidiary in March 2017 and NSSMC is currently considering consolidating Sanyo Special Steel Co., Ltd. as a subsidiary. Further, amidst the advancing trend of globalization of the economy, NSSMC is strongly promoting the development of its business in areas such as the Americas, Europe, China, Southeast Asia and India. In order to adopt in this environment a new and more inclusive trade name befitting a steelmaker with origins in Japan and an emphasis on continuing growth in global markets looking toward the future, , the Board of Directors proposes that amendments to Article 1 of the current Articles of Incorporation be made as described in (2) below.

The effective date of the amendment to the Articles of Incorporation will be April 1, 2019.

(2) Content of the amendment

The relevant provision of the Articles of Incorporation before and after the amendment is set forth below. The underlined portions are proposed to be amended.

Current Articles of Incorporation	Proposed Amendments
Article 1. The name of the Company shall be Shinnittetsu Sumikin Kabushiki Kaisha. It shall be written in English NIPPON STEEL & SUMITOMO METAL CORPORATION.	Article 1. The name of the Company shall be Nippon Seitetsu Kabushiki Kaisha. It shall be written in English NIPPON STEEL CORPORATION.

Item 3 Election of Fourteen (14) Directors

The term of office of all thirteen (13) current Directors ends at the conclusion of the 94th General Meeting of Shareholders. The Board of Directors proposes that the number of Outside Directors be increased by one (1), and accordingly, fourteen (14) Directors be elected. The candidates for Directors are set forth below.

Mr. Mutsutake Otsuka, Mr. Ichiro Fujisaki and Ms. Noriko Iki are candidates for Outside Directors.

Candidates for Directors

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
1	Shoji Muneoka (May 3, 1946)	April 1970:	Joined Nippon Steel Corporation (NSC)	41,102
		June 1999:	Director and General Manager, Corporate Secretariat Division of NSC	
		April 2003:	Managing Director and Director, Flat Products Division of NSC	
		April 2005:	Representative Director and Executive Vice President of NSC	
		April 2008:	Representative Director and President of NSC	
		October 2012:	Representative Director, Chairman and CEO of the Company	
		Assumed current position as Representative Director and Chairman of the Company in April 2014		
2	Kosei Shindo (September 14, 1949)	April 1973:	Joined NSC	27,806
		June 2005:	Director (Member of the Board) and General Manager, Corporate Planning Division of NSC	
		June 2006:	Director (under the Executive Management System) and General Manager, Corporate Planning Division of NSC	
		April 2007:	Director (under the Executive Management System) and General Manager, General Administration Division of NSC	
		April 2009:	Executive Vice President (under the Executive Management System) of NSC	
		June 2009:	Representative Director and Executive Vice President of NSC	
		October 2012:	Representative Director and Executive Vice President of the Company	
		Assumed current position as Representative Director and President of the Company in April 2014		
		(Material concurrent positions) Vice Chairman, The Japan Iron and Steel Federation Vice Chair, KEIDANREN (Japan Business Federation)		

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
3	Eiji Hashimoto (December 7, 1955)	April 1979:	Joined NSC	7,363
		April 2009:	Director (under the Executive Management System), Director, Plate Division and Director, Construction Products Division of NSC	
		April 2011:	Director (under the Executive Management System) of NSC	
		October 2012:	Executive Officer of the Company	
		April 2013:	Managing Executive Officer of the Company	
		July 2015:	Managing Executive Officer, Vice Head of Global Business Development and Project Leader, Usiminas Project, Global Business Development Sector of the Company	
		April 2016:	Executive Vice President and Head of Global Business Development of the Company	
		Assumed current position as Representative Director, Executive Vice President and Head of Global Business Development of the Company in June 2016		
		(Responsibilities) Head of Global Business Development Overseas Offices (including Corporate Entities)		
		(Material concurrent positions) Chairman, WISCO-NIPPON STEEL Tinplate Co., Ltd.		
4	Toshiharu Sakae (January 25, 1956)	April 1980:	Joined NSC	4,131
		October 2012:	Executive Officer and Head of Division, Raw Materials Division-II of the Company	
		April 2014:	Managing Executive Officer of the Company	
		July 2015:	Managing Executive Officer and Vice Head of Global Business Development of the Company	
		April 2016:	Executive Vice President of the Company	
		Assumed current position as Representative Director and Executive Vice President of the Company in June 2016		
		(Responsibilities) General Administration; Legal; Internal Control & Audit; Business Process Innovation; Human Resources; Environment; Raw Materials		
		(Material concurrent positions) Chairman, The Japan Ferrous Raw Materials Association		

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
5	Shinji Tanimoto (May 24, 1957)	April 1982:	Joined NSC	18,753
		April 2013:	Managing Executive Officer and Head of Works, Yawata Works of the Company	
		April 2015:	Managing Executive Officer and Head of Center, Plant Engineering and Facility Management Center of the Company	
		June 2015:	Managing Director, Member of the Board and Head of Center, Plant Engineering and Facility Management Center of the Company	
		April 2017:	Managing Director, Member of the Board of the Company	
		Assumed current position as Representative Director and Executive Vice President of the Company in April 2018		
		(Responsibilities) Intellectual Property; Safety; Plant Safety; Technical Administration & Planning; Standardization; Quality Management; Plant Engineering and Facility Management; Ironmaking Technology; Steelmaking Technology; Energy Technology; Slag & Cement Cooperating with Executive Vice President T. Sakae on Environment		

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
6	Shinichi Nakamura (February 15, 1959)	April 1982:	Joined NSC	8,907
		April 2013:	Executive Officer, Head of Unit, Construction Products Unit of the Company	
		April 2016:	Managing Executive Officer, Head of Unit, Flat Products Unit, Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project, Global Business Development Sector and Project Leader, India Continuous Annealing and Processing Line Project, Global Business Development Sector of the Company	
		June 2016:	Managing Director, Member of the Board, Head of Unit, Flat Products Unit, Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project, Global Business Development Sector and Project Leader, India Continuous Annealing and Processing Line Project, Global Business Development Sector of the Company	
		Assumed current position as Representative Director and Executive Vice President of the Company in April 2018		
		(Responsibilities) Marketing Administration & Planning; Transportation & Logistics; Project Development; Machinery & Materials Procurement; Steel Products Units; Domestic Office and Branches Cooperating with Executive Vice President E. Hashimoto on Overseas Offices (including Corporate Entities)		
		(Material concurrent positions) Vice Chairman, Baosteel-NSC Automotive Steel Sheets Co., Ltd.		
7	[New candidate] Akihiko Inoue (August 21, 1957)	April 1982:	Joined NSC	4,362
		October 2012:	Executive Officer, Head of Division, Flat Products Technology Division, Flat Products Unit and Deputy Project Leader, Wuhan Tin Mill Project of the Company	
		April 2014:	Managing Executive Officer and Head of Works, Kimitsu Works of the Company	
		Assumed current position as Executive Vice President and Head of Research and Development of the Company in April 2018		
		(Responsibilities) Head of Research and Development		
		(Material concurrent positions) Vice President, The Iron and Steel Institute of Japan President, The Japan Research and Development Center for Metals		

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
8	[New candidate] Katsuhiro Miyamoto (October 22, 1956)	April 1981:	Joined NSC	7,189
		October 2012:	Executive Officer and Head of Division, Accounting & Finance Division of the Company	
		April 2015:	Managing Executive Officer of the Company	
		April 2016:	Managing Executive Officer, Vice Head of Global Business Development, Project Leader, Global CSVC Project, Global Business Development Sector and Project Leader, Wuhan Tin Mill Project, Global Business Development Sector of the Company	
		Assumed current position as Executive Vice President of the Company in April 2018		
		(Responsibilities) Corporate Planning; Group Companies Planning; Accounting & Finance		
9	[New candidate] Shin Nishiura (June 26, 1958)	April 1981:	Joined Sumitomo Metal Industries, Ltd. (SMI)	6,119
		October 2012:	Executive Officer and Head of Division, Corporate Planning Division of the Company	
		March 2015:	Executive Officer and Head of Office, Beijing Representative Office of the Company	
		April 2015:	Managing Executive Officer and Head of Office, Beijing Representative Office of the Company	
		Assumed current position as Managing Executive Officer, Head of Unit, Pipe & Tube Unit and Project Leader, VSB Project, Global Business Development Sector of the Company in April 2018		
		(Responsibilities) Head of Unit, Pipe & Tube Unit and Project Leader, VSB Project, Global Business Development Sector		
		(Material concurrent positions) Director, Nippon Steel & Sumikin Pipe Co., Ltd.		

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
10	[New candidate] Atsushi Iijima (June 12, 1958)	April 1982:	Joined NSC	4,169
		April 2013:	Executive Officer, Head of Unit, Plate Unit of the Company	
		April 2016:	Managing Executive Officer, Head of Unit, Plate Unit and Head of Unit, Construction Products Unit of the Company	
		Assumed current position as Managing Executive Officer, Head of Unit, Flat Products Unit, Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project, Global Business Development Sector and Project Leader, India Continuous Annealing & Processing Line Project, Global Business Development Sector of the Company in April 2018		
		(Responsibilities) Head of Unit, Flat Products Unit; Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project, Global Business Development Sector; Project Leader, India Continuous Annealing & Processing Line Project, Global Business Development Sector Marketing Administration & Planning; Transportation & Logistics		
		(Material concurrent positions) Director, Nippon Steel & Sumikin Metal Products Co., Ltd. Director, Nippon Steel & Sumikin Coated Sheet Corporation Director, Guangzhou Pacific Tinplate Co., Ltd. Director, Baosteel-NSC Automotive Steel Sheets Co., Ltd.		
11	[New candidate] Yutaka Andoh (September 30, 1958)	April 1981:	Joined NSC	4,002
		October 2012:	Executive Counsellor and Head of Works, Kamaishi Works, Bar & Wire Rod Unit of the Company	
		April 2014:	Executive Officer and Head of Works, Muroran Works, Bar & Wire Rod Unit of the Company	
		April 2016:	Managing Executive Officer and Head of Works, Muroran Works, Bar & Wire Rod Unit of the Company	
		Assumed current position as Managing Executive Officer of the Company in April 2017		
		(Responsibilities) Intellectual Property; Safety; Plant Safety; Technical Administration & Planning; Standardization; Quality Management; Plant Engineering and Facility Management; Ironmaking Technology; Steelmaking Technology; Energy Technology; Slag & Cement Rendering Assistance to Executive Vice President S. Nakamura on Steel Products Units Cooperating with Managing Executive Officer A. Iijima on Transportation & Logistics Technology		

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
12	[Outside Director] [Independent Director/Auditor] Mutsutake Otsuka (January 5, 1943) Status of attendance at the Board of Directors (Fiscal Year 2017) 100% (13 out of 13 meetings)	April 1965:	Joined Japanese National Railways	3,845
		June 1990:	Director and General Manager of Personnel Dept. of East Japan Railway Company	
		June 1992:	Executive Director and General Manager of Personnel Dept. of East Japan Railway Company	
		January 1994:	Executive Director of East Japan Railway Company	
		June 1996:	Executive Director and Deputy Director General of Corporate Planning Headquarters of East Japan Railway Company	
		June 1997:	Executive Vice President and Director General of Corporate Planning Headquarters of East Japan Railway Company	
		June 2000:	President and CEO of East Japan Railway Company	
		April 2006:	Chairman and Director of East Japan Railway Company	
		Assumed current position as Executive Advisor to the Board of East Japan Railway Company in April 2012 Assumed current position as Director (Outside Director) of the Company in June 2014		
		(Material concurrent positions) Outside Audit & Supervisory Board Member, Electric Power Development Co., Ltd. Outside Director, JXTG Holdings, Inc.		
		- Reasons for the election as Outside Director Candidate The Board of Directors has proposed the re-election of Mr. Mutsutake Otsuka as an Outside Director because it believes that he is well-qualified for the position by his appropriate action with effective remarks as an Outside Director of the Company since his appointment at the 90th General Meeting of Shareholders held on June 25, 2014 and by his deep insight and ample experience in corporate management.		

(Notes) 1) At the conclusion of this General Meeting of Shareholders, Mr. Mutsutake Otsuka will have served as an Outside Director of the Company for four (4) years since his initial appointment.

2) Concerning the candidate's liability under Article 423, Paragraph 1 of the Companies Act, the Company has concluded an agreement with Mr. Mutsutake Otsuka that limits his liability to the greater of the amount stipulated in Article 425, Paragraph 1 of the Companies Act and twenty million (20,000,000) yen, as long as he acts unknowingly and is not grossly negligent in performing his duties. Upon approval of this Item as proposed herein, the agreement will be continued.

3) The Company has already filed Mr. Mutsutake Otsuka as an "independent director/auditor" with each financial exchange in Japan where it is listed.

4) Although Mr. Mutsutake Otsuka engaged in the execution of business of East Japan Railway Company, which has a business relationship with the Company for transactions of steel and other products/ services until March 2012, he currently does not engage in the execution of business of the said company. Since the amount of transactions with the said

company account for less than 1% of the consolidated net sales of the Company, the said company is not a specified associated service provider of the Company.

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
13	[Outside Director] [Independent Director/Auditor] Ichiro Fujisaki (July 10, 1947) Status of attendance at the Board of Directors (Fiscal Year 2017) 92% (12 out of 13 meetings)	April 1969:	Joined Ministry of Foreign Affairs of Japan	6,537
		August 1999:	Director-General, North American Affairs Bureau, Ministry of Foreign Affairs of Japan	
		September 2002:	Deputy Minister for Foreign Affairs	
		January 2005:	Ambassador of Japan to the United Nations and WTO in Geneva	
		April 2008:	Ambassador of Japan to the United States of America	
		November 2012:	Retired from Ambassador of Japan to the United States of America	
		January 2013	Distinguished Professor of Sophia University (retired in December 2017)	
		Assumed current position as Director (Outside Director) of the Company in June 2014		
		(Material concurrent positions) Outside Director, ITOCHU Corporation President, The America-Japan Society, Inc.		
		- Reasons for the election as Outside Director Candidate The Board of Directors has proposed the re-election of Mr. Ichiro Fujisaki as an Outside Director because it believes that he is well-qualified for the position by his appropriate action with effective remarks as an Outside Director of the Company since his appointment at the 90th General Meeting of Shareholders held on June 25, 2014 and by his deep insight including international affairs, economics, and cultures that he accumulated at the Ministry of Foreign Affairs of Japan, and his ample experience as the Ambassador and in other key positions, notwithstanding the fact that he does not have experience participating in corporate management other than serving as an outside director and as an outside audit & supervisory board member.		

(Notes) 1) At the conclusion of this General Meeting of Shareholders, Mr. Ichiro Fujisaki will have served as an Outside Director of the Company for four (4) years since his initial appointment.

2) Concerning the candidate's liability under Article 423, Paragraph 1 of the Companies Act, the Company has concluded an agreement with Mr. Ichiro Fujisaki that limits his liability to the greater of the amount stipulated in Article 425, Paragraph 1 of the Companies Act or twenty million (20,000,000) yen, as long as he acts unknowingly and is not grossly negligent in performing his duties. Upon approval of this Item as proposed herein, the agreement will be continued.

3) The Company has already filed Mr. Ichiro Fujisaki as an "independent director/auditor" with each financial exchange in Japan where it is listed.

4) Although Mr. Ichiro Fujisaki serves as President of the America-Japan Society, Inc., to which the Company pays the membership fee as a corporate member, the said society is not a specified associated service provider of the Company. The annual membership fee paid to the said society by the Company is 180 thousand yen.

5) ITOCHU Corporation (“ITOCHU”), for which Mr. Ichiro Fujisaki serves as Outside Director, received a cease and desist order from the Japan Fair Trade Commission in January and February 2018, after Mr. Ichiro Fujisaki was appointed as Outside Director in June 2013, on account of violations of the Antimonopoly Act in connection with sales of uniforms to private business operators. Mr. Ichiro Fujisaki has regularly explained the importance of legal compliance at the meetings of the Board of Directors as Outside Director of ITOCHU. After the aforementioned fact came to light, Mr. Ichiro Fujisaki has fulfilled his duties by actively making recommendations on development of measures for preventing the reoccurrence of such misconduct and enhancement of the compliance system of ITOCHU, and by continuously monitoring the status of its implementation efforts.

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
14	[New candidate] [Outside Director] [Independent Director/Auditor] Noriko Iki (March 21, 1956)	April 1979:	Joined Ministry of Labor	1,000
		July 2009:	Director-General, Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare (MHLW)	
		July 2010:	Research Director, Japan Institute for Labour Policy and Training	
		September 2012:	Director-General, Tokyo Labour Bureau, MHLW	
		April 2014:	Ambassador of Japan to Brunei Darussalam	
		July 2017:	Retired from Ambassador of Japan to Brunei Darussalam	
		Assumed current position as Director of Japan Institute for Women's Empowerment & Diversity Management in March 2018		
		- Reasons for the election as Outside Director Candidate The Board of Directors has proposed the election of Ms. Noriko Iki as an Outside Director because it believes that she is well-qualified for the position by her deep insight she accumulated at MHLW in areas including employment, labor and promoting diverse human resources playing an active role, and her ample experience as Director-General of the Tokyo Labour Bureau of MHLW, the Ambassador Extraordinary and Plenipotentiary and other key positions, notwithstanding the fact that she does not have experience participating in corporate management.		

(Notes) 1) Concerning the candidate's liability under Article 423, Paragraph 1 of the Companies Act, the Company intends to conclude an agreement with Ms. Noriko Iki that limits her liability to the greater of the amount stipulated in Article 425, Paragraph 1 of the Companies Act or twenty million (20,000,000) yen, as long as she acts unknowingly and is not grossly negligent in performing her duties, upon approval and resolution of this Item as proposed herein.

2) The Company has already filed Ms. Noriko Iki as an "independent director/auditor" with each financial exchange in Japan where it is listed.

3) Although Ms. Noriko Iki serves as Director of Japan Institute for Women's Empowerment & Diversity Management, to which the Company pays the membership fee as a corporate member, the said institute is not a specified associated service provider of the Company. The annual membership fee paid to the said institute by the Company is 640 thousand yen.

Item 4 Election of Two (2) Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Members Mr. Hiroshi Obayashi and Mr. Jiro Makino ends at the conclusion of the 94th General Meeting of Shareholders. The Board of Directors proposes that two (2) Audit & Supervisory Board Members be elected. The candidates for Audit & Supervisory Board Member are set forth below.

The submission of this proposal has been consented to by the Audit & Supervisory Board. Mr. Hiroshi Obayashi and Mr. Jiro Makino are candidates for Outside Audit & Supervisory Board Members.

Candidates for Audit & Supervisory Board Members

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
1	[Outside Audit & Supervisory Board Member] [Independent Director/Auditor] Hiroshi Obayashi (June 17, 1947) Status of attendance at the Board of Directors (Fiscal Year 2017) 100% (13 out of 13 meetings) Status of attendance at the Audit & Supervisory Board (Fiscal Year 2017) 100% (17 out of 17 meetings)	April 1972:	Prosecutor, Tokyo District Public Prosecutor's Office	5,537
		May 2001:	Director-General, Rehabilitation Bureau, Ministry of Justice	
		January 2002:	Deputy Vice-Minister, Ministry of Justice	
		June 2004:	Director-General, Criminal Affairs Bureau, Ministry of Justice	
		June 2006:	Vice-Minister, Ministry of Justice	
		July 2007:	Superintending Prosecutor, Sapporo High Public Prosecutors Office	
		July 2008:	Superintending Prosecutor, Tokyo High Public Prosecutors Office	
		June 2010:	Prosecutor-General, the Supreme Public Prosecutors Office	
		December 2010:	Retired from Prosecutor-General, the Supreme Public Prosecutors Office	
		Registered as Attorney-at-law in March 2011 Assumed current position as Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company in June 2014		
		(Material concurrent positions) Outside Auditor & Supervisory Board Member, Daiwa Securities Co. Ltd. Outside Director, Mitsubishi Electric Corporation Outside Auditor & Supervisory Board Member, Japan Tobacco Inc.		
		- Reasons for the election as Outside Director Candidate The Board of Directors has proposed the election of Mr. Hiroshi Obayashi as an Outside Audit & Supervisory Board Member because it believes that he is well-qualified for the position by his appropriate action with effective remarks as an Outside Audit & Supervisory Board Member of the Company since his appointment at the 90th General Meeting of Shareholders held on June 25, 2014 and by his deep insight as a legal professional and ample experience as Prosecutor General and in other key positions, notwithstanding the fact that he does not have experience participating in corporate management other than serving as an outside director and as an outside audit & supervisory board member.		

(Notes) 1) At the conclusion of this General Meeting of Shareholders, Mr. Hiroshi Obayashi will have served as an Outside Audit & Supervisory Board Member of the Company for four (4) years since his appointment.

2) Concerning the candidate's liability under Article 423, Paragraph 1 of the Companies Act, the Company has concluded an agreement with Mr. Hiroshi Obayashi that limits his liability to the greater of the amount stipulated in Article 425, Paragraph 1 of the Companies Act or twenty million (20,000,000) yen, as long as he acts unknowingly and is not grossly negligent in performing his duties. Upon approval of this Item as proposed herein, the agreement will be continued.

3) The Company has already filed Mr. Hiroshi Obayashi as an "independent director/auditor" with each financial exchange in Japan where it is listed.

<table>
<tr><th colspan="2">Name (date of birth)</th><th colspan="2">Brief personal history (with material concurrent positions)</th><th>Number of shares of the Company owned</th></tr>
<tr><td>2</td><td>[Outside Audit & Supervisory Board Member]

[Independent Director/Auditor]

Jiro Makino
(October 22, 1949)

Status of attendance at the Board of Directors (Fiscal Year 2017)
100% (13 out of 13 meetings)

Status of attendance at the Audit & Supervisory Board (Fiscal Year 2017)
100% (17 out of 17 meetings)</td><td>April 1973:</td><td>Joined Ministry of Finance</td><td rowspan="9">3,845</td></tr>
<tr><td></td><td></td><td>July 2003:</td><td>Director-General, Financial Bureau, Ministry of Finance</td></tr>
<tr><td></td><td></td><td>October 2006:</td><td>President, Policy Research Institute and President, Account Center, Ministry of Finance</td></tr>
<tr><td></td><td></td><td>July 2007:</td><td>Commissioner, National Tax Agency</td></tr>
<tr><td></td><td></td><td>July 2008:</td><td>Retired from Commissioner, National Tax Agency</td></tr>
<tr><td></td><td></td><td>July 2008:</td><td>Vice Chairman, General Insurance Rating Organization of Japan (retired in November 2009)</td></tr>
<tr><td></td><td></td><td>November 2009:</td><td>Vice Chairman, The General Insurance Association of Japan</td></tr>
<tr><td></td><td></td><td colspan="2">Assumed current position as Vice Chairman, The General Insurance Association of Japan in April 2012
Assumed current position as Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company in June 2014</td></tr>
<tr><td></td><td></td><td colspan="2">- Reasons for the election as Outside Director Candidate
The Board of Directors has proposed the election of Mr. Jiro Makino as an Outside Audit & Supervisory Board Member because it believes that he is well-qualified for the position by his appropriate action with effective remarks as an Outside Audit & Supervisory Board Member of the Company since his appointment at the 90th General Meeting of Shareholders held on June 25, 2014 and by his deep insight in the general area of finance that he accumulated at the Ministry of Finance, and his ample experience as Commissioner of National Tax Agency and in other key positions, notwithstanding the fact that he does not have experience participating in corporate management other than serving as an outside director and as an outside audit & supervisory board member.</td></tr>
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(Notes) 1) At the conclusion of this General Meeting of Shareholders, Mr. Jiro Makino will have served as an Outside Audit & Supervisory Board Member of the Company for four (4) years since his initial appointment.

2) Concerning the candidate's liability under Article 423, Paragraph 1 of the Companies Act, the Company has concluded an agreement with Mr. Jiro Makino that limits his liability to the greater of the amount stipulated in Article 425, Paragraph 1 of the Companies Act or twenty million (20,000,000) yen, as long as he acts unknowingly and is not grossly negligent in performing his duties. Upon approval of this Item as proposed herein, the agreement will be continued.

3) The Company has already filed Mr. Jiro Makino as an "independent director/auditor" with each financial exchange in Japan where it is listed.

(For reference)
If Items 3 and 4 are approved as proposed herein, Outside Directors and Audit & Supervisory Board Members (Non-executive Members of the Board) who undertake a role of supervising and monitoring Executive Directors will account for approximately half (10 out of 21) of the attendees at the Meetings of the Board of Directors of the Company, and Outside Directors and Outside Audit & Supervisory Board Members will account for one third (7 out of 21) of the attendees, after this General Meeting of Shareholders. The Company will thus ensure sufficient consideration from diverse perspectives and objective decision-making by the Board of Directors.

Candidate No.				Name		Position
Attendees at the Meeting of the Board of Directors	Directors	Item 3	1	Shoji Muneoka		Representative Director and Chairman
			2	Kosei Shindo		Representative Director and President
			3	Eiji Hashimoto		Representative Director and Executive Vice President
			4	Toshiharu Sakae		Representative Director and Executive Vice President
			5	Shinji Tanimoto		Representative Director and Executive Vice President
			6	Shinichi Nakamura		Representative Director and Executive Vice President
			7	Akihiko Inoue	New	Representative Director and Executive Vice President
			8	Katsuhiro Miyamoto	New	Representative Director and Executive Vice President
			9	Shin Nishiura	New	Managing Director
			10	Atsushi Iijima	New	Managing Director
			11	Yutaka Andoh	New	Managing Director
			12	Mutsutake Otsuka	Outside Independent **Non-executive**	Outside Director
			13	Ichiro Fujisaki	Outside Independent **Non-executive**	Outside Director
			14	Noriko Iki	New Outside Independent **Non-executive**	Outside Director
	Audit & Supervisory Board Members			Yutaka Takeuchi	**Non-executive**	Senior Audit & Supervisory Board Member
				Atsuhiko Yoshie	**Non-executive**	Senior Audit & Supervisory Board Member
				Masato Tsuribe	**Non-executive**	Audit & Supervisory Board Member
				Katsunori Nagayasu	Outside Independent **Non-executive**	Outside Audit & Supervisory Board Member
		Item 4	1	Hiroshi Obayashi	Outside Independent **Non-executive**	Outside Audit & Supervisory Board Member
			2	Jiro Makino	Outside Independent **Non-executive**	Outside Audit & Supervisory Board Member
				Seiichiro Azuma	Outside Independent **Non-executive**	Outside Audit & Supervisory Board Member

(Note) New: New candidate Outside: Outside Director/Outside Audit & Supervisory Board Member
Independent: Independent Director/Auditor **Non-executive**: Non-executive Member of the Board

Exercise of Voting Rights via the Internet

Those who are unable to attend the General Meeting of Shareholders can exercise their voting rights via the Internet.

Please exercise your voting rights according to the following instructions.

Deadline for exercising voting rights via the Internet:
5 p.m., Monday, June 25, 2018 (JST)

Internet Voting Website: (https://www.web54.net)

Please access the website given above and enter your "voting right exercise code" and "password" indicated in the Voting Rights Exercise Form. Please follow the instructions that appear on the display and indicate whether you are for or against each Item.

■ **Treatment of votes**

When you vote more than once via the Internet, the last vote is treated as the vote of record.

■ **Treatment of password and voting rights exercise code**

- The password is important information to confirm that the person exercising his or her voting rights is the shareholder in question. Shareholders are advised to keep their passwords secure until the General Meeting of Shareholders is concluded. Inquiries about passwords may not be made by telephone or any other means.
- When incorrect passwords are entered more than a specified number of times, the password will be invalidated. Please follow the instructions on the display if you would like your password to be re-issued.
- The voting rights exercise code indicated in the Voting Rights Exercise Form is valid only for this General Meeting of Shareholders.

■ **Operating system requirements**

The following system environment is required to exercise voting rights via the Internet.

- Display resolution: 800 x 600 dots (SVGA) or more
- A website browser and PDF viewer are installed. (Compatibility of the following combinations is verified.)

OS	Web Browser	PDF Viewer
Windows Vista®	Internet Explorer® Vers. 7 - 9	Adobe® Reader® Ver. 9
Windows® Ver. 7	Internet Explorer® Vers. 8 - 11	Adobe® Reader® Ver. 11
Windows® Ver. 8.1	Internet Explorer® Ver. 11	Adobe® Reader® Ver. 11

* Windows, Windows Vista and Internet Explorer are registered trademarks or trademarks of Microsoft Corporation in the U.S. and other countries.

* Adobe and Reader are registered trademarks or trademarks of Adobe System Incorporated in the U.S. and other countries.

- If you are using the popup-blocking function for your website browsers and add-in tools, please disable (or temporarily disable) the function. Also, please enable "cookies" in your privacy settings.
- Please check local settings, such as the firewall, proxy server and security application that may restrict communication via the Internet, when you experience problems in accessing the Internet Voting Website.

■ **Other**

- Depending on the Internet user environment, shareholders using the personal computer may not be able to exercise their voting rights via the Internet Voting Website.
- Any fees for connecting to your Internet service providers and communications service providers in order to use the Internet Voting Website shall be borne by the shareholders.

• **Inquiries about the operation of personal computers and other issues**

For inquiries on how to exercise your voting rights via the Internet, please call:
0120-652-031 (toll free within Japan) (9 a.m. ~ 9 p.m.)

This is a dedicated line for website support provided by the transfer agent, Sumitomo Mitsui Trust Bank, Limited.

Business Report
93rd Term: From April 1, 2017 to March 31, 2018

1. Current Situations of the NSSMC Group

(1) Progress and Results of Business Operations and Tasks Ahead

General Review

The global economy stayed on a recovery trend overall during fiscal year 2017. The United States maintained a steady economic recovery against the background of robust personal consumption and an improvement in labor market conditions, while Europe continued its upward trend. China experienced stable economic conditions, and emerging countries maintained a gradual economic recovery.

The Japanese economy continued to improve moderately, sustained by steady private consumption and capital investment.

Domestic steel demand remained firm, mainly in the automobile and construction/civil engineering sectors. Overseas steel demand also continued to increase at a moderate pace. The international steel market in general remained at high levels, against the background of tighter supply and demand conditions and other factors.

Under such business environment, Nippon Steel & Sumitomo Metal Corporation ("NSSMC" or the "Company") and its group companies (together with NSSMC, the "NSSMC Group") made progress in implementing the strategies of the 2017 Mid-Term Management Plan, which was launched in March 2015. This included enhancing the competitiveness of the domestic "mother mills," advancing global strategies, augmenting technological superiority, realizing world-leading cost-competitiveness, and strengthening the Group companies in the steelmaking business.

Business Segment Review

The NSSMC Group's business segments each put forth utmost management effort to generate results while responding to the changing business environment.

・**Steelmaking and Steel Fabrication**

The Steelmaking and Steel Fabrication segment implemented various measures centered primarily on enhancing the competitiveness of the domestic "mother mills" and advancing global strategies.

In Japan, NSSMC identified the improvement and reconstruction of steelworks as a priority management issue and continued to implement policies to enhance these manufacturing capabilities in terms of both facilities and workforce. Concerning facilities, NSSMC decided to refurbish the coke oven at its Muroran Works and took other measures to maintain and strengthen the soundness of its manufacturing capabilities, including the upgrading of basic facilities. As for the workforce, to ensure the transfer of skills without fail from the retiring older generation to the younger generations, NSSMC strengthened its recruitment activities and took initiatives to train personnel from a long-term perspective. Moreover, NSSMC absorbed and merged consolidated subsidiary Nippon Steel & Sumikin Kotetsu Wakayama Corporation, which performs the upstream operations (ironmaking and steelmaking operations) in NSSMC's Wakayama Works, with the aim of substantially increasing management efficiency through the use of its business infrastructure.

In markets outside Japan, NSSMC took major strides toward enhancing its global supply network to capture demand in overseas growth markets and build an operating structure that better responds to customers' global development requirements. For example, in Indonesia, where demand is expected to grow in the automotive market, NSSMC's joint venture to manufacture and sell high-grade, high-quality steel sheets for automobiles, began operation. In Brazil, NSSMC exchanged basic agreements to introduce new governance rules and other provisions at Usinas Siderúrgicas de Minas Gerais S.A. – Usiminas ("Usiminas"), an equity-method affiliate of NSSMC, with the Argentine company Ternium Investments S.à r.l., which jointly manages Usiminas, and confirmed that both companies will closely cooperate to enhance the competitiveness of Usiminas and increase its corporate value.

In India, with the aim of steadily capturing significant demand growth in the medium to long term, NSSMC has decided to participate in the procedure for the joint acquisition of Essar Steel India Limited with ArcelorMittal. In the area of specialty steels where strong demand is expected, NSSMC is seeking to

substantially strengthen its technological capabilities, quality, and product development while enhancing as well as expanding its global business. The Company has therefore concluded an agreement to acquire Ovako AB, a Swedish company which has world-leading technologies in bearing steel and other such products combined with a manufacturing and sales network in Europe. At the same time, in Japan, the Company has decided to commence discussions regarding making Sanyo Special Steel Co., Ltd. a subsidiary of NSSMC and other issues.

As evidence of NSSMC's strengths in advanced technology, a "resource-saving, environmentally friendly, high productivity stainless steelmaking process" using a steel alloy melting furnace developed by the Company was awarded the Okochi Memorial Foundation Special Production Award in the 64th Okochi Awards. This award is the highest of the Okochi awards that are presented to remarkable contributions in areas such as production engineering. The process that received the award this time, enables the full recycling of scrap containing chrome, which is generated by the stainless steel production process and other materials. It is therefore not only environmentally friendly but also contributes to increasing productivity and reducing costs. In addition, NSSMC decided to newly install an ultra-high tensile strength sheet manufacturing facility at its Kimitsu Works. This is expected to enable NSSMC to capture demand from the automobile industry for materials to make vehicles lighter and stronger. Through these activities, the Company will continue to contribute to offering high-performance materials and solutions technologies to create new value for its customers.

Furthermore, NSSMC also continued to strive to reduce raw material and fuel costs and improve production yield, from the perspective of cost reduction, and to seek the understanding and cooperation of its customers in adjusting steel product prices, given the surge in raw material prices and other factors. The steelmaking and steel fabrication segment recorded net sales of ¥5,017.2 billion and ordinary profit of ¥245.7 billion.

・**Engineering and Construction**

Nippon Steel & Sumikin Engineering Co., Ltd., saw signs of an improvement in the robust business environment, as oil prices rose and overseas steelmakers resumed capital investments. Solid business conditions in the domestic construction sector and other areas and the company's steady control of project execution also contributed to an increase in both sales and profit. The engineering and construction segment posted net sales of ¥294.2 billion and ordinary profit of ¥9.1 billion.

・**Chemicals**

Nippon Steel & Sumikin Chemical Co., Ltd. expanded sales of circuit board materials and display materials for electronic devices such as smartphones in its functional materials business, and posted record-high sales volume of both materials during the term. In the chemicals business, supply and demand conditions for styrene monomer, a core product in this segment, were favorable, enabling the company to report a steady gain in profit. In the coal tar chemicals business, supply and demand conditions for needle coke were tight due to robust demand for graphite electrodes used in the electric furnace sector, while demand for coke used in negative pole electrodes in lithium ion batteries also increased. As a result, the market environment showed a significant improvement along with rising product price levels and other factors. The chemicals segment recorded net sales of ¥200.7 billion and ordinary profit of ¥15.4 billion.

・**New Materials**

Nippon Steel & Sumikin Materials Co., Ltd. within its semiconductor and electronics industrial materials business, continued to post favorable sales of metal foils for suspension and other materials. In the field of environmental and energy materials, sales of metal substrates expanded as the company steadily captured demand in developing countries. Although overall performance was affected by severer competition, an increase in sales boosted both net sales and profit. The new materials segment posted net sales of ¥37.0 billion and ordinary profit of ¥1.9 billion.

・**System Solutions**

NS Solutions Corporation provides comprehensive solutions in the planning, configuration, operation, and maintenance of IT systems for clients in a wide range of business fields and develops leading-edge solutions services that respond to the changing business conditions of its clients. During the fiscal year, the company promoted the development of solutions for its customer enterprises to enable them to make use of AI, machine learning, and IoT and thereby enhance the sophistication of their operations in their production and logistics workplaces. This contributed to the expansion of both sales and profit. The system solutions segment recorded net sales of ¥244.2 billion and ordinary profit of ¥23.2 billion.

Sales and Profit

The Company's profit for the fiscal year was negatively affected by a decrease in production and shipment volume due to some facility-related troubles and adverse weather, a surge in prices of primary raw materials, and rises in costs of some auxiliary materials such as scrap and alloy, other materials procurement costs, and distribution costs. However, these factors were more than offset by positive factors such as the steady execution of cost reduction measures, the improved performance of domestic and overseas Group companies, and the positive impact of differences in inventory valuations. As a result, NSSMC posted consolidated net sales of ¥5,668.6 billion, operating profit of ¥182.3 billion, ordinary profit of ¥297.5 billion, and profit attributable to owners of parent of ¥195.0 billion.

An overview of the consolidated net sales and ordinary profit of each business segment in fiscal year 2017 is as follows:

Net Sales and Ordinary Profit by Business Segment

(Billions of yen)

	Steelmaking and steel fabrication	Engineering and construction	Chemicals	New materials	System solutions	Adjustments	Consolidated total
Net sales	5,017.2	294.2	200.7	37.0	244.2	(124.8)	5,668.6
Ordinary profit	245.7	9.1	15.4	1.9	23.2	2.0	297.5

Non-consolidated financial result for fiscal year 2017 was net sales of 3,266.6 billion yen, operating profit of 6.4 billion yen, ordinary profit of 107.2 billion yen and profit of 118.2 billion yen.

Assets, Liabilities, and Net Assets

Consolidated total assets at the end of fiscal year 2017 were ¥7,592.4 billion, representing an increase of ¥330.4 billion from ¥7,261.9 billion at the end of fiscal year 2016. The main factors accounting for this were increases of ¥54.4 billion in notes and accounts receivable, ¥164.3 billion in inventories, and ¥55.0 billion in investments in securities.

Consolidated total liabilities at the end of fiscal year 2017 were ¥4,076.9 billion, representing an increase of ¥106.0 billion from ¥3,970.9 billion at the end of fiscal year 2016. The main factors accounting for this were a decrease in interest-bearing liabilities of ¥35.9 billion, from ¥2,104.8 billion at the end of fiscal year 2016 to ¥2,068.9 billion at the end of fiscal year 2017, a rise in notes and accounts payable of ¥46.8 billion, a rise in accounts payable-other of ¥66.7 billion, and an increase in deferred tax liabilities of ¥14.8 billion.

Net assets amounted to ¥3,515.5 billion at the end of fiscal year 2017, representing an increase of ¥224.4 billion from ¥3,291.0 billion at the end of fiscal year 2016. The main factors behind the increase were a rise in profit attributable to owners of parent of ¥195.0 billion, a decrease in the payment of dividends of ¥66.2 billion, an increase in unrealized gains on available-for-sale securities of ¥43.8 billion, and an increase in non-controlling interests of ¥27.2 billion. As a result, shareholders' equity at the end of fiscal year 2017 amounted to ¥3,145.4 billion, and the ratio of interest-bearing debt to shareholders' equity (D/E ratio) was 0.66 times.

Dividends

NSSMC's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year, in consideration of the consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also considering the financial structure of the Company on both consolidated and non-consolidated bases.

NSSMC has adopted a consolidated payout ratio target of around 20%-30% as a benchmark for the "payment of dividends from distributable funds in consideration of the consolidated operating results."

The level of the first-half dividend is determined based on consideration of interim performance figures and forecasts for the full fiscal year performance.

Concerning dividend distribution, in accordance with the basic profit distribution policy described above, NSSMC paid a dividend of ¥30 per share for the end of the first half (interim). Regarding the fiscal year-end dividend, following the previously stated policy and in view of more favorable results in earnings compared to the most recent forecasts announced on February 1, 2018, the Board of Directors of the Company proposes a year-end dividend payment of ¥40 per share (bringing the dividend for the full year to ¥70 per share and representing a consolidated payout ratio of 31.7%), raising the previously announced dividend of ¥30 per share by ¥10.

Tasks Ahead

・**Outlook for Operations in Fiscal Year 2018**

The overall global economy is expected to show a continued moderate recovery, although conditions will remain uncertain because of political issues in various countries and other factors. This forecast assumes that the economies of both the United States and Europe will continue to show their upward trend, the Chinese economy continues to be firm, and the economies of developing countries stay on a gradual recovery path.

The Japanese economy is forecast to show a continued moderate improvement as labor market conditions show steady improvement.

Domestic steel demand is expected to remain firm, especially in the automotive and industrial machinery sectors. We anticipate that overseas steel demand will continue to expand at a moderate pace. In the international steel market, we are assuming that the supply and demand balance will remain relatively tight, but, since there are concerns about the impact of protectionist policies in the United States and other countries, close attention to future trends will be necessary.

Amid these conditions, NSSMC will continue to closely monitor trends in steel product supply and demand and raw material prices and will also strive to implement steady cost improvement. In tandem with these initiatives, NSSMC is working to secure appropriate sales prices for continuous supply, and will continue to seek the understanding and cooperation of its customers in adjusting steel product prices, given surges in primary raw material prices, especially for coking coal, as well as rises in prices of some auxiliary materials such as scrap and alloy, other materials procurement costs, and distribution costs.

NSSMC is unable at this time to establish reasonably accurate earnings estimates for fiscal year 2018 due to several factors, including the uncertainty of price trends for primary raw materials and steel products. The Company will disclose fiscal year 2018 earnings forecasts when reasonable estimates become possible.

・**2020 Mid-Term Management Plan**

In March 2018, the NSSMC Group developed the 2020 Mid-Term Management Plan (the “2020 Plan”), which consists of a three-year plan for fiscal year 2018 through fiscal year 2020 and the initiation of development of longer-term measures beyond fiscal year 2021.

Through the implementation of the 2020 Plan, the NSSMC Group will seek to advance towards “the best steelmaker with world-leading capabilities” by continuing to strengthen the “manufacturing capabilities” of domestic mother mills, while at the same time addressing the megatrends of major changes in society and industry, including the rapid innovation in IT, growing need for lighter and stronger vehicles and a shift to electric and other new energy vehicle, and by further improving its capabilities in terms of “technology,” “cost,” and “being global,” and “creating the value of steel.”

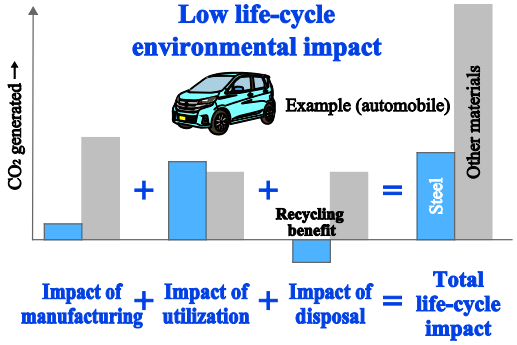
NSSMC wishes to take this opportunity to ask its shareholders for their understanding of the aforementioned circumstances and for their continued support.

(For reference 1) Major Features of the 2020 Mid-Term Management Plan (Announced in March 2018)

NSSMC Announces the Mid-Term Management Plan
Forging Manufacturing Capability, Addressing Megatrends, and Creating the Value of Steel

Global steel demand is expected to grow over the long term. Trends such as rapid innovation in IT (in such areas as AI, IoT, and big data), automakers' growing need for lighter and stronger vehicles, a shift to electric and other new energy vehicles are anticipated to bring significant change to society and industry. Further, the adoption of Sustainable Development Goals (SDGs) and entering into force of the Paris Agreement reinforce corporate responsibility to contribute to the achievement of a sustainable society.

Steel possesses significant advantages relative to competing materials not only in terms of cost but also of diverse properties and infinite potential, repeated recyclability into all kinds of applications, and low life-cycle environmental impact. Steel being an indispensable basic material for all industries and infrastructure, the steel industry will continue to play a significant role in the growth of the society over a long term.



Having in mind these "megatrends" of change in society and industry and the role of steel, NSSMC intends to work on the following five initiatives over the medium- to long-term.

- Delivering materials and solutions responsive to changes in society and industry
- Strengthening and expanding its global business
- Continuing to strengthen "manufacturing capabilities" of domestic mother mills
- Utilizing advanced IT in steelmaking processes
- Contributing to the achievement of a sustainable society (SDGs)

Through these initiatives, NSSMC will seek to advance towards "the best steel maker with world-leading capabilities" by further improving its capabilities in terms of "technology," "cost," and "being global," and "creating the value of steel."

An overview of the 2020 Plan for achieving this goal is as follows.

1. Delivering Materials and Solutions to Address Changes in Society and Industry

Requirements for properties of materials are becoming diverse and advanced: automobiles are becoming lighter and more electrified, and electronic components are required to be even lighter, thinner, shorter, and smaller, as well as more reliable. NSSMC will develop materials that address evolving customer needs and expand its offer of solutions in areas such as application and processing technologies.

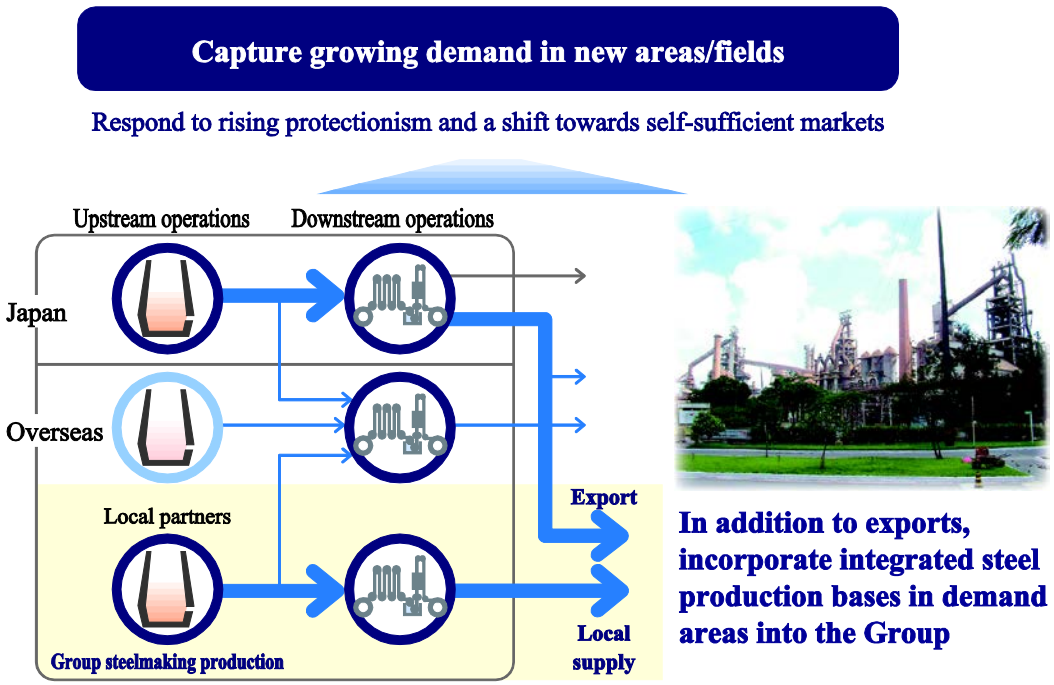
Moreover, NSSMC will respond to customer needs for multi-materials by organically allying technologies and products of its non-steel material businesses (Chemicals and New Materials) with steel. To advance this initiative, Nippon Steel & Sumikin Chemical Co., Ltd. and Nippon Steel & Sumikin Materials Co., Ltd. will be integrated to strengthen their capabilities in providing comprehensive material solution proposals (the integration is planned for October 2018).

2. Strengthening and Expanding Global Business

Leveraging its product technology capability, cost competitiveness, and global supply network to the maximum extent, NSSMC will expand the supply of steel products in the automotive, energy and resources, and infrastructure sectors in Japan and overseas.

NSSMC will meet increasing overseas demand by the combination of exports of high-grade steel from Japan and supplies from overseas production bases. In order to expand supply of steel products to areas where demand for infrastructure in particular is increasing, and to prepare for rising protectionism and a shift towards self-sufficient markets, NSSMC will expand overseas integrated steel production bases.

In implementing these initiatives, NSSMC will continue to undertake alliances with major companies and M&As, with speed and flexibility.



3. Continuing to Strengthen "Manufacturing Capabilities" of Domestic Mother Mills

NSSMC's domestic mother mills will aim to strengthen their "manufacturing capabilities" and to continue to improve as bases for technology development, cost competitiveness, and productivity. The mother mills will be committed to stable supply of steel products in Japan and overseas and assisting overseas businesses.

(1) Further Enhancing Facilities and Human Resources Capabilities

NSSMC will further increase capital expenditures by about ¥100 billion per year in addition to the capital expenditures in the 2017 Mid-Term Management Plan ("2017 Plan"), which were at a higher level than the previous years, in order to undertake refurbishment of blast furnaces, coke ovens, and other facilities and to introduce advanced equipment

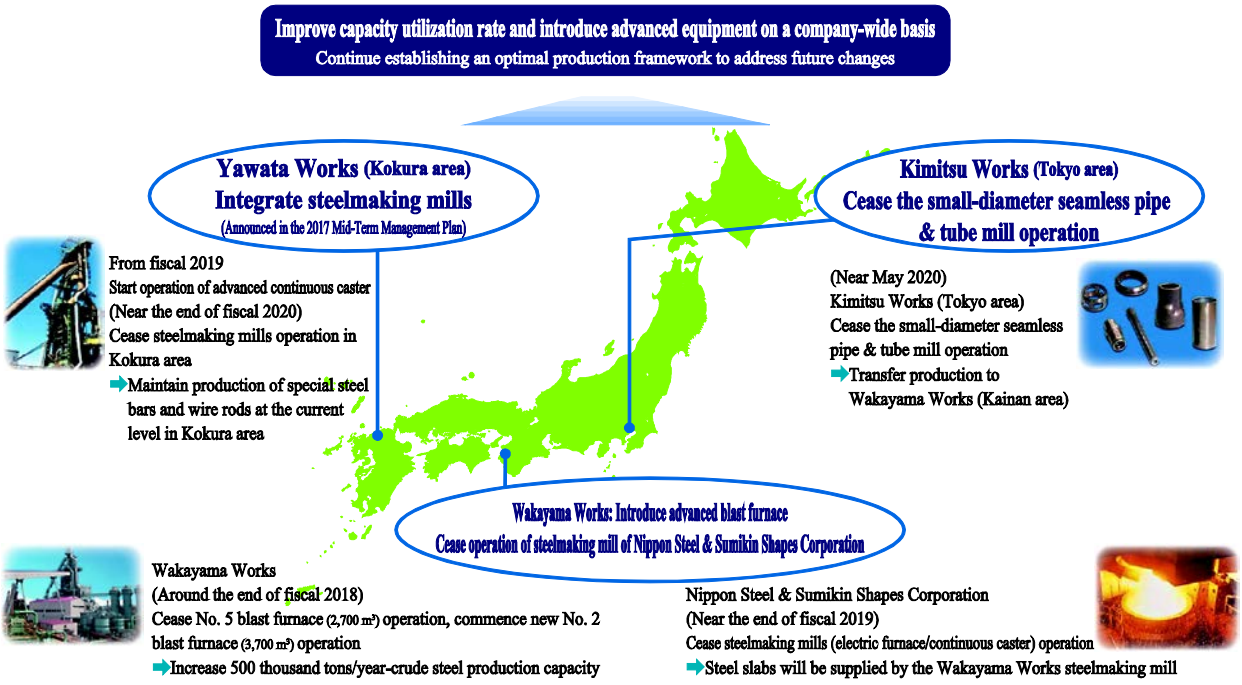
As for the enhancement of human resources, NSSMC will maintain the number of newly-hired employees at the increased level of the 2017 Plan and promote the succession of skills and know-how and employee training, and in parallel, promote labor-saving measures (i.e., use of IT and automation) to accurately address labor shortage expected due to Japan's declining population.

Through these efforts, NSSMC expects to improve stability in production, productivity, and cost.

(2) Establishing an Optimal Production Framework

NSSMC will promote the development of an optimal production framework in order to build a lean manufacturing framework that can address changes flexibly in the business environment.

In addition to the measures implemented under the 2017 Plan, namely, the consolidation of rolling and surface-treatment facilities and the ceasing of operation of the No. 3 blast furnace of Kimitsu Works, the measures, as illustrated below, will be implemented as part of the 2020 Plan.



4. Developing World-Leading Technologies and Utilizing Advanced IT (AI, IoT, and Big Data)

NSSMC will make the best of its R&D operations, which is the largest in scale (with about 800 researchers) and highest level in quality in the global steel industry, and promote technology development, a key driver for innovation.

Utilizing IT, which is continuously evolving, is becoming an essential element that determines the competitiveness of a company. Taking advantage of the system solutions business within the Group (NS Solutions Corporation) and utilizing advanced IT (AI, IoT, and big data), NSSMC will aim to achieve safety and competitiveness in manufacturing frontlines, stability in production, improvement in product quality, and sophistication in business operations.

5. Enhancing the Operating Structure of the NSSMC Group

NSSMC will enhance alliances within the Group to strengthen the Group's overall capabilities in order to deliver higher value to customers and society through materials and solutions, utilizing the Group's core competency in steel. At the same time, NSSMC will undertake further reorganization within the Group and advance concentration on core business operations.

(1) Realizing synergies with Nisshin Steel Co., Ltd. and further expanding alliances in steel products units and ironmaking
(2) Alliance between the Steelmaking and Steel Fabrication and the company to be formed from the integration of Nippon Steel & Sumikin Chemical Co., Ltd. and Nippon Steel & Sumikin Materials Co., Ltd.
(3) Strengthening the competitiveness of each of its businesses in the Engineering and Construction and expanding profitability through a comprehensive collaboration between Nippon Steel & Sumikin Engineering Co., Ltd. and Toyo Engineering Corporation
(4) Further growth in the System Solutions and enhancement of the Group's IT infrastructure

6. Proactively Investing in Management Resources for Achieving Growth

	2020 Plan targets	2017 Plan targets
Capital expenditures in Japan (consolidated basis) ►Enhance facilities through the introduction of advanced equipment and maintenance of the soundness of facilities (e.g., relining of blast furnaces and coke ovens) ►Capture demand in growth areas by strengthening its production capability etc.	**Approx. ¥1,700 bn /3 years**	Approx. ¥1,350 bn /3 years
Business investment (consolidated basis) ►Develop strategies in domestic and overseas businesses on product, sector, and region bases ►Growth investment to gain interests of raw materials ► Preparation for M&As etc.	**Approx. ¥600 bn /3 years**	Approx. ¥300 bn /3 years
R&D spending (consolidated basis)	**Approx. ¥220 bn /3 years**	Approx. ¥210 bn /3 years
Number to be newly employed (non-consolidated basis)	**Approx. 1,100 /year**	Approx. 1,300 /year
Asset compression	**Approx. ¥100 bn /3 years**	Approx. ¥200 bn /3 years

7. Profit and financial targets and shareholder return

	2020 Plan targets	2017 Plan targets
Return on sales*	**About 10%**	10% or more
Return on equity	**About 10%**	10% or more
D/E ratio (interest-bearing debt to shareholders' equity)	**About 0.7**	About 0.5
Cost improvement (non-consolidated basis)	**¥150 bn**	¥150 bn
Consolidated payout ratio	**About 30%**	Around 20-30%

*Plan to adopt IFRS from the financial results of fiscal year 2018
Business Profit = Profit before income taxes- net financial cost- additional line items
(Additional line items refer to the items not occurring routinely that have a material impact on operational activities of the NSSMC Group in terms of amount, but are remotely related thereto.)

8. A Company with Integrity and Reliability

(1) NSSMC Group's Corporate Philosophy (Basic Philosophy)
"The NSSMC Group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services."
(2) NSSMC's priorities in manufacturing
"Safety, environment, and disaster prevention," "quality," "production," and "cost and profit" in this order
(3) Continuous improvement of internal control systems
Compliance with relevant laws and regulations, ensuring the credibility of financial reporting and ensuring the validity and efficiency of operations
(4) Achieving Workstyle Innovation
Innovation in business operations through standardization and improved efficiency of operations and further utilization of IT
(5) Establishment of a recycling-oriented society and promoting the preservation of the environment
Promotion of the three Eco's (Eco Process, Eco Products™, and Eco Solutions) and the development of innovative technologies (such as COURSE50)

By implementing these measures, the NSSMC Group will aim to continue to be trusted companies in society.

Disclosed materials on the 2020 Mid-Term Management Plan have been posted on the NSSMC's website.
http://www.nssmc.com/en/ir/library/strategy.html

(For reference 2) Execution of a Share Exchange Agreement to Make Nisshin Steel Co., Ltd. a Wholly Owned Subsidiary of Nippon Steel & Sumitomo Metal Corporation, and the Execution of a Basic Agreement for the Integration of the Stainless Steel Sheet Businesses of Nippon Steel & Sumitomo Metal Corporation, Nisshin Steel Co., Ltd., and Nippon Steel & Sumikin Stainless Steel Corporation

In March 2017, the Company made Nisshin Steel Co., Ltd. ("**Nisshin Steel**") a subsidiary. In order to realize the maximum effects of synergies at an early stage by accelerating the mutual utilization of management resources and further promoting deeper alliances in the NSSMC group, . NSSMC and Nisshin Steel entered into a share exchange agreement regarding the Share Exchange as of May 16, 2018(the "**Share Exchange Agreement**") to conduct the exchange of shares of Nisshin Steel held by the shareholders of Nisshin Steel and shares of NSSMC held by NSSSMC, thereby making Nisshin Steel a wholly owned subsidiary of NSSMC.

The Share Exchange will be conducted effective as of January 1, 2019 after approval is obtained at Nisshin Steel's extraordinary shareholders meeting to be held around December 2018.

Further, with a view to maximizing synergy in the NSSMC group's stainless steel business at an early stage, NSSMC, Nisshin Steel, and Nippon Steel & Sumikin Stainless Steel Corporation ("**NSSC**") entered into a basic agreement regarding the integration of stainless steel sheet businesses as of May 16, 2018 in order for NSSC to assume part of the steel sheet business contained within the special stainless steel business (steel sheets, shaped steel) of NSSMC and the steel sheet business contained within the stainless steel business (steel sheets, steel pipes and tubes) of Nisshin Steel (the "**Integration of Stainless Steel Sheet Business**") around April 1, 2019, after the Conversion into a Wholly Owned Subsidiary, resulting from the Share Exchange, and the three companies entered into a basic agreement regarding the Integration of Stainless Steel Sheet Business as of May 16, 2018.

(For reference 3) Change of trade name of NIPPON STEEL & SUMITOMO METAL CORPORATION

1. Reasons for the change

In October 2012, our company, with the trade name "NIPPON STEEL & SUMITOMO METAL CORPORATION," was formed from the business integration of Nippon Steel Corporation and Sumitomo Metal Industries, Ltd. This was followed by the consolidation of Nisshin Steel Co., Ltd. as a subsidiary in March 2017 and NSSMC is currently considering consolidating Sanyo Special Steel Co., Ltd. as a subsidiary. Further, amidst the advancing trend of globalization of the economy, NSSMC is strongly promoting the development of its business in areas such as the Americas, Europe, China, Southeast Asia and India.

In this environment, NSSMC has determined to adopt a new and more inclusive trade name befitting a steelmaker with origins in Japan and an emphasis on continuing growth in global markets looking toward the future.

2. New trade name (Trade name in English)

Nippon Seitetsu Kabushiki Kaisha (NIPPON STEEL CORPORATION)

3. Scheduled date of change

April 1, 2019

(2) Capital Procurement

Date of issue	Title	Total issued amount
May 25, 2017	3rd Unsecured Straight Bonds	10 billion yen
May 25, 2017	4th Unsecured Straight Bonds	10 billion yen
December 8, 2017	5th Unsecured Straight Bonds	10 billion yen
December 8, 2017	6th Unsecured Straight Bonds	10 billion yen

(3) Plant and Equipment Investments

Classification	Title
Major ongoing plant and equipment investment during fiscal year 2017	Renovation and expansion of No. 2 blast furnace and steelmaking equipment (Nippon Steel & Sumikin Koutetsu Wakayama Corporation) Relining of No. 5 coke oven, including fixtures and fittings (Kimitsu Works, NSSMC) New installation of No. 3 continuous caster (CC), including fixtures and fittings (Yawata Works, NSSMC)

(Note)
Nippon Steel & Sumikin Koutetsu Wakayama Corporation started the operation of steelmaking equipment in fiscal year 2012.

(4) Transfer of Business

In fiscal year 2017, there were no significant business transfer and others.

(5) Changes in Assets and Profits/Losses

Classification \ Fiscal Term	90th Term	91st Term	92nd Term	93rd Term (fiscal year 2017)
Crude steel production (million tons)	47.32	44.53	45.17	46.82
Net sales (billions of yen) (Overseas sales shown in brackets)	5,610.0 [2,292.4]	4,907.4 [1,903.8]	4,632.8 [1,676.9]	5,668.6 [1,960.0]
Ordinary profit (billions of yen)	451.7	200.9	174.5	297.5
Profit attributable to owners of parent (billions of yen)	214.2	145.4	130.9	195.0
Total assets (billions of yen)	7,157.9	6,425.0	7,261.9	7,592.4
Net assets (billions of yen)	3,547.0	3,009.0	3,291.0	3,515.5
Earnings per share	234.82 yen	158.71 yen	147.96 yen	221.00 yen
Net assets per share	3,263.03 yen	3,074.28 yen	3,340.21 yen	3,563.80 Yen
Dividends per share (Interim dividends shown in brackets)	5.50 yen [2.00 yen]	18.00 yen [3.00 yen]	45.00 yen [-]	70.00 yen* [30.00 yen]
Ratio of cash dividends to consolidated profit (%)	23.4	28.4	30.4	*31.7

(Notes)
(1) Figures for crude steel production include, in addition to NSSMC's production, production amounts of Nisshin Steel Co., Ltd., Nippon Steel & Sumikin Koutetsu Wakayama Corporation, Osaka Steel Co., Ltd., Nippon Steel & Sumikin Stainless Steel Corporation, Nippon Steel & Sumikin Shapes Corporation, Tokai Special Steel Co., Ltd., Oji Steel Co., Ltd. and Tokyo Kohtetsu Co., Ltd., which all are subsidiaries of NSSMC. Nisshin Steel Co., Ltd. and Tokyo Kohtetsu Co., Ltd. have been included since the 93rd and 92nd Terms, respectively.

(2) On October 1, 2015, NSSMC performed the share consolidation at the ratio of 10 shares to 1 share. Consequently, NSSMC estimates the net assets per share and earnings per share assuming that the share consolidation occurred at the start of the 90th term.
(3) The figures with asterisks (*) are values on the assumption that the proposal on appropriation of surplus for the 93rd Term is approved at the 94th General Meeting of Shareholders.
(4) On October 1, 2015, NSSMC performed the share consolidation at the ratio of 10 shares to 1 share. The dividend per share noted for the 91st term (fiscal year 2015) is the sum of the interim dividend of 3 yen and the year-end dividend of 15 yen. Recalculating this amount of the dividend based on the share consolidation, the interim dividend would be 30 yen, so adding the year-end dividend of 15 yen, the annual dividend works out to 45 yen per share (consolidated ratio of cash dividends to consolidated profit: 28.4%)

(6) Major Business Operations (as of March 31, 2018)

Business Segment	Main Products		
Steelmaking and Steel Fabrication	Steel Materials	Bars and shapes	Billets, rails, sheet piles, H-beams, other shapes bars, bars, bars-in-coils, wire rods, special wire rods
		Flat-rolled products	Heavy plates, medium plates, hot-rolled sheets, cold-rolled sheets, tinplates, tin-free steel, hot-dipped galvanized sheets, other metallic coated sheets, pre-coated sheets, cold-rolled electrical sheets
		Pipe and tubes	Seamless, butt-welded, electric resistance-welded, electric-arc welded, cold-drawn, coated pipes and tubes, coated steel pipes
		Railway/automotive/machinery parts	Parts for railway vehicles, die-forged products, forged aluminum wheels, retarders, ring-rolled products, forged steel products
		Specialty steel	Stainless steel, machine structural carbon steel, structural alloy steel, spring steel, bearing steel, heat-resistant steel, free-cutting steel, piano wire rods, high tensile strength steel
		Secondary steel products	Steel and synthetic segments, NS-BOX, metro deck, PANZERMAST, vibration-damping sheets and plates, structural steel sheet members, columns, welding materials, drums, bolts/nuts/washers, wire products, OCTG accessories, building and civil engineering materials
	Pig iron, steel ingots and others		Steelmaking pig iron, foundry pig iron, steel ingots, iron and steel slag products, cement, foundry coke
	Businesses incidental to Steelmaking and Steel Fabrication		Design/maintenance/installation of machines/electrical equipment/measurement apparatuses, marine transport, port/harbor transport, land transport, loading/unloading, warehousing, packaging, material testing/analysis, measurement of working environments, surveys on technical information, operation and management of facilities, security services, services related to payment of raw materials, iron-and steelmaking plant construction engineering, operating assistance, steelmaking know-how provision, rolls
	Others		Rolled titanium products, power supply, real estate, services and others
Engineering and Construction	Iron and steelmaking plants, industrial machinery and equipment, industrial furnaces, resources recycling and environment restoration solutions, environmental plants, waterworks, energy facilities and plants, chemical plants, storage tanks, on-land and offshore pipelines laying works, energy-related solutions, offshore structure fabrication/construction, civil engineering work, pipe piling work, building construction, steel-structure construction, trusses, standardized buildings products, base-isolation and vibration-control devices		

Business Segment	Main Products
Chemicals	Pitch coke, pitch, naphthalene, phthalic anhydride, carbon black, styrene monomer, bisphenol A, styrene resin, epoxy resin, adhesive-free copper-clad laminated sheet for flexible printed circuit boards, liquid crystal display materials, organic EL materials, UV/thermosetting resins
New Materials	Rolled metallic foils, semiconductor bonding wire and microballs, fillers for semiconductor encapsulation materials, carbon-fiber composite products, metal catalyst carriers for cleaning automotive emissions
System Solutions	Computer systems engineering and consulting, outsourcing and other services using IT

(7) Major Plants, Research Laboratories, Head Office, Office, Marketing Branches and Overseas Offices (as of March 31, 2018)

Plants	Kashima Works (Kashima), Kimitsu Works (Kimitsu / Itabashi-ku, Tokyo), Nagoya Works (Tokai), Wakayama Works (Wakayama / Kainan / Sakai), Hirohata Works (Himeji), Yawata Works (Kitakyushu), Oita Works (Oita, Hikari), Muroran Works (Muroran), Kamaishi Works (Kamaishi), Amagasaki Works (Amagasaki), Osaka Steel Works (Osaka), Naoetsu Works (Joetsu)
Research Laboratories	Steel Research Laboratories, Advanced Technology Research Laboratories, Process Research Laboratory (Located in Futtsu, Amagasaki, Kamisu) R&D laboratories (Located within Steelworks of Muroran, Kashima, Kimitsu, Nagoya, Hirohata, Yawata, Oita)
Head Office, Office and Marketing Branches	Head Office (Chiyoda-ku, Tokyo) Osaka Office (Osaka) Hokkaido Marketing Branch (Sapporo), Tohoku Marketing Branch (Sendai), Niigata Marketing Branch (Niigata), Hokuriku Marketing Branch (Toyama), Ibaraki Marketing Branch (Mito), Nagoya Marketing Branch (Nagoya / Tokai), Chugoku Marketing Branch (Hiroshima), Shikoku Marketing Branch (Takamatsu), Kyushu Marketing Branch (Fukuoka)
Overseas Offices	Nippon Steel & Sumitomo Metal European Office (Germany), Nippon Steel & Sumitomo Metal Dubai Office (UAE), NIPPON STEEL & SUMITOMO METAL Consulting (Beijing) Co., Ltd. (Beijing, Shanghai, Guangzhou) NIPPON STEEL & SUMITOMO METAL U.S.A., INC. (USA), NIPPON STEEL & SUMITOMO METAL Empreendimentos Siderurgicos Ltda. (Brazil), NIPPON STEEL & SUMITOMO METAL Australia Pty. Limited (Australia), PT. NIPPON STEEL AND SUMITOMO METAL INDONESIA (Indonesia), NIPPON STEEL & SUMITOMO METAL VIETNAM COMPANY LIMITED (Vietnam) NIPPON STEEL & SUMITOMO METAL Southeast Asia Pte. Ltd. (Singapore), NIPPON STEEL & SUMITOMO METAL (Thailand) Co., Ltd. (Thailand), NIPPON STEEL & SUMITOMO METAL India Private Limited (India)

(Notes)
(1) Overseas Offices include local subsidiaries.
(2) See "(9) Principal Subsidiaries and Affiliates" for a listing of major subsidiaries and their locations.

(8) Employment Data (as of March 31, 2018)

1) NSSMC Group

Business Segment	Number of employees
Steelmaking and Steel Fabrication	79,501 [15,023]
Engineering and Construction	4,602 [701]
Chemicals	1,685 [203]
New Materials	1,466 [385]
System Solutions	6,303 [49]
Total	93,557 [16,361]

(Notes)

(1) Number of employees does not include NSSMC Group employees on loan outside the group. It does include employees on loan to the NSSMC Group from outside the NSSMC Group.

(2) Temporary workers are not included. Numbers of temporary workers (average number of temporary workers employed during fiscal year 2017) are shown in brackets.

2) NSSMC

Number of employees	Average age	Average number of years employed
25,101 [4,357] employees	37.4 years old	15.4 years

(Notes)

(1) Number of employees does not include employees on loan from NSSMC to other companies. It does include employees on loan to NSSMC from outside the company.

(2) Temporary workers are not included. Number of temporary workers (average number of temporary workers employed during fiscal year 2017) is shown in brackets.

(3) Employees on loan are not included when calculating the average age and average number of years employed.

(9) Principal Subsidiaries and Affiliates (as of March 31, 2018)

Steelmaking and Steel Fabrication

Company (Location of head office)	Paid-in capital	Shareholding Ratio	Business content
[Subsidiaries]	Million yen	%	
Nisshin Steel Co., Ltd. (Chiyoda-ku, Tokyo)	30,000	51.0	Makes and markets ordinary steel, stainless steel and specialty steel
Nippon Steel & Sumikin Coated Sheet Corporation (Chuo-ku, Tokyo)	12,588	100.0	Makes and markets galvanized sheets, prepainted galvanized sheets, coated sheets, and construction materials
Osaka Steel Co., Ltd. (Osaka)	8,769	*60.9	Makes and markets shapes, bars, and billets
Nippon Steel & Sumikin Metal Products Co., Ltd. (Koto-ku, Tokyo)	5,912	100.0	Makes and markets structural materials for buildings and civil engineering work, prepainted galvanized sheets, steelmaking fluxes, and CC powders
Nippon Steel & Sumikin Pipe Co., Ltd. (Chiyoda-ku, Tokyo)	5,831	100.0	Makes, coats and markets steel pipes and tubes
Nippon Steel & Sumikin Texeng Co., Ltd. (Chiyoda-ku, Tokyo)	5,468	100.0	Conducts engineering, maintenance, and operations relating to machinery, electrical instrumentation, systems, and construction for steel-production and other facilities
Nippon Steel & Sumikin Stainless Steel Corporation (Chiyoda-ku, Tokyo)	5,000	100.0	Makes and markets stainless steel
Nippon Steel & Sumikin Logistics Co., Ltd. (Chuo-ku, Tokyo)	4,000	100.0	Undertakes ocean and land transportation and warehousing
Nippon Steel & Sumikin SG Wire Co., Ltd. (Chiyoda-ku, Tokyo)	3,634	100.0	Makes and markets bars and wire rods
Geostr Corporation (Bunkyo-ku, Tokyo)	3,352	*42.0	Makes and markets concrete and metal products for civil engineering and building construction work
Nippon Steel and Sumikin Welding Co., Ltd. (Koto-ku, Tokyo)	2,100	100.0	Makes and markets welding materials and apparatuses
Nippon Steel & Sumikin Drum Co., Ltd. (Koto-ku, Tokyo)	1,654	100.0	Makes and markets drums
Nippon Steel & Sumikin Blast Furnace Slag Cement Co., Ltd. (Kitakyushu)	1,500	100.0	Makes and markets cement and steelmaking slag and calcined lime products
Nippon Steel & Sumikin Cement Co., Ltd. (Muroran)	1,500	85.0	Makes and markets cement
Nihon Teppan Co., Ltd. (Chuo-ku, Tokyo)	1,300	*100.0	Markets, processes, and imports and exports steel products, metal processing machines, and electrical/electronic devices
Nippon Steel & Sumikin Finance Co., Ltd. (Chiyoda-ku, Tokyo)	1,000	100.0	Engages in financing and lending operations
Nippon Steel & Sumikin Stainless Steel Pipe Co., Ltd. (Koga)	916	100.0	Makes and markets stainless-steel pipes

Company (Location of head office)	Paid-in capital	Shareholding Ratio	Business content
Nippon Steel & Sumikin Steel Wire Co., Ltd. (Seki)	697	51.0	Makes and markets secondary products using bars and wire rods
Nippon Steel & Sumikin Eco-Tech Corporation (Chuo-ku, Tokyo)	500	*84.2	Designs, builds, operates, maintains, and manages water-treatment and other systems; designs civil-engineering projects; and performs environmental and chemical analysis
Nippon Steel & Sumikin Bolten Corporation (Osaka)	498	85.0	Makes and markets high-tension bolts, etc.
Nippon Steel & Sumikin Shapes Corporation (Wakayama)	400	100.0	Makes and markets H-beams
Nippon Steel & Sumikin Koutetsu Wakayama Corporation (Wakayama)	100	*100.0	Makes and markets semi-finished steel products
NIPPON STEEL AND SUMIKIN TUBOS DO BRASIL LTDA. (Rio de Janeiro, Brazil)	R$2,002 million	*100.0	Markets seamless steel pipe
NS-Siam United Steel Co., Ltd. (Rayong State, Thailand)	THB 13,007 million	80.2	Makes and markets cold-rolled sheets and galvanized sheets
National Pipe Company Limited (Eastern Province, Saudi Arabia)	SAR 200 million	*51.0	Makes and markets primarily steel line pipes
Standard Steel, LLC (Pennsylvania, U.S.A.)	US$ 47 million	*100.0	Makes and markets railway wheels and axles
NIPPON STEEL & SUMITOMO METAL U.S.A., INC. (New York, U.S.A.)	US$ 40 million	100.0	Invests companies in North American region focusing on U.S. and gathers information
PT. PELAT TIMAH NUSANTARA TBK. (Jakarta, Indonesia)	US$ 26 million	35.0	Makes and markets tinplate
NIPPON STEEL & SUMITOMO METAL (Thailand) Co., Ltd. (Bangkok, Thailand)	THB 718 million	100.0	Gathers information in Asian region focusing on Thailand
NIPPON STEEL & SUMITOMO METAL Australia Pty. Limited (New South Wales, Australia)	A$ 21 million	100.0	Participates in mine development in Australia and gathers information
NIPPON STEEL & SUMIKIN Steel Processing (Thailand) Co., Ltd. (Rayong State, Thailand)	THB 571 million	*66.5	Makes and markets cold-heading wire and cold-finished bars

Company (Location of head office)	Paid-in capital	Shareholding Ratio	Business content
[Affiliates]	Million yen	%	
Godo Steel, Ltd. (Osaka)	34,896	*15.1	Makes and markets shapes, rails, bars, billets and wires
Topy Industries Ltd. (Shinagawa-ku, Tokyo)	20,983	*20.1	Makes and markets shapes, bars, and industrial machine parts
Sanyo Special Steel Co., Ltd. (Himeji)	20,182	*14.7	Makes and markets special steel products
Kyoei Steel Ltd. (Osaka)	18,515	25.8	Makes and markets shapes, steel bars, and billets; processes and markets steel
Nippon Steel & Sumikin Bussan Corporation (Minato-ku, Tokyo)	12,335	*36.5	Markets, imports and exports steel, textiles, foods, and other products
Nippon Denko Co., Ltd. (Chuo-ku, Tokyo)	11,026	*20.9	Makes and markets ferroalloy/functional materials, environmental business and electric supply business
Nichia Steel Works, Ltd. (Amagasaki)	10,720	22.6	Makes and markets bolts and wire products
NS United Kaiun Kaisha, Ltd. (Chiyoda-ku, Tokyo)	10,300	32.8	Undertakes ocean transportation
Unipres Corporation(Yokohama)	10,039	16.4	Manufactures and sell automotive parts
Osaka Titanium technologies Co., Ltd. (Amagasaki)	8,739	23.9	Makes and markets metal titanium, polysilicon, high-functioning materials developed from titanium and silicon for new applications
Nippon Coke & Engineering Company Limited (Koto-ku, Tokyo)	7,000	*23.2	Markets coal; makes and markets coke
Japan Casting & Forging Corporation (Kitakyushu)	6,000	42.0	Makes and markets casting, forgings, ingots and billets
Krosaki Harima Corporation (Kitakyushu)	5,537	*42.9	Makes, markets and constructs refractories
Sanko Metal Industrial Co., Ltd. (Minato-ku, Tokyo)	1,980	*38.7	Makes, processes, installs and sells metal roofs and building materials
Sanyu Co., Ltd. (Hirakata)	1,513	*34.5	Makes and markets cold-finished bars and cold-heading wire
Usinas Siderúrgicas de Minas Gerais S.A.-USIMINAS (Estado do Minas Gerais, Brazil)	R$13,200 million	*31.2	Makes and markets steel products
VALLOUREC SOLUÇÕES TUBULARES DO BRASIL S.A. (Estado do Minas Gerais, Brazil)	R$8,688 million	*15.0	Makes seamless steel pipe
Baosteel-NSC Automotive Steel Sheets Co., Ltd. (Shanghai, China)	RMB 3,000 million	50.0	Makes and markets automotive steel sheets
WISCO-NIPPON STEEL Tinplate Co., Ltd. (Hubei, China)	RMB 2,310 million	50.0	Makes and markets tinplate and tinplate sheets
UNIGAL Ltda. (Estado do Minas Gerais, Brazil)	R$584 million	*30.0	Makes galvanized sheets
Companhia Nipo-Brasileira De Pelotizacao (Estado do Espírito Santo, Brazil)	R$432 million	*33.0	Holding and leasing of manufacturing facilities of pellets
Guangzhou Pacific Tinplate Co., Ltd. (Guangzhou, China)	US$36 million	25.0	Makes and markets tinplate

Engineering and Construction

Company (Location of head office)	Paid-in capital	Shareholding Ratio	Business content
[Subsidiaries]	Million yen	%	
Nippon Steel & Sumikin Engineering Co., Ltd. (Shinagawa-ku, Tokyo)	15,000	100.0	Makes and markets industrial machinery and equipment and steel structures; undertakes civil engineering and building constructions work; waste and regeneration treatment business; electricity, gas, and heat supply business

Chemicals

Company (Location of head office)	Paid-in capital	Shareholding Ratio	Business content
[Subsidiaries]	Million yen	%	
Nippon Steel & Sumikin Chemical Co., Ltd. (Chiyoda-ku, Tokyo)	5,000	100.0	Makes and markets coal chemicals, petrochemicals and electronic materials

New Materials

Company (Location of head office)	Paid-in capital	Shareholding Ratio	Business content
[Subsidiaries]	Million yen	%	
Nippon Steel & Sumikin Materials Co., Ltd. (Chuo-ku, Tokyo)	3,000	100.0	Makes and markets semiconductor components and materials, electronic components and materials, carbon-fiber composite products, and metal-processed products

System Solutions

Company (Location of head office)	Paid-in capital	Shareholding Ratio	Business content
[Subsidiaries]	Million yen	%	
NS Solutions Corporation (Chuo-ku, Tokyo)	12,952	61.3	Provides engineering and consulting pertaining to computer systems, outsourcing and other services using IT

(Notes)

(1) Figures with asterisks (*) include shares held by subsidiaries

(2) The percentage of NSSMC's ownership of Geostr Corporation and PT. PELAT TIMAH NUSANTARA TBK. is 50% or less. However, in light of the standards provided in the Regulations Concerning Financial Statements, NSSMC regards them as its subsidiaries.

(3) The percentage of NSSMC's ownership of Godo Steel, Ltd., Sanyo Special Steel Co., Ltd., Unipres Corporation and VALLOUREC SOLUÇÕES TUBULARES DO BRASIL S.A. are below 20%. However, in light of the standards provided in the Regulations Concerning Financial Statements, NSSMC regards them as its affiliates.

(4) Nippon Steel & Sumikin Koutetsu Wakayama Corporation was dissolved effective April 1, 2018, due to an absorption-type merger in which the said company was the absorbed company and NSSMC was the surviving company.

(5) Nippon Steel & Sumikin Chemical Co., Ltd. and Nippon Steel & Sumikin Materials Co., Ltd. expect to

integrate their businesses and change a trade name of the newly integrated company to NIPPON STEEL & SUMIKIN Chemical & Material Co., Ltd., effective October 1, 2018.

(10) Major Lenders (as of March 31, 2018)

Lender	Funds borrowed (Billions of yen)
Sumitomo Mitsui Banking Corporation	293.8
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	276.0
Mizuho Bank, Ltd.	267.0
Sumitomo Mitsui Trust Bank, Limited	132.0
Meiji Yasuda Life Insurance Company	86.0

(11) Surplus Distribution Policy

1) Dividends

NSSMC's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year after taking into account consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also considering the financial structure of NSSMC on a consolidated and a non-consolidated basis.

As benchmark for the payment of dividends from distributable funds in consideration of the consolidated operating results, the Company had adopted "a consolidated annual payout ratio of approximately 20-30%" until the end of fiscal year 2017. However, starting from the end of the first half of fiscal year 2018, the Company will raise the targeted consolidated annual payout ratio to "approximately 30%," from the standpoint of furthering improving the return of profit to shareholders.

The level of the first half dividend is set based on consideration of the interim operating results and full-year earnings forecasts.

As in the past, the year-end dividend payment will be made according to the resolution of the General Meeting of Shareholders, and any other form of distribution and appropriation of surplus (including the interim dividend) will be made according to the resolution of the Meeting of the Board of Directors as provided in Article 36 of the Articles of Incorporation and with the aim of securing flexibility in financial operations.

2) Acquisition of treasury stocks

The Company will acquire treasury stocks according to the resolution of the Meeting of the Board of Directors, as provided by Article 36 of the Articles of Incorporation and with the aim of securing flexibility in financial operations. At the Meeting of the Board of Directors, the acquisition of treasury stocks will be comprehensively determined after examining the needs of flexible financial operations management and after studying the effect of such an acquisition on NSSMC's financial structure.

2. Shares and Subscription Right for New Shares

(1) Overview of Shares (as of March 31, 2018)

1) Total number of shares authorized to be issued 2,000,000,000 shares
2) Total number of shares issued 950,321,402 shares
(including 66,436,595 treasury stocks)
3) Number of shareholders 436,620

4) Top 10 shareholders

Name of shareholder	Shares held (Thousand shares)	Percentage of ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	39,987	4.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,861	4.3
Nippon Life Insurance Company	24,532	2.8
Sumitomo Corporation	18,269	2.1
Japan Trustee Services Bank, Ltd. (Trust Account 5)	16,913	1.9
Mizuho Bank, Ltd.	16,299	1.8
STATE STREET BANK WEST CLIENT – TREATY 505234	14,896	1.7
Sumitomo Mitsui Banking Corporation	14,647	1.7
Meiji Yasuda Life Insurance Company	13,960	1.6
Japan Trustee Services Bank, Ltd. (Trust Account 9)	13,904	1.6

(Notes)
(1) The percentage of ownership is calculated based on the total number of shares issued excluding treasury stocks.
(2) Mizuho Bank, Ltd. holds a further 2,235 thousand shares of NSSMC (0.3% ownership) other than those above, as a retirement benefit trust.
(3) Sumitomo Mitsui Banking Corporation holds a further 6,638 thousand shares of NSSMC (0.8% ownership) other than those above, as a retirement benefit trust.

(2) Subscription Right for New Shares (as of March 31, 2018)

No matters to be reported during this period.

3. Basic Philosophy of Corporate Governance

The Company has established a corporate governance system suited to the businesses of the NSSMC Group in order to achieve the sound and sustainable growth of the NSSMC Group and increase its corporate value over the medium- to long-term, in response to the mandate delegation of responsibilities by and trust of from all stakeholders, including its shareholders and business partners.

The Company has adopted a company structure with an Audit & Supervisory Board, having determined that this system is effective in ensuring the efficiency and soundness of management. Under this system, the Board of Directors, consisting chiefly of Directors with intimate knowledge of NSSMC's businesses (which are mainly steelmaking and steel fabrication), makes decisions not only on basic management policies, but also on the execution of important business matters; and the Audit & Supervisory Board Members, with strong legal authority, attend meetings of the Board of Directors to independently supervise the execution of responsibilities by Directors and officers.

To ensure the soundness of management, Senior Audit & Supervisory Board Members with intimate knowledge of NSSMC's businesses and Outside Audit & Supervisory Board Members with a high degree of expertise, collaborate with NSSMC's Accounting Auditor, Internal Control and Audit Division, and others and audit, among others, the status of performance of responsibilities by the Board of Directors, the status of NSSMC's assets on a day-to-day basis. The Company also appoints several Outside Directors with a deep experience relating to corporate management, etc. in order to make decisions with a diverse range of perspectives and enhance the Board of Directors function of supervising management.

Currently, in addition to eleven (11) Executive Directors, two (2) Outside Directors and seven (7) Audit & Supervisory Board Members (four (4) of which are Outside Audit & Supervisory Board Members) who do not engage in the execution of business, attend meetings of NSSMC's Board of Directors to ensure multifaceted and sufficient deliberations, and objective decision-making.

Furthermore, if Items 3 and 4 are approved proposed herein at the 94th General Meeting of Shareholders, the number of Outside Directors will increase by one, to have eleven (11) Executive Directors, three (3) Outside Directors, and seven (7) Audit & Supervisory Board Members including four (4) Outside Audit & Supervisory Board Members. (Non-executive Members of the Board will account for approximately half (10 out of 21), and Outside Directors and Outside Audit & Supervisory Board Members will account for one third (7 out of 21) of all attendees at the Meetings of the Board of Directors.) The three (3) Outside Directors stated above include one (1) female Director.

4. Members of the Board of Directors and Audit & Supervisory Board Members

(1) Executive Officers as of March 31, 2018

Title and name	Responsibilities/positions and material concurrent positions
Representative Director and Chairman Shoji Muneoka	
Representative Director and President Kosei Shindo	Material concurrent positions Chairman, The Japan Iron and Steel Federation Vice Chair, KEIDANREN (Japan Business Federation)
Representative Directors and Executive Vice Presidents Soichiro Sakuma	General Administration; Legal; Internal Control & Audit; Business Process Innovation; Human Resources; Environment Material concurrent positions Chairman, Nippon Steel & Sumitomo Metal Arts Foundation
Yasumitsu Saeki	Marketing Administration & Planning; Transportation & Logistics; Project Development; Machinery & Materials Procurement; Steel Products Units; Domestic Office and Branches Cooperating with Executive Vice President E. Hashimoto on Overseas Offices (including Corporate Entities) Material concurrent positions Vice Chairman, Baosteel-NSC Automotive Steel Sheets Co., Ltd.
Shinji Fujino	Intellectual Property; Safety; Plant Safety; Technical Administration & Planning; Standardization; Quality Management; Plant Engineering and Facility Management; Ironmaking Technology; Steelmaking Technology; Energy Technology; Slag & Cement Cooperating with Executive Vice President S. Sakuma on Environment
Eiji Hashimoto	Head of Global Business Development Overseas Offices (including Corporate Entities) Material concurrent positions President, WISCO-NIPPON STEEL Tinplate Co., Ltd.
Kenji Takahashi	Head of Research and Development Material concurrent positions Vice President, The Iron and Steel Institute of Japan
Toshiharu Sakae	Corporate Planning; Group Companies Planning; Accounting & Finance; Raw Materials Material concurrent positions Chairman, The Japan Ferrous Raw Materials Association

Title and name	Responsibilities/positions and material concurrent positions
Managing Directors	
Shinji Tanimoto	Intellectual Property; Technical Administration & Planning; Plant Engineering and Facility Management; Ironmaking Technology; Steelmaking Technology; Energy Technology Rendering Assistance to Executive Vice President Y. Saeki on Steel Products Units Cooperating with Managing Director S. Nakamura on Transportation & Logistics Technology
Shinichi Nakamura	Head of Unit, Flat Products Unit; Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project, Global Business Development Sector; Project Leader, India Continuous Annealing and Processing Line Project, Global Business Development Sector Marketing Administration & Planning; Transportation & Logistics Material concurrent positions Director, Nippon Steel & Sumikin Metal Products Co., Ltd. Director, Nippon Steel & Sumikin Coated Sheet Corporation Director, Guangzhou Pacific Tinplate Co., Ltd. Director, Baosteel-NSC Automotive Steel Sheets Co., Ltd.
Toshihiko Kunishi	Head of Unit, Pipe & Tube Unit; Project Leader, VSB Project, Global Business Development Sector Material concurrent positions Director, Nippon Steel & Sumikin Pipe Co., Ltd.
Directors (Outside Directors)	
Mutsutake Otsuka	Executive Advisor to the Board of East Japan Railway Company Material concurrent positions Outside Audit & Supervisory Board Member, Electric Power Development Co., Ltd. Outside Director, JXTG Holdings, Inc.
Ichiro Fujisaki	Material concurrent positions Outside Director, ITOCHU Corporation President, The America-Japan Society, Inc.
Senior Audit & Supervisory Board Member	
Yutaka Takeuchi	
Atsuhiko Yoshie	
Audit & Supervisory Board Members	
Masato Tsuribe	

Title and name	Responsibilities/positions and material concurrent positions
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	
Katsunori Nagayasu	Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Material concurrent positions Outside Director, Isetan Mitsukoshi Holdings Ltd. Outside Audit & Supervisory Board Member, MITSUBISHI MOTORS CORPORATION Outside Director, Kirin Holdings Company, Limited Outside Director, Mitsubishi Electric Corporation Vice Chair, KEIDANREN (Japan Business Federation)
Hiroshi Obayashi	Attorney, Obayashi Law Office Material concurrent positions Outside Audit & Supervisory Board Member, Daiwa Securities Co. Ltd. Outside Director, Mitsubishi Electric Corporation Outside Audit & Supervisory Board Member, Japan Tobacco Inc.
Jiro Makino	Vice Chairman, The General Insurance Association of Japan
Seiichiro Azuma	Certified Public Accountant, Seiichiro Azuma Certified Public Accountant Office Material concurrent positions Outside Audit & Supervisory Board Member, Kansai Paint Co., Ltd.

(Notes)

(1) The Company has signed an agreement with each Outside Director and Outside Audit & Supervisory Board Members limiting their liability under Article 423, Paragraph 1 of the Companies Act to 20 million yen or the amount stipulated under Article 425, Paragraph 1 of the Companies Act, whichever is greater, as long as he/she acts unknowingly and is not grossly negligent in performing his/her duties.

(2) Managing Director Shinji Tanimoto served as Director of Nippon Steel & Sumikin Texeng Co., Ltd. until June 28, 2017.

(3) Director Ichiro Fujisaki served as Distinguished Professor of Sophia University until December 31, 2017.

(4) Senior Audit & Supervisory Board Member Yutaka Takeuchi has substantial knowledge of finance and accounting, having experienced Head of Unit, Accounting & Finance Unit of NSSMC.

(5) Outside Audit & Supervisory Board Member Seiichiro Azuma is a certified public accountant with substantial knowledge of finance and accounting.

(6) Outside Director Mutsutake Otsuka also holds a post at East Japan Railway Company, with which NSSMC has business relations concerning steel and other products/services transactions, etc.

(7) Outside Audit & Supervisory Board Member Katsunori Nagayasu also holds a post at The Bank of Tokyo-Mitsubishi UFJ, Ltd., with which NSSMC has business relations concerning loans, etc. In addition, he holds a post at MITSUBISHI MOTORS CORPORATION and a post at Mitsubishi Electric Corporation, with which NSSMC has business relations concerning steel products trading, etc.

(8) Outside Audit & Supervisory Board Member Hiroshi Obayashi also holds a post at Mitsubishi Electric Corporation, with which NSSMC has business relations concerning steel products trading, etc.

(9) The Company has filed the two Outside Directors – Mutsutake Otsuka and Ichiro Fujisaki and four Outside Audit & Supervisory Board Members – Katsunori Nagayasu, Hiroshi Obayashi and Jiro Makino and Seiichiro Azuma, as its “independent directors/auditors” with each financial exchange in Japan where it is listed.

(2) Executive Officers after April 1, 2018

Title and name	Responsibilities/positions
Representative Director and Chairman Shoji Muneoka	
Representative Director and President Kosei Shindo	
Representative Directors and Executive Vice Presidents	
Eiji Hashimoto	Head of Global Business Development Overseas Offices
Toshiharu Sakae	General Administration; Legal; Internal Control & Audit; Business Process Innovation; Human Resources; Environment; Raw Materials
Shinji Tanimoto	Intellectual Property; Safety; Plant Safety; Technical Administration & Planning; Standardization; Quality Management; Plant Engineering and Facility Management; Ironmaking Technology; Steelmaking Technology; Energy Technology; Slag & Cement Cooperating with Executive Vice President T. Sakae on Environment
Shinichi Nakamura	Marketing Administration & Planning; Transportation & Logistics; Project Development; Machinery & Materials Procurement; Steel Products Units; Domestic Office and Branches Cooperating with Executive Vice President E. Hashimoto on Overseas Offices
Managing Directors	
Toshihiko Kunishi	Vice Head of Global Business Development; Deputy Project Leader, VSB Project, Global Business Development Sector Cooperating with Head of Unit, Pipe & Tube Unit on Pipe & Tube
Directors	
Soichiro Sakuma	Advisor to the President
Yasumitsu Saeki	Advisor to the President
Shinji Fujino	Advisor to the President
Kenji Takahashi	Advisor to the President
Directors (Outside Directors)	
Mutsutake Otsuka	Executive Advisor to the Board of East Japan Railway Company
Ichiro Fujisaki	
Senior Audit & Supervisory Board Member Yutaka Takeuchi	
Atsuhiko Yoshie	
Audit & Supervisory Board Members Masato Tsuribe	
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	
Katsunori Nagayasu	Senior Advisor, MUFG Bank, Ltd.
Hiroshi Obayashi	Attorney, Obayashi Law Office
Jiro Makino	Vice Chairman, The General Insurance Association of Japan
Seiichiro Azuma	Certified Public Accountant, Seiichiro Azuma Certified Public Accountant Office

(3) Compensation Paid to Directors and Audit & Supervisory Board Members

(Unit: yen)

Position	Number of recipients	Classification	Amount
Directors	15	Compensation	857,007,000
Outside Directors	2	Compensation	28,800,000
Audit & Supervisory Board Members	7	Compensation	210,000,000
Outside Audit & Supervisory Board Members	4	Compensation	57,600,000
Total	22	Compensation	1,067,007,000

(Note)
The above number of recipients includes two Directors who resigned at the conclusion of the 93rd General Meeting of Shareholders held on June 27, 2017.

(4) Policies regarding Decision on the Amount of Compensations for Directors and Audit & Supervisory Board Members

1) Description of policies

The policies regarding decisions on the amount of compensation, etc. for Directors and Audit & Supervisory Board Members of NSSMC are as detailed in items (i) and (ii), below.

(i) Directors

NSSMC sets the amount of base compensations for individual ranks that are deemed to measure up to each Director's required skills and responsibilities. These base compensations vary within a certain range based on NSSMC's consolidated performance. The Company then allocates monthly compensations for each Director within the limits approved by the General Meeting of Shareholders.

In accordance with the abovementioned policies, the compensation of Directors consists solely of monthly compensation. The amount of compensation is wholly based upon performance of NSSMC, in order to give incentives for the continuous growth of NSSMC's group and improvement of its corporate value. Fluctuations in compensation in response to consolidated performance of NSSMC are determined based on NSSMC's consolidated annual profit/loss and the ordinary profit/loss in the steelmaking segment from the previous fiscal year, with consideration also given to their relation to the Mid-Term Management Plan.

(ii) Audit & Supervisory Board Members

NSSMC allocates monthly compensation for each Audit & Supervisory Board Member, within the limits approved by the General Meeting of Shareholders, taking into consideration the Audit & Supervisory Board Member's duties depending on the rank and whether the Audit & Supervisory Board Members is full-time or part-time.

NSSMC abolished its retirement benefits for Directors and Audit & Supervisory Board Members in fiscal year 2006. Furthermore, the policies relating to bonuses was deleted from "the Policies regarding Decisions on the Amount of Compensation for Directors and Audit & Supervisory Board Members" in fiscal year 2013.

2) Methods for decision on policies

Policy on monthly compensation to Directors is determined by resolution at the Meeting of the Board of Directors. Policy on monthly compensation to Audit & Supervisory Board Members is determined in consultation with the Audit & Supervisory Board Members.

3) Procedures for Deciding Amount of Compensation, etc.

The monthly compensation of each member of the Board of Directors is determined by resolution of the Board of Directors, after deliberation by the "Nomination and Compensation Advisory Committee," which consists of the Chairman, the President, and three members designated by the President from among the Outside Directors/Auditors.

The monthly compensation of each the Audit and Supervisory Board Member is determined through discussion by the Audit & Supervisory Board Members.

(5) Outside Director/Auditor

1) Material concurrent positions held by Outside Director/Auditor

Such positions are shown on pages 43 through 44.

2) Activities of the Outside Director/Auditor

Position	Name	Main activities
Director	Mutsutake Otsuka	Mr. Otsuka attended 13 Board Meetings (out of 13 meetings held during the term; attendance rate 100%). He has presented an extensive view based on his knowledge and experience as a business manager.
Director	Ichiro Fujisaki	Mr. Fujisaki attended 12 Board Meetings (out of 13 meetings held during the term; attendance rate 92%). He has presented an extensive view based on his knowledge and experience concerning international affairs and economics, etc.
Audit & Supervisory Board Member	Katsunori Nagayasu	Mr. Nagayasu attended 12 Board Meetings (out of 13 meetings held during the term; attendance rate 92%) and 16 Audit & Supervisory Board Members' meetings (out of 17 meetings held during the term; attendance rate 94%). He has conducted hearings on business conditions of each Division, as well as visits to our major steelworks, and presented an extensive view based on his knowledge and experience as a business manager.
Audit & Supervisory Board Member	Hiroshi Obayashi	Mr. Obayashi attended 13 Board Meetings (out of 13 meetings held during the term; attendance rate 100%) and 17 Audit & Supervisory Board Members' meetings (out of 17 meetings held during the term; attendance rate 100%). He has conducted hearings on business conditions of each Division, as well as visits to our major steelworks, and presented an extensive view based on his knowledge and experience as an attorney.
Audit & Supervisory Board Member	Jiro Makino	Mr. Makino attended 13 Board Meetings (out of 13 meetings held during the term; attendance rate 100%) and 17 Audit & Supervisory Board Members' meetings (out of 17 meetings held during the term; attendance rate 100%). He has conducted hearings on business conditions of each Division, as well as visits to our major steelworks, and presented an extensive view based on his knowledge and experience concerning public and financial administrations, etc.
Audit & Supervisory Board Member	Seiichiro Azuma	Mr. Azuma attended 13 Board Meetings (out of 13 meetings held during the term; attendance rate 100%) and 17 Audit & Supervisory Board Members' meetings (out of 17 meetings held during the term; attendance rate 100%). He has conducted hearings on business conditions of each Division, as well as visits to our major steelworks, and presented an extensive view based on his knowledge and experience as a certified public accountant possessing deep familiarity with corporate accounting.

3) Total amount of compensation, etc.

Total amount of compensation, etc. paid to outside officers is as shown on page 46.

5. Certain Matters concerning Accounting Auditor

(1) Name

KPMG AZSA LLC

(Note) NIPPON STEEL & SUMITOMO METAL U.S.A., INC. and some other subsidiaries of the Company are audited by audit firms other than the above-mentioned audit firm.

(2) Amount of Compensations, etc. of Accounting Auditor and Grounds for Consent to Such Compensations, etc. by Audit & Supervisory Board

1) Amount of compensations paid	137,000,000 yen
2) The amount of compensations payable by NSSMC and its subsidiaries to accounting auditor for its audit certification services	1,202,581,000 yen
3) Total amount of cash and other financial benefit payable by NSSMC and its subsidiaries to accounting auditor	1,219,244,000 yen

(Notes)

(1) With respect to 1) above, the compensations for audit services under the Companies Act and the compensations for audit services under the Financial Instruments and Exchange Act are not clearly distinguished and it is not practically possible to distinguish them, therefore, their total amount is shown above.

(2) The Company delegates services relating to preparation of letters to lead managing underwriters in association with issuance of bonds as non-audit services and others, and pays compensations for the services.

The Audit & Supervisory Board, having confirmed the audit plan of the Accounting Auditor, the status of execution of their duties, the data used to calculate the estimated compensation, and other related matters, have determined that the compensation of the Accounting Auditor is reasonable, and have given their consent in accordance with Article 399, Paragraph 1 of the Companies Act.

(3) Policy regarding Decision on Dismissal or Non-Reelection of Accounting Auditor

NSSMC will dismiss the accounting auditor by unanimous consents of the Audit & Supervisory Board Members upon occurrence of events justifying such dismissal, pursuant to laws and regulations. In addition, the Audit & Supervisory Board shall resolve and submit proposal to dismiss or not to reelect the accounting auditor to the General Meeting of Shareholders if any event materially interferes with continuation of the audit services occurs.

6. Outline of the Resolution Concerning Establishment and Management of the System to Secure Operational Fairness, etc. and Status of Operation of the System

(1) Basic policy on internal control system

The resolutions made to ensure appropriateness of its business are as follows.

NSSMC is aiming at continuous improvement of its corporate value and winning the trust of society under the "Corporate Philosophy of the Nippon Steel & Sumitomo Metal Corporation Group." In addition, NSSMC will establish and appropriately manage an internal control system as follows to comply with applicable laws and regulations, and ensure integrity of financial reporting, and effectiveness and efficiency of business, and will continue to improve such system in view of further enhancement of corporate governance.

1. System to Ensure that Performance of Responsibilities by the Directors of NSSMC Complies with Applicable Laws and Regulations and the Articles of Incorporation.

The Board of Directors will make decisions or receive reports on important matters of management in accordance with the Rules of the Board of Directors and other relevant internal rules.

In accordance with the resolution at the Board of Directors, each of the Executive Directors will, in his/her assigned area, perform his/her responsibilities and supervise the performance of responsibilities of employees, and report such supervisory status to the Board of Directors.

2. System for the Preservation and Management of Information in relation to the Performance of Responsibilities by the Directors of NSSMC

NSSMC will appropriately preserve various information in relation to the performance of responsibilities, including minutes of Meetings of the Board of Directors, by, among others, specifying managers in charge of information preservation and management, and classifying each information by security level, in accordance with the internal rules for information management.

NSSMC will seek to make timely and accurate disclosure of important corporate information, such as its management plan and financial information, in addition to such disclosure as required by applicable laws and regulations.

3. Rules and Other Systems with respect to Loss-related Risk Management of NSSMC

The General Manager of each division will identify and evaluate risks associated with business in his/her division, and carry out his/her duties in accordance with the authority and responsibilities set out in internal rules for organization and operation.

With respect to risks related to areas such as safety and health, environment and disaster prevention, information management, intellectual properties, quality control, and integrity of financial reporting, the division in charge of each specific area (each functional division) will establish rules and other systems from a company-wide perspective, inform other divisions of such rules and systems, identify and evaluate the status of risk management at other divisions through monitoring and other methods, and provide guidance and advice to such divisions.

Upon the occurrence of an accident, disaster, compliance issue, or other event which causes a material effect on the management, the Executive Directors will immediately convene "Emergency Control Headquarters" and other meetings, and take necessary actions in order to minimize the damage, impact, and other effects.

4. System to Ensure Efficiency in the Performance of Responsibilities by Directors of NSSMC

The Board of Directors will make decisions on the execution of management plans and business strategies, as well as important business executions such as capital expenditure, and investments and provision of loans, after such matters are deliberated by companywide Committees for relevant areas such as ordinary budget, plant and equipment investment budget, investment and financing, and technology development, and the Corporate Policy Committee.

The business execution under the resolution at the Board of Directors and other corporate organizations is performed promptly by the Executive Directors, Executive Officers, and General Managers.

5. System to Ensure that Performance of Responsibilities by Employees of NSSMC Complies with Applicable Laws and Regulations and the Articles of Incorporation

NSSMC will build and maintain an internal control system based on autonomous internal controls.

Each General Manager will develop an autonomous internal control system in his/her Division, and strive to ensure thorough compliance with applicable laws and regulations and internal rules, and prevent any violation of applicable laws and regulations in business and affairs. NSSMC will also develop and enhance an employee-education system that includes regular seminars, and the creation and distribution of manuals for the purpose of ensuring compliance with applicable laws and regulations and internal rules. When each General Manager becomes aware of any potentially illegal acts or facts, he or she will immediately report such matters to the General Manager for the Internal Control & the Audit Division.

The General Manager of the Internal Control & Audit Division will confirm the status of developing and operating company-wide internal control systems, and identify and evaluate each Division's situation of compliance with applicable laws and regulations and internal rules, and take necessary measures such as preventing violations of applicable laws and regulations and internal rules. Moreover, the General Manager will report on such matters to the Risk Management Committee, and further report on important items among such matters to the Corporate Policy Committee and the Board of Directors. The General Manager will also establish and operate a whistleblower system that provides consultations and takes reports regarding risks in the operation of business. Employees are obligated to comply with applicable laws and regulations and internal rules and to appropriately perform their responsibilities.

Employees who violate applicable laws and regulations and internal rules will be subject to disciplinary action under the Rules of Employment.

6. System to Ensure Appropriateness of Operation in the Corporate Group Consisting of NSSMC and its Subsidiaries

Under the "Corporate Philosophy of the Nippon Steel & Sumitomo Metal Corporation Group," NSSMC and each Group company will share business strategy and conduct their business in a unified manner, taking into account each company's business characteristics, and will familiarize their respective employees with their respective business operation policies and other related matters. With respect to control of the Group companies, NSSMC will set forth basic rules in the Rules for Control of group companies, and ensure their appropriate application.

Each Group company will build and maintain its internal control system based on autonomous internal controls, and seek to improve measures relating to internal control through, among other measures, information sharing with NSSMC. Each responsible division of NSSMC will confirm the status of internal controls at each Group company, and provide assistance in its improvements, where necessary.

The General Manager of the Internal Control & Audit Division will coordinate with each functional division, and identify and evaluate the situation of internal control of the Group companies as a whole, and provide guidance and advice to each responsible division and each Group company.

The specific systems under the views above are as follows.

(i) System for Reporting to NSSMC in relation to the Performance of Responsibilities by the Group Companies' Directors

The responsible divisions of NSSMC will request that each Group company report on important management matters in relation to NSSMC's consolidated management or each Group company's management, including business plans, significant business policies, and financial results, and give advice and other guidance.

(ii) Rules and Other Systems with respect to Group Companies' Loss-related Risk Management

The responsible divisions of NSSMC will request that each Group company report on the situation of risk management in each Group company, and give advice and other guidance.

(iii) System to Ensure Efficiency in the Performance of Responsibilities by the Group Companies' Directors

The responsible divisions of NSSMC will evaluate the business performance of each Group company, and give support for the management.

(iv) System to Ensure that the Performance of Responsibilities by Group Companies' Directors and Employees Complies with Applicable Laws and Regulations and the Articles of Incorporation

The responsible divisions of NSSMC will request that Group companies report on their respective situation on compliance with applicable laws and regulations, and the development and operation of internal control systems, and give necessary support, advice, and other guidance. Additionally, such divisions will request that each Group company report on any actions and facts in such Group company that may violate applicable laws and regulations, and promptly report to the General Manager of the Internal Control & Audit Division.

7. Matters concerning Supervision by Audit & Supervisory Board Members

The Directors, Executive Officers, General Managers, and other employees of NSSMC will timely and appropriately report important matters, such as the situation of the performance of responsibilities and facts that cause a material effect on the management, to the Audit & Supervisory Board Members or the Audit & Supervisory Board, directly or through the related divisions such as the Internal Control & Audit Division. They will also report important management matters such as the situation of operation of the internal control system to the Board of Directors, the Corporate Policy Committees and the Risk Management Committees, and other corporate committees, and thereby share such information with Audit & Supervisory Board Members.

The directors, audit & supervisory board members, and employees of each Group company will timely and appropriately report important matters in such Group company, such as the situation of the performance of responsibilities, and facts that cause a material effect on the management, to the Audit & Supervisory Board Members or the Audit & Supervisory Board of NSSMC, directly or through the related Divisions such as the Internal Control & Audit Division.

NSSMC will not unfavorably treat a person who has reported as stated above, for reasons of such report, in accordance with the Rules for the Whistleblower System.

The General Manager of the Internal Control & Audit Division will act as a liaison and cooperate with the Audit & Supervisory Board Members by, among others, exchanging opinions on the situation of operations of internal control systems, both regularly and as needed. The General Manager will also report on the situation of operating the Whistleblower Systems to the Audit & Supervisory Board Members.

NSSMC will establish the Audit & Supervisory Board Members' Office, and assign dedicated staff members, in order to support the performance of responsibilities by Audit & Supervisory Board - 25 - Members. To ensure independence from the Directors, dedicated staff members necessary for supervisory work will be assigned and will engage in such work under the direction of Audit & Supervisory Board Members. The General Manager of the Human Resources Division will discuss personnel matters relating to such staff members, including transfers and evaluations, with the Audit & Supervisory Board Members.

NSSMC will budget costs that it deems necessary for Audit & Supervisory Board Members to perform their responsibilities. In addition, NSSMC will reimburse costs incurred by Audit & Supervisory Board Members after Audit & Supervisory Board Members pay costs in an urgent or temporary situation.

(2) Outline of status of operation

1) Operational organization

NSSMC has established an operational organization for its internal control systems. This organization consists of the Internal Control & Audit Division (12 full-time and 20 concurrently with their other posts), which is responsible for the internal control plan and internal audits, and functional divisions responsible for managing risk in each field (about 700 staffs). NSSMC has also

designated a person in charge of risk management (about 150 for NSSMC) and a person responsible for risk management (about 550 in group companies) who are engaged in planning and promoting autonomous internal-control activities in each division and Group company.

This organization operates the internal control system as follows.

2) Specific status of operation

a) Internal control plan

In March of each year, NSSMC develops an annual plan on internal control for NSSMC Group as a whole based on changes in the related laws and the business circumstances. This plan includes a basic policy, separate plans for each function, including safety, environment, plant safety, and quality, an internal audit plan, and an education plan. Each division and Group company creates its own plan for the fiscal year based on such annual plan developed by NSSMC.

b) Autonomous internal control activities

In accordance with the annual plan, each division and Group company autonomously performs internal control activities based on the characteristics of each business and its inherent risks. Specifically, such activities include establishment, education and voluntary inspections of operational rules, manuals and other documentation; third-party monitoring; and improvements to operations based on the results thereof.

Such divisions and Group companies immediately report any accidents, disasters, facts that may violate applicable laws and regulations, etc. to the Internal Control & Audit Division, and coordinate with the relevant divisions to take corrective measures, such as measures to prevent recurrence. The Internal Control & Audit Division compiles case studies of such incidents and shares them within the NSSMC Group. Each division and Group company then performs inspections for similar risks.

c) Internal audits, etc.

Internal audits confirm the status of internal controls via internal-control checklists and other documents. Additionally, the Internal Control & Audit Division and each functional division monitor each division and group company.

As measures to complement NSSMC's internal controls, NSSMC also operates a hotline for internal reporting and consultations within the company and at external professional organizations, which are open to employees of NSSMC and group companies and their families, as well as employees of NSSMC's suppliers and others. In fiscal year 2017, there were 257 cases of internal reporting and consultations. NSSMC and its major group companies conduct employee awareness surveys regarding internal controls.

d) Assessment and improvement

The Internal Control & Audit Division reports the status of operation of the internal control system at the quarterly meeting of the Risk Management Committee. It is also reported at meetings of the Corporate Policy Committee and Board of Directors. Such status is also shared with each division and Group company at the meeting of the persons in charge of risk management and the meeting of the persons responsive for risk management.

The Internal Control & Audit Division also assesses the effectiveness of its internal control system as of the end of each fiscal year, and compiles a report of its assessment based on the status of internal-control activities, internal audits, etc. This assessment is then reported to the Risk Management Committee, Corporate Policy Committee, and Board of Directors.

Based on the results of these assessments, NSSMC establishes measures to improve the effectiveness of its internal control system, and incorporates them into the next fiscal year's internal control plan.

e) Education and awareness raising

The Company educates employees and officers of NSSMC and those of its group companies through sessions on internal controls prepared by NSSMC. The sessions include position-specific training, and are given to everyone from new hires to executive management.

The Company also works actively to raise awareness of its approach to internal controls, establishment of better workplace culture, and other topics through a dialog between the Internal Control & Audit Division, and each division of NSSMC, and its group companies.

f) Coordination with Audit and Supervisory Board Members and Accounting Auditor

The Internal Control & Audit Division reports the status of internal controls to the Audit and Supervisory Board each quarter. It also reports and discusses the status of internal controls with the Risk Management Committee with the attendance of Audit and Supervisory Board Members. The Internal Control & Audit Division is also committed to sharing information and coordinating, including holding monthly liaison meetings with the Audit & Supervisory Board Members' Office. It reports and discusses such matters as the results of assessments of internal controls relating to the status of operation of the Risk Management Committee and reporting of financial statements to the Accounting Auditor periodically.

7. Basic Policy regarding the Control of NSSMC

Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NSSMC

Under the corporate philosophy that the NSSMC group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services, the NSSMC group aims to improve its corporate value, and further the common interests of its shareholders, by enhancing its competitiveness and profitability through the planning and execution of management strategies.

NSSMC has decided to take necessary action to prepare for the acquisition of substantial shareholdings in NSSMC or other related activities that could disturb such corporate philosophy and management strategies and cause damage to NSSMC's corporate value by, among other reasons, threatening obstruction of the existence and development of NSSMC, and which could result in harm to the common interests of NSSMC's shareholders.

NSSMC believes that in the event a third party proposes the acquisition of substantial shareholdings in NSSMC (a "Takeover Proposal"), the ultimate decision as to whether or not to accept the Takeover Proposal should be made by the then shareholders of NSSMC. On the other hand, NSSMC believes that such Takeover Proposals could include those with the potential to cause clear damage to the corporate value of NSSMC or the common interests of the shareholders of NSSMC or those with the potential to practically coerce shareholders into selling their shares of NSSMC.

Consequently, NSSMC implemented the Fair Rules for the Acquisition of Substantial Shareholders (Takeover Defense Measures) (the "Plan") because NSSMC believes it is the Board of Directors' responsibility to put in place clear and transparent rules in order to prepare for such disadvantages to the shareholders of NSSMC in the event a Takeover Proposal is made by a third party, and, for the occasions where a Takeover Proposal is actually made, to create an environment in which the shareholders of NSSMC can make an appropriate informed judgment based on sufficient information and with a reasonable time period to consider the Takeover Proposal.

Outline of Measures to Keep the Control over Decision-Making on Financial and Business Policies out of the Hands of Inappropriate in view of the above Basic Policy

NSSMC adopted the Plan in order to protect and enhance common interests of the shareholders of NSSMC by the resolution of the Board of Directors in March 2006. Subsequently in March 2016, after 10 years had passed since the adoption of the Plan, NSSMC reconsidered the necessity of the Plan, while at the same time determined to change the system to the one in which prior approval of shareholders is required to adopt or renew the Plan in an effort to further enhance its reliability and legal stability. At the 92nd General Meeting of Shareholders held on June 24 of that year, NSSMC received approval by the shareholders of the Plan that reflects such changes. A summary of the Plan approved by the shareholders is indicated in paragraphs (1) through (3) below.

(1) Provision of the Required Information by the Bidder and examinations at a meeting of the Board of Directors

When the Board of Directors has received all of the information as stipulated in the Plan (the "Required Information") from any person who has an intention to hold 15% or more of the voting rights ratio of the shares, etc. of NSSMC ("Bidder"), the Board of Directors shall review as to whether or not the Takeover Proposal made by the Bidder is in the best interests of the corporate value and the common interests of shareholders. (The review period, as a general rule, is 12 weeks.)

(2) Procedures to ascertain shareholders' will

In order to have shareholders determine whether or not to accept a Takeover Proposal, the Board of Directors, as a general principle, after the review period, holds a shareholders vote to ascertain shareholders' will (a "Shareholders Vote") regarding whether or not the issuance of the stock acquisition rights (the "Rights") by way of a gratis allotment (implementation of measures to a Bidder) will be implemented and the necessity thereof, through a written ballot or at a meeting held to confirm the shareholders' will.

However, after examinations of the Required Information by the Board of Directors, in such case the Board of Directors determines that the Takeover Proposal is in the best interests of the corporate value of NSSMC and the common interests of shareholders of NSSMC, a Shareholders Vote will not be held and the

issuance of the Rights by way of a gratis allotment will also not be implemented.

(3) In the event the Rights are issued by way of a gratis allotment

The implementation of issuance of the Rights by way of a gratis allotment under the Plan is only limited to such cases in which i) the shareholders of NSSMC vote in favor of the issuance of the Rights by way of a gratis allotment at the Shareholders Vote, ii) the Bidder fits within one of the four categories including so-called green mailer specified as harmful and abusive according to the judicial precedents, and the Board of Directors determines the Takeover Proposal may cause clear damage to the common interests of the shareholders of NSSMC and iii) the Board of Directors determines the Bidder failed to comply with the procedures set forth in the Plan.

With respect to judgments regarding ii) and iii) above, NSSMC will obtain in advance the opinion of the Independent Committee, comprising three of the Outside Directors or Outside Audit & Supervisory Board Members of NSSMC, in order to enhance the fairness of the judgments of the Board of Directors in connection with the implementation of the Plan, and respects such opinion to the maximum extent possible.

The Plan of NSSMC has been posted on NSSMC's website.

Judgment of the Board of Directors on the Measures above and ground for such Judgment

The Plan sets forth the rules and procedures that enable the shareholders to make a judgment on the necessity of the issuance of the Rights by way of a gratis allotment) based on sufficient information and with reasonable time period of consideration. The Plan is designed to improve NSSMC' corporate value as well as to protect and enhance the common interests of the shareholders by leaving ultimate decision as to whether or not to accept the Takeover Proposal to the shareholders of NSSMC and, therefore, it is not detrimental to the common interests of shareholders of NSSMC or it is not intended to maintain the status held by the directors of NSSMC.

In view of the above, the Board of Directors judges that the Plan is in compliant with "Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NSSMC" mentioned above.

(Note)

With respect to amount of money and number of shares expressed in this Business Report, the amount less than unit are truncated.

● Consolidated Financial Statements

(1) Consolidated Balance Sheet

Millions of yen

ASSETS	March 31, 2018
Current assets :	
Cash and bank deposits	**108,782**
Notes and accounts receivable	**678,579**
Marketable securities	**7,266**
Inventories	**1,380,003**
Deferred tax assets	**77,363**
Other	**226,635**
Less: Allowance for doubtful accounts	**(1,766)**
Total current assets	**2,476,863**
Fixed assets :	
Tangible fixed assets :	
Buildings and structures (net)	**759,716**
Machinery, equipment and vehicles (net)	**1,131,993**
Tools, furniture and fixtures (net)	**52,671**
Land	**653,182**
Leased assets (net)	**13,061**
Construction in progress	**264,334**
	2,874,959
Intangible assets	
Patents and utility rights	**4,802**
Software	**46,131**
Goodwill	**32,401**
Leased assets	**1,636**
	84,972
Investments and others :	
Investments in securities	**871,399**
Shares of subsidiaries and affiliates	**1,069,688**
Long-term loans receivable	**32,149**
Net defined benefit assets	**116,573**
Deferred tax assets	**26,185**
Other	**43,346**
Less: Allowance for doubtful accounts	**(3,726)**
	2,155,616
Total fixed assets	**5,115,549**
Total assets	**7,592,413**

LIABILITIES	March 31, 2018
Current liabilities :	
Notes and accounts payable	**775,126**
Short-term loans payable	**300,632**
Commercial paper	**76,000**
Bonds due within one year	**85,700**
Current portion of lease obligations	**3,016**
Accounts payable-other	**449,913**
Income taxes payable	**43,916**
Provision for loss on construction contracts	**1,508**
Other	**350,477**
Total current liabilities	**2,086,291**
Long-term liabilities :	
Bonds and notes	**209,996**
Long-term loans payable	**1,380,660**
Lease obligations (excluding current portion)	**12,990**
Deferred tax liabilities	**114,120**
Deferred tax liabilities on revaluation of land	**7,010**
Allowance for retirement benefits of directors and audit & supervisory board members	**4,991**
Net defined benefit liabilities	**166,152**
Other	**94,698**
Total long-term liabilities	**1,990,620**
Total liabilities	**4,076,911**
NET ASSETS	
Shareholders' equity :	
Common stock	**419,524**
Capital surplus	**386,865**
Retained earnings	**2,076,769**
Less: Treasury stock, at cost	**(132,162)**
	2,750,997
Accumulated other comprehensive income:	
Unrealized gains on available-for-sale securities	**313,116**
Deferred hedge income (loss)	**(2,107)**
Unrealized gains on revaluation of land	**3,001**
Foreign currency translation adjustments	**(4,898)**
Remeasurements of defined benefit plans	**85,341**
	394,453
Non-controlling interests in consolidated subsidiaries	**370,050**
Total net assets	**3,515,501**
Total liabilities and net assets	**7,592,413**

(2) Consolidated Statement of Operations

Millions of yen

	Fiscal 2017
Operating revenues :	
Net sales	**5,668,663**
Cost of sales	**4,969,121**
Gross profit	**699,541**
Selling, general and administrative expenses	**517,158**
Operating profit	**182,382**
Non-operating profit and loss :	
Non-operating profit :	
Interest income	**5,146**
Dividend income	**17,608**
Equity in profit of unconsolidated subsidiaries and affiliates	**122,675**
Other	**55,704**
	201,135
Non-operating loss :	
Interest expense	**20,106**
Other	**65,869**
	85,976
Ordinary profit	**297,541**
Extraordinary profit :	
Gain on sales of investments in securities	**25,685**
	25,685
Extraordinary loss :	
Impairment loss	**15,602**
Loss on inactive facilities	**11,604**
Restructuring loss	**6,158**
	33,366
Profit before income taxes	**289,860**
Income taxes - current	**76,309**
Income taxes - deferred	**(7,510)**
	68,798
Profit	**221,061**
Profit attributable to non-controlling interests	**26,000**
Profit attributable to owners of parent	**195,061**

(3) Consolidated Statement of Changes in Net Assets

Fiscal2017 Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Balance at March 31, 2017	419,524	386,873	1,949,960	(132,063)	2,624,294
Changes of items during period					
Cash dividends			(66,293)		(66,293)
Profit attributable to owners of parent			195,061		195,061
Acquisition of treasury stock				(102)	(102)
Disposal of treasury stock		1		3	4
Increase(decrease) due to the change in the number of consolidated companies			(1,959)	0	(1,958)
Increase due to reversal of unrealized gains on revaluation of land			0		0
Change in shares of parent arising from transactions with non-controlling interests		(8)			(8)
Net changes of items other than shareholders' equity					
Total change for fiscal 2017	-	(7)	126,809	(98)	126,702
Balance at March 31, 2018	**419,524**	**386,865**	**2,076,769**	**(132,162)**	**2,750,997**

	Accumulated other comprehensive income						Non-controlling interests in consolidated subsidiaries	Total net assets
	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2017	269,282	(2,370)	3,002	(9,339)	63,363	323,938	342,782	3,291,015
Changes of items during period								
Cash dividends								(66,293)
Profit attributable to owners of parent								195,061
Acquisition of treasury stock								(102)
Disposal of treasury stock								4
Increase(decrease) due to the change in the number of consolidated companies								(1,958)
Increase due to reversal of unrealized gains on revaluation of land								0
Change in shares of parent arising from transactions with non-controlling interests								(8)
Net changes of items other than shareholders' equity	43,834	262	(0)	4,440	21,978	70,515	27,267	97,783
Total change for fiscal 2017	43,834	262	(0)	4,440	21,978	70,515	27,267	224,486
Balance at March 31, 2018	**313,116**	**(2,107)**	**3,001**	**(4,898)**	**85,341**	**394,453**	**370,050**	**3,515,501**

Notes to the Consolidated Financial Statements

I. Significant Accounting Policies for Consolidated Financial Statements

1. Scope of Consolidation
(1) Consolidated Subsidiaries
Number of consolidated subsidiaries: 377 companies
Principal consolidated subsidiaries are presented in "1. Current Situations of NSSMC Group, (9) Principal Subsidiaries and Affiliates."

In the consolidated fiscal year under review, the scope of consolidation expanded by 25 companies, including 23 added owing to the acquisition of Nisshin Steel Co., Ltd., on March 13, 2017 and 2 newly acquired. 14 companies—7 liquidations and 5 divestments, etc.—were eliminated from the scope of consolidation in the consolidated fiscal year under review.

(2) Fiscal Year of Consolidated Subsidiaries
The closing dates of accounts for the fiscal year-ends at NIPPON STEEL & SUMITOMO METAL U.S.A., INC., and certain consolidated subsidiaries are December 31 and January 31. Significant business events that occur between those dates and the March 31 consolidated fiscal year-end are accordingly presented as occurring within the applicable consolidated fiscal year.

2. Application of Equity Method
Affiliates accounted for by the equity method: 114 companies
Principal affiliates accounted for by the equity method are presented in "1. Current Situations of NSSMC Group, (9) Principal Subsidiaries and Affiliates."

During the consolidated fiscal year under review, 3 companies were added to the scope of equity-method affiliates and 2 companies were removed from the scope of equity-method affiliates.

3. Accounting Principles
(1) Basis and Method of Evaluation of Significant Assets
1) Marketable securities
• Held-to-maturity debt securities: Amortized cost method (straight-line method)
• Available-for-sale securities:
Securities with market quotations: Stated at market value as of the balance sheet date (Net unrealized gains or losses are comprehensively included in net assets, and the cost of securities sold is determined by the moving-average method.)

Securities without market quotations: Stated at cost determined by the moving-average method

2) Inventories
Inventories are stated principally using the cost accounting method based on the periodic average method. (Regarding balance sheet values, this method is designed to reduce book value when the contribution of inventories to profitability declines.)

(2) Depreciation Methods for Material Depreciable Assets

1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is mainly calculated using the declining-balance method.
However, depreciation of buildings is mainly calculated using the straight-line method.
Furthermore, depreciation of facilities attached to buildings and structures acquired on and after April 1, 2016 is calculated using the straight-line method.

Useful lives of tangible fixed assets are generally as follows:

Buildings:	Mainly 31 years
Machinery and equipment:	Mainly 14 years

2) Intangible assets (excluding leased assets)

Amortization of intangible assets is calculated using the straight-line method.

Software products for internal use are amortized mainly over the estimated useful lives of 5 years.

3) Leased assets

•Assets concerning finance leases in which ownership is transferred to the lessee

These assets are depreciated using the same method of depreciation for tangible fixed assets owned by the Company.

•Assets concerning finance leases in which ownership is not transferred to the lessee

These assets are depreciated to a residual value of zero based on the straight-line method over a useful life period corresponding to the lease contract period.

(3) Accounting Basis for Significant Allowances and Provisions

1) Allowance for doubtful accounts

To provide for potential losses on doubtful accounts, the allowance for doubtful accounts is computed based on the historical experienced default ratio for non-specific receivables, as well as the estimated irrecoverable portion of specific doubtful receivables calculated on an individual basis.

2) Provision for loss on construction contracts

To provide for potential losses associated with construction contracts in the future, an allowance is computed for potential losses related to construction contracts not completed at the end of the consolidated fiscal year under review.

3) Allowance for retirement benefits of directors and audit & supervisory board members

The allowance for retirement benefits of directors and audit & supervisory board members is calculated based on internal rules for the projected amount to be paid at term-end.

(4) Other Significant Accounting Policies for Consolidated Financial Statements

1) Basis for the accounting of income and expenses

Through the end of the consolidated fiscal year under review, regarding projects for which the outcome of the portion completed is deemed certain, the Company has applied the percentage-of-completion standard (estimating the project progress percentage based on the percentage of the cost incurred to the estimated total cost). The completion-of-contract method is applied to other projects.

2) Important assets and liabilities in foreign currencies and foreign currency translation

Monetary assets and liabilities of the Company and its domestic subsidiaries denominated in foreign currencies are translated into yen at the spot rate prevailing on the closing date of accounts, and the resulting foreign exchange gains or losses are recognized as income or expenses. For foreign consolidated subsidiaries, assets and liabilities are translated into yen at the spot rate prevailing on the closing date of accounts, revenue and expense accounts are translated at the average rate of exchange in effect during the fiscal year, and foreign currency translation adjustments are included in the foreign currency translation adjustments and non-controlling interests in consolidated subsidiaries item under net assets.

3) Significant hedge accounting

In principal, the NSSMC Group adopts the deferred hedging accounting method. For foreign exchange forward contracts and currency swaps whose amounts, currency, and period meet the conditions of hedged items, the "assigning" method is adopted. In addition, for interest swaps whose amounts, index, and period meet the conditions for hedged items, the "exceptional" method is adopted.

4) Retirement benefit accounting policy

The employee retirement benefit obligation is computed primarily based on the benefit formula basis using the projected retirement benefit obligation at the end of the consolidated fiscal year under review. Prior service cost is appropriated using the straight-line method over a specified period (mainly10 years) within the employees' average remaining service period at the time when such cost accrues. Actuarial differences are principally charged to expenses proportionally using the straight-line method from the consolidated fiscal year following the year in which such differences accrue over a specified period (mainly 10 years) within the employees' average remaining service period at the time when such differences accrue.

5) Method and period for amortization of goodwill

Goodwill is amortized using the straight-line method over the period, where it is possible to estimate such a period, for which the excess cost is expected to have an effect on the consolidated balance sheets. Otherwise, the excess cost is amortized proportionately over 5 years.

6) Accounting for consumption taxes

The accounting treatment used with respect to consumption tax and local consumption taxes is the tax-excluded method.

II. Notes to the Consolidated Balance Sheets

1. Mortgaged Assets and Liabilities

Category of assets	Amount (Millions of yen)	Category of liabilities	Amount (Millions of yen)
Cash and bank deposits	9	Short-term loans payable	970
Buildings and structures (net)	3,784	Long-term loans payable	5,383
Machinery, equipment and vehicles (net)	6,826	(Including the portion of loans due within one year)	
Tools, furniture and fixtures (net)	2	Other	447
Land	10,855		
Investment securities	11		
Long-term loans receivable	4,883		
Total	26,373	Total	6,801

Further, the Company has provided ¥1,261 million of shares of affiliates, etc., to serve as collateral for the loans of affiliates, etc.

2. Inventories

Goods and finished products (including semi-finished products)	¥684,509 million
Work in process	69,461 million
Raw materials and supplies	626,031 million

3. Accumulated Depreciation of Tangible Fixed Assets ¥8,652,376 million

4. Contingent Liabilities

The Company guarantees loans from financial institutions and other sources held by other companies.

(1) Loan guarantee liabilities

	(Outstanding amounts for the year ended)	(Substantial amounts)
AM/NS Calvert LLC	43,292 million	43,292 million
WISCO-NIPPONSTEEL Tinplate Co., Ltd.	19,430 million	19,430 million
Jamshedpur Continuous Annealing & Processing Company Private Limited	8,428 million	4,130 million
Japan-Brazil Niobium Corporation	7,370 million	7,370 million
TENIGAL, S.de R.L.de C.V.	6,507 million	6,507 million
Other	1,463 million	1,260 million
Total	¥86,492 million	¥81,991 million

(2) Reserved guarantees of loans

¥880 million

(The substantial amount guaranteed is ¥720 million.)

(3) Notes and bills endorsed ¥1 million

5. Revaluation of Land

The certain consolidated subsidiaries and affiliates to which the equity method is applied have carried out the revaluation of land used for business purposes in accordance with the "Law Regarding the Partial Revision to the Land Revaluation Law" (Law No. 34, issued on March 31, 1998). Revaluation differences computed by consolidated subsidiaries, net of tax and non-controlling interests, which were charged to "deferred tax liabilities on revaluation of land" and "non-controlling interests in consolidated subsidiaries," respectively, were recorded as a separate component of net assets as "unrealized gains on revaluation of land." Additionally, revaluation differences accounted for by affiliates to which the equity method is applied were recorded as a separate component of net assets as "unrealized gains on revaluation of land" in proportion to the equity rate.

• Revaluation method
Land values were primarily determined as provided for in Articles 2-3~5 of the "Enforcement Order for the Land Revaluation Law" (Cabinet Order No. 119, issued on March 31, 1998).

• Revaluation conducted on March 31, 2002
• The excess of the carrying amounts of the revalued land over its market value at the end of consolidated fiscal year 2017 was ¥1,395 million.

• Revaluation conducted on March 31, 2001
• The excess of the carrying amounts of the revalued land over its market value at the end of consolidated fiscal year 2017 was ¥337 million.

• Revaluation conducted on March 31, 2000
• The excess of the carrying amounts of the revalued land over its market value at the end of consolidated fiscal year 2017 was ¥1,922 million.

III. Consolodated Statements of Operations

(Impairment loss)
In the steelmaking and steel fabrication segment, the Company recognized impairment losses associated with property put into business of a subsidiary operating steel pipe business in the U.S. and certain subsidiaries due to the declining profitability in the deteriorating business conditions. In the chemicals segment, the Company recognized impairment losses associated with property put into business of a subsidiary operating coal chemical business in China. In the system solutions segment, the Company recognized impairment losses associated with property of certain data center.

IV. Notes to the Consolidated Statements of Changes in Net Assets

1. Number and Type of Shares Issued at the End of the Consolidated Fiscal Year
Number of shares issued at the end of the period (including treasury stock)
Common stock 950,321,402 shares

Number of treasury stock at the end of the period
Common stock 67,710,915 shares

2. Dividends
(1) Amount of Dividend Payments

Decision	Type of stock	Total dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders (June 27, 2017)	Common stock	39,776	45	March 31, 2017	June 28, 2017
Board of Directors' meeting (October 27,2017)	Common stock	26,517	30	September 30,2017	November 30,2017

(2) Dividends for which the Record Date Belongs to the Consolidated Fiscal Year under Review , but the Effective Date is in the Following Consolidated Fiscal Year (Planned)

Decision	Type of stock	Source of dividends	Total dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders (June 26, 2018)	Common stock	Retained earnings	35,355	40	March 31, 2018	June 27, 2018

V. Notes to the Financial Instruments

1. Current Status of Financial Instruments

(1) Policy Regarding Financial Instruments

The Company considers its business plan as it undertakes the procurement of necessary funds (mainly through the arrangement of borrowings and the issuance of commercial paper and bonds), and its fund procurement methods are chosen based on consideration of the short- or long-term nature of funding requirements and other special characteristics of funding requirements. Surplus fund management is restricted to management methods that emphasize safety and capabilities for conversion into cash when necessary. In addition, in cases when the Company undertakes transactions in derivatives, such transactions are limited to transactions (including forecast transactions) undertaken as a part of business activities (for the purpose of hedging risks associated with actual transactions executed in the course of the Company's business activities), and the Company has a policy of not engaging in derivatives transactions for trading purposes (transactions with the purpose of obtaining profit through the trading of derivatives themselves).

(2) Types of Financial Instruments and Related Risk

The Company is exposed to credit risk arising from notes and accounts receivable–trade and other receivables. However, the Company limits transactions to principal suppliers with which it can offset receivables against notes and accounts payable and borrowings and to companies with high credit ratings. The Company therefore judges that it is exposed to almost no contractual default credit risk. In addition, accompanying the Company's exports of products, etc., the Company is exposed to foreign currency exchange risk associated with receivables denominated in foreign currencies. The Company holds marketable securities and investments in securities, mainly stocks of transactions partner companies and other business collaborators, and the Company is exposed to market price risk owing to these stockholdings. Also, the Company extends long-term loans to its affiliates, etc.

The Company's trade payables such as notes and accounts payable are, in principle, due within one year. The Group is exposed to foreign currency exchange risk arising from a portion of trade payables associated with imports of raw materials, etc., that is denominated in foreign currencies. The Company's fund procurement is as described in (1) above. Please note that a portion of funds procured by means of long-term borrowings and bonds is associated with variable interest rates and the related payment burden changes due to trends in market interest rates.

The Company limits derivative transactions associated with negotiable securities, interest rates, or currency exchange rates to hedge transactions 1) to avoid risk in change to the value of marketable securities in its possession, 2) to maintain the proportion of assets and liabilities bearing fixed or variable interest rates, and 3) to avoid exchange risk associated with sales, funding, investment, and financing activities undertaken as a part of business activities. The derivatives transactions executed by the Company are exposed to risk of market price fluctuation, future changes in interest rates, market conditions, and currency exchange rates. However, the Company limits such transactions to those with the objectives described in 1), 2), and 3) above and therefore judges that the transactions present limited risk to the Company's business.

(3) Systems for Management of Financial Instrument Risk

1) Management of credit risks (the risk that transactions partners may default on their obligations, etc.)

In accordance with the Company's credit management regulations, information related to the credit management situation of transactions partners is shared, and asset preservation measures are considered and implemented when necessary.

2) Management of market risks (the risks arising from fluctuations in interest rates, exchange rates, and other indicators)

A. Market price risks

Regarding marketable securities and investments in securities, the Company maintains a grasp of fair value situations when necessary and undertakes deliberations regarding whether such securities are required for business purposes.

B. Interest rate risks

The Company executes interest swap transactions to control risk from interest rate changes associated with interest payments on borrowings and bonds.

C. Currency exchange risks

Regarding foreign currency-denominated trade assets and liabilities, the Company executes forward exchange contracts and currency swaps to avoid exchange risk associated with sales, funding, investment, and financing activities undertaken as a part of business activities.

Derivative transactions are executed in accordance with internal derivative transaction management regulations. These regulations require prospective derivative transactions involving financial products be discussed by the Funding Management Committee. As deemed necessary, the committee reports approved transactions to the Management Conference and Board of Directors for discussion. Transactions are executed upon final approval by the General Manager, Head of Accounting & Finance Division within the pre-authorized scope of transactions. Reports on the balance and profitability status of such transactions are regularly submitted to the Funding Management Committee, and an evaluation of the effectiveness of hedging activities is conducted each six-month semiannual fiscal period.

3) Management of fund procurement liquidity-related risk (the risk that the Group may not be able to meet its payment obligations on the scheduled date)

Based on reports from each of the Company's divisions, Accounting & Finance Division prepares and updates cash flow plans when necessary and employs other methods to manage liquidity risk. To prepare for unexpected events, the Company arranges commitment line contracts.

The systems of consolidated subsidiaries are generally the same as those of the Company described in items (1) through (3) above.

2. Estimated Fair Value and Other Matters Related to Financial Instruments

Carrying value on the consolidated balance sheets as of March 31, 2018 (the closing date of the consolidated accounts), estimated fair value, and unrealized gains (losses) are shown in the following table.

(Millions of yen)

	Carrying value (*)	Estimated fair value (*)	Unrealized gain (loss)
(1) Cash and bank deposits	108,782	108,782	-
(2) Notes and accounts receivable	678,579	678,579	-
(3) Marketable securities and investments in securities			
Held-to-maturity securities	12,766	12,772	5
Available-for-sale securities	840,578	840,578	-
(4) Notes and accounts payable	(775,126)	(775,126)	-
(5) Short-term loans payable	(300,632)	(300,632)	-
(6) Commercial paper	(76,000)	(76,000)	-
(7) Bonds due within one year	(85,700)	(85,700)	-
(8) Accounts payable-other	(449,913)	(449,913)	-
(9) Bonds and notes	(209,996)	(215,686)	(5,689)
(10) Long-term loans payable	(1,380,660)	(1,403,870)	(23,210)
(11) Derivative transactions	1,036	1,036	-

*Figures shown in parentheses are liability items. The fair value of assets and liabilities stemming from derivative transactions are shown in net figures, and figures for items with total net fair values that are liabilities are shown in parentheses.

Notes:

1. Methods for computing the estimated fair value of financial instruments and matters related to securities and derivative transactions

(1) Cash and bank deposits, and (2) Notes and accounts receivable

Since these items are settled in a short period of time and have estimated fair values that are virtually the same as the carrying value on the Company's ledger, the ledger value has been used.

(3) Marketable securities and investments in securities

The estimated fair values of these items are mainly valued at the exchange trading price.

(4) Notes and accounts payable, (5) Short-term loans payable, (6) Commercial paper, (7) Bonds due within one year, and (8) Accounts payable-other

Since these items are settled in a short period of time and have estimated fair values that are virtually the same as the carrying value on the Company's ledger, the ledger value has been used.

(9) Bonds and notes, and (10) Long-term loans payable

Bonds are valued at the market trading price. To estimate the fair value of long-term loans payable, the current value of these items is evaluated by discounting the total value of associated principal and interest using a notional interest rate that would be employed if that total value of funds were to be newly procured through the same kind of procurement method. Bonds and long-term loans payable with variable interest rates are subject to special case interest swap treatment (see (11) below), and their fair values are estimated by calculating the total value of associated principal and interest that are treated together with interest swaps, and then discounting that value using a rationally estimated notional interest rate that might be employed if that total value of funds were to be newly procured through the same kind of procurement method.

(11) Derivative transactions

The estimated fair values of forward exchange contracts are valued at the forward exchange market rate. Because items subject to assigning method accounting (period-by-period allocation) are accounted for together with notes and accounts receivable and notes and accounts payable, their fair values are shown including the fair value of the said notes and accounts receivable and notes and accounts payable (see (2) and (4) above). The estimated fair values of interest swaps are mainly valued at the price provided by the financial institutions making markets in these securities. Regarding special case treatment items, because these are treated together with the bonds or long-term loans being hedged, the fair value of these items are listed inclusive of the value of the hedged bonds or long-term loans (see (9) and (10) above).

2. Unlisted stocks, etc. (balance sheet value: ¥25,321 million) do not have market values, and it is not possible to estimate their future cash flows. As determining the estimated fair value of these items was recognized to be extremely difficult, their fair value has not been included in "(3) Marketable securities and investments in securities."

VI. Notes to the Per Share Information

Net assets per share	¥3,563.80
Earnings per share	¥221.00

(For reference 1)

● Consolidated Statement of Cash-Flows

Fiscal 2017	Millions of yen
Cash flows from operating activities	**458,846**
Cash flows from investing activities	**(353,419)**
Cash flows from financing activities	**(89,190)**
Other	**196**
Net increase (decrease) in cash and cash equivalents	**16,433**
Cash and cash equivalents at beginning of the year	**91,391**
Increase (decrease) from the change in the number of companies consolidated	**3,953**
Cash and cash equivalents at end of year	**111,779**

(For reference 2)

●Consolidated Segment Information

Fiscal 2017

Millions of yen

	Reportable segment					Total	Adjustments	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Chemicals	New materials	System solutions			
Net sales								
Sales to external customers	4,983.335	260,908	197,057	37,050	190,310	5,668,663	-	5,668,663
Inter-segment sales or transfers	33,910	33,360	3,709	-	53,889	124,868	(124,868)	-
Total	5,017,245	294,268	200,767	37,050	244,200	5,793,531	(124,868)	5,668,663
Segment profit <Ordinary Profit>	245,708	9,110	15,480	1,919	23,292	295,510	2,030	297,541
Segment assets	7,003,681	247,696	154,230	30,758	223,601	7,659,967	(67,554)	7,592,413
Segment liabilities <Interest-bearing debt>	2,057,997	8,313	4,520	6,999	3,693	2,081,524	(12,527)	2,068,996
Other items								
Depreciation and amortization	330,393	2,489	5,467	1,861	4,646	344,859	(4,140)	340,719
Increase (decrease) in tangible/intangible assets	390,623	6,301	5,863	2,633	7,638	413,061	(1,130)	411,930

● Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheet

Millions of yen

ASSETS	March 31, 2018
Current assets :	
Cash and bank deposits	**19,231**
Accounts receivable	**104,301**
Finished products	**160,835**
Semi-finished products	**259,036**
Work in process	**3,456**
Raw materials	**199,536**
Supplies	**207,105**
Advance payments-other	**59,811**
Prepaid expenses	**23,793**
Deferred tax assets	**40,884**
Accounts receivable-other	**136,204**
Other	**2,420**
Less: Allowance for doubtful accounts	**(1,252)**
Total current assets	**1,215,365**
Fixed assets :	
Tangible fixed assets :	
Buildings (net)	**282,510**
Structures (net)	**187,453**
Machinery and equipment (net)	**758,277**
Vehicles (net)	**2,163**
Tools, furniture and fixtures (net)	**22,419**
Land	**437,132**
Leased assets (net)	**2,838**
Construction in progress	**153,223**
	1,846,018
Intangible fixed assets :	
Patents and utility rights	**595**
Software	**27,120**
Goodwill	**23,328**
Leased assets	**191**
	51,236
Investments and others :	
Investments in securities	**732,979**
Shares of subsidiaries and affiliates	**1,118,768**
Investments in capital of subsidiaries and affiliates	**99,300**
Long-term loans receivable	**2**
Long-term loans receivable from subsidiaries and affiliates	**129,385**
Long-term prepaid expenses	**32,942**
Other	**10,245**
Less: Allowance for doubtful accounts	**(1,196)**
	2,122,427
Total fixed assets	**4,019,682**
Total assets	**5,235,048**

LIABILITIES	March 31, 2018
Current liabilities :	
Accounts payable	**359,364**
Short-term loans payable	**197,385**
Commercial paper	**54,000**
Bonds due within one year	**65,700**
Current portion of lease obligations	**696**
Accounts payable-other	**448,738**
Accrued expenses	**34,947**
Income tax payable	**2,112**
Advances received	**1,310**
Deposits received	**433,089**
Other	**3,482**
Total current liabilities	**1,600,827**
Long-term liabilities :	
Bonds and notes	**209,996**
Long-term loans payable	**1,187,853**
Lease obligations (excluding current portion)	**2,523**
Deferred tax liabilities	**47,768**
Accrued pension and severance costs	**97,245**
Other	**64,185**
Total long-term liabilities	**1,609,572**
Total liabilities	**3,210,400**
NET ASSETS	
Shareholders' equity :	
Common stock	**419,524**
Capital surplus	
Legal capital surplus	**111,532**
Other capital surplus	**271,734**
Total Capital surplus	**383,266**
Retained earnings :	
Other retained earnings	
Reserve for special depreciation	**260**
Reserve for investment loss	**24**
Reserve for advanced depreciation of noncurrent assets	**68,617**
Reserve for specific disaster prevention	**54**
Retained earnings carried forward	**1,013,698**
Total retained earnings	**1,082,655**
Less: Treasury stock, at cost	**(128,213)**
Total shareholders' equity	**1,757,233**
Valuation and translation adjustments :	
Unrealized gains on available-for-sale securities	**266,973**
Deferred hedge income (loss)	**441**
Total valuation and translation adjustments	**267,414**
Total net assets	**2,024,648**
Total liabilities and net assets	**5,235,048**

(2) Non-Consolidated Statement of Operations

Millions of yen

	Fiscal 2017
Operating revenues :	
Net sales	**3,266,686**
Cost of sales	**3,020,952**
Gross profit	**245,733**
Selling, general and administrative expenses	**239,325**
Operating loss	**6,408**
Non-operating profit and loss :	
Non-operating profit :	
Interest and dividend income	**128,458**
Other	**39,779**
	168,238
Non-operating loss :	
Interest expense	**15,227**
Other	**52,205**
	67,432
Ordinary profit	**107,213**
Extraordinary profit and loss :	
Extraordinary profit :	
Gain on sales of investments in securities	**20,017**
	20,017
Extraordinary loss :	
Loss on inactive facilities	**10,813**
Loss on restructuring of subsidiaries and affiliates	**5,459**
	16,273
Profit before income taxes	**110,957**
Income taxes - current	**1,615**
Income taxes - deferred	**(8,932)**
	(7,317)
Profit	**118,275**

(3) Non-Consolidated Statement of Changes in Net Assets

Fiscal 2017

Millions of yen

	Shareholders' equity											
		Capital surplus			Retained earnings							
					Other retained earnings							
	Common stock	Legal capital surplus	Other capital surplus	Total capital surplus	Reserve for special depreciation	Reserve for investment loss	Reserve for advanced depreciation of noncurrent assets	Reserve for specific disaster prevention	Retained earnings carried forward	Total retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2017	419,524	111,532	271,732	383,265	347	24	66,227	51	964,023	1,030,673	(128,120)	1,705,343
Changes of items during period												
Reversal of reserve for special depreciation					(86)				86	-		-
Provision of reserve for advanced depreciation of noncurrent assets							6,058		(6,058)	-		-
Reversal of reserve for advanced depreciation of noncurrent assets							(3,668)		3,668	-		-
Provision of reserve for specific prevention								3	(3)	-		-
Cash dividends									(66,293)	(66,293)		(66,293)
Profit									118,275	118,275		118,275
Acquisition of treasury stock											(96)	(96)
Disposal of treasury stock			1	1							3	4
Net changes of items other than shareholders' equity												
Total change for fiscal 2017	-	-	1	1	(86)	-	2,390	3	49,675	51,982	(93)	51,890
Balance at March 31, 2018	**419,524**	**111,532**	**271,734**	**383,266**	**260**	**24**	**68,617**	**54**	**1,013,698**	**1,082,655**	**(128,213)**	**1,757,233**

	Valuation and translation adjustments			
	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Total valuation and translation adjustments	Total net assets
Balance at March 31, 2017	231,081	1,701	232,782	1,938,126
Changes of items during period				
Reversal of reserve for special depreciation				-
Provision of reserve for advanced depreciation of noncurrent assets				-
Reversal of reserve for advanced depreciation of noncurrent assets				-
Provision of reserve for specific prevention				-
Cash dividends				(66,293)
Profit				118,275
Acquisition of treasury stock				(96)
Disposal of treasury stock				4
Net changes of items other than shareholders' equity	35,892	(1,260)	34,631	34,631
Total change for fiscal 2017	35,892	(1,260)	34,631	86,522
Balance at March 31, 2018	**266,973**	**441**	**267,414**	**2,024,648**

Notes to the Non-Consolidated Financial Statements

I. Significant Accounting Policies

1. Basis and Method of Evaluation of Assets
   (1) Marketable Securities
   - Shares of subsidiaries and affiliates: Stated at cost determined by the moving-average method
   - Available-for-sale securities:
     Securities with market quotations: Stated at market value as of the balance sheet date (Net unrealized gains or losses are comprehensively included in net assets, and the cost of securities sold is determined by the moving-average method.)
     Securities without market quotations: Stated at cost determined by the moving-average method

   (2) Inventories
   - Products, semi-finished products, work in process, raw materials, and supplies (molds and rolls): Cost accounting method based on the periodic average method (Regarding balance sheet values, this method is designed to reduce book value when the contribution of inventories to profitability declines.)

   - Supplies (excluding molds and rolls): Cost accounting method mainly based on the first-in, first-out method (Regarding balance sheet values, this method is designed to reduce book value when the contribution of inventories to profitability declines)

2. Depreciation Methods for Fixed Assets
   (1) Tangible Fixed Assets (excluding leased assets)
   Depreciation of tangible fixed assets is mainly calculated using the declining-balance method.
   However, the straight-line method is used for buildings.
   Furthermore, depreciation of facilities attached to buildings and structures acquired on and after April 1, 2016 is calculated using the straight-line method.

   Useful lives of tangible fixed assets are generally as follows:

Buildings:	Mainly 31 years
Machinery and equipment:	Mainly 14 years

   (2) Intangible Assets (excluding leased assets)
   Amortization of intangible fixed assets is calculated using the straight-line method.
   Software products made by the Company are amortized over the projected usage periods that are of 5 years.

   (3) Leased Assets
   - Assets concerning finance leases in which ownership is not transferred to the lessee
     These assets are depreciated to a residual value of zero based on the straight-line method over a useful life period corresponding to the lease contract period.

3. Accounting Basis for Allowances

(1) Allowance for Doubtful Accounts

To provide for potential losses on doubtful accounts, the allowance for doubtful accounts is computed based on the historical experienced default ratio for non-specific receivables, as well as the estimated irrecoverable portion of specific doubtful receivables calculated on an individual basis.

(2) Accrued Pension and Severance Costs

To provide for employee retirement benefits, an allowance is calculated based on projections of retirement benefit obligations and the pension fund asset balance at the end of the fiscal year under review. The employee retirement benefit obligation is computed based on the benefit formula basis using the projected retirement benefit obligation at the end of the fiscal year under review. Prior service cost is appropriated using the straight-line method over a specified period (10 years) within the employees' average remaining service period at the time when such costs accrues. Actuarial differences are principally charged to expenses proportionally using the straight-line method from the fiscal year following the year in which such differences accrue over a specified period (10 years) within the employees' average remaining service period at the time when such differences accrue.

4. Other Significant Accounting Policies for Financial Statements

(1) Important Assets and Liabilities in Foreign Currencies and Foreign Currency Translation

Monetary assets and liabilities of the Company denominated in foreign currencies are translated into yen at the spot rate prevailing on the closing date of accounts, and the resulting foreign exchange gains or losses are recognized as income or expenses.

(2) Method of Hedge Accounting

In principal, the Company adopts the deferred hedging accounting method. For foreign exchange forward contracts and currency swaps whose amounts, currency, and period meet the conditions of hedged items, the "assigning" method is adopted. In addition, for interest swaps whose amounts, index, and period meet the conditions for hedged items, the "exceptional" method is adopted.

(3) Method and Period for Amortization of Goodwill

Goodwill is amortized using the straight-line method over the period, where it is possible to estimate such a period, for which the excess cost is expected to have an effect on the consolidated balance sheets. Otherwise, the excess cost is amortized proportionately over 5 years.

(4) Retirement Benefit Accounting Policy

The accounting methods for unrecognized actuarial differences associated with the retirement benefits and unrecognized past service liability used herein differ from the methods used in the consolidated financial statements.

(5) Accounting for Consumption Taxes

The accounting treatment used with respect to consumption tax and local consumption taxes is the tax-excluded method.

II. Notes to the Non-Consolidated Balance Sheets

1. Accumulated Depreciation of Tangible Fixed Assets ¥5,518,581 million

2. Contingent Liabilities

The Company guarantees loans from financial institutions and other sources held by other companies.

(1) Loan Guarantee Liabilities

	(Outstanding amounts for the year ended)	(Substantial amounts)
AM/NS Calvert LLC	43,292 million	43,292 million
WISCO-NIPPONSTEEL Tinplate Co., Ltd.	19,430 million	19,430 million
PT KRAKATAU NIPPON STEEL SUMIKIN	18,698 million	18,698 million
NS-Siam United Steel Co.,Ltd.	9,411 million	9,411 million
Jamshedpur Continuous Annealing & Processing Company Private Limited	8,428 million	4,130 million
SOUTHERN TUBE LLC	7,412 million	7,412 million
Japan-Brazil Niobium Corporation	7,370 million	7,370 million
TENIGAL, S.de R.L.de C.V.	6,507 million	6,507 million
NIPPON STEEL & SUMIKIN CRANKSHAFT LLC	2,215 million	2,215 million
NIPPON STEEL & SUMIKIN COLD HEADING WIRE INDIANA INC.	1,472 million	1,472 million
Other	1,869 million	1,355 million
Total	¥126,108 million	¥121,295 million

(2) Reserved Guarantees of Loans ¥107 million
(The substantial amount guaranteed is ¥107 million.)

3. Accounts Payable and Receivable to Subsidiaries and Affiliates

Short-term accounts receivable	¥128,339 million
Long-term accounts receivable	129,385 million
Short-term accounts payable	757,667 million
Long-term accounts payable	568 million

III. Notes to the Non-Consolidated Statements of Income

Transactions with Subsidiaries and Affiliates

Operating transactions	
Net sales	¥1,004,677 million
Purchases	1,271,432 million
Non-operating transactions	
Proceeds from the transfer of assets, etc.	¥534,559 million
Expenditures from the transfer of assets, etc.	125,921 million

IV. Notes to the Statements of Changes in Net Assets

Number and Type of Treasury Stocks Outstanding at the End of the Fiscal Year

Common stock	66,436,595 shares

V. Notes to the Tax-Effect Accounting

Deferred tax assets primarily arise from the exclusion from expenses of accrued bonus, pension and severance costs, impairment loss, and net loss carried forward. Deferred tax liabilities primarily arise from unrealized gains on available-for-sale securities.

VI. Notes to the Related party information

Category	Name	Equity ownership percentage	Relation with related party	Description of transaction	Amount of transaction (millions of yen)	Account	Resulting account balances
Subsidiary	Nippon Steel & Sumikin Koutetsu Wakayama Corporation	Holding 100% directly 0% indirectly	Loan of funds Purchase semi-finished products	Capital increase (*)	131,700	—	—

* Nippon Steel & Sumitomo Metal Corporation ("NSSMC") and Nippon Steel & Sumikin Koutetsu Wakayama Corporation ("NSSKW") implemented a merger ("the Merger"), in which NSSMC is the surviving company and NSSKW is the absorbed company, effective on April 1, 2018. Prior to the Merger, NSSMC assumed a capital increase through third-party allotment by NSSKW(the "Capital increase"). As a result of implementing the Capital increase, NSSKW resolved debt excess and repaid the borrowings from NSSMC using all of the funds paid by NSSMC as resources.

VII. Notes to the Per Share Information

Net assets per share	¥2,290.62
Earnings per share	¥133.81

Report of Accounting Auditor on Consolidated Financial Statements (Copy)

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 7, 2018

Mr. Kosei Shindo
Representative Director and President
Nippon Steel & Sumitomo Metal Corporation

KPMG AZSA LLC

Toshiya Mori (Seal)
Designated Limited Liability Partner
Certified Public Accountant
Hirotaka Tanaka (Seal)
Designated Limited Liability Partner
Certified Public Accountant
Takashi Hasumi (Seal)
Designated Limited Liability Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net assets and the related notes of Nippon Steel & Sumitomo Metal Corporation ("NSSMC") for the year from April 1, 2017 to March 31, 2018 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of NSSMC and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles

generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in NSSMC which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Report of Accounting Auditor on Non-Consolidated Financial Statements (Copy)

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 7, 2018

Mr. Kosei Shindo
Representative Director and President
Nippon Steel & Sumitomo Metal Corporation

KPMG AZSA LLC

Toshiya Mori (Seal)
Designated Limited Liability Partner
Certified Public Accountant
Hirotaka Tanaka (Seal)
Designated Limited Liability Partner
Certified Public Accountant
Takashi Hasumi (Seal)
Designated Limited Liability Partner
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of operations, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of Nippon Steel & Sumitomo Metal Corporation ("NSSMC") for the 93rd business year from April 1, 2017 to March 31, 2018 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Non-Consolidated Financial Statements and Others

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the non-consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of NSSMC for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Report of Audit & Supervisory Board on Business Report and other issues, Consolidated Financial Statements and Non-Consolidated Financial Statements (Copy)

[English Translation of the Board of Audit & Supervisory Board Members' Report Originally Issued in the Japanese Language]

Audit Report

The Audit & Supervisory Board, following deliberations on the reports made by each Audit & Supervisory Board Member concerning the audit of performance of duties by Directors of Nippon Steel & Sumitomo Metal Corporation ("NSSMC") for the 93rd fiscal year from April 1, 2017 to March 31, 2018, has prepared this audit report, and hereby reports as follows:

1. Auditing Method Used by Each Audit & Supervisory Board Member and the Audit & Supervisory Board and Details Thereof

(1) The Audit & Supervisory Board established auditing policies and auditing plans, focused as key audit points on establishment and management of systems to ensure that the business of the Corporate Group consisting of NSSMC and its subsidiaries will be conducted properly, including systems to ensure that the performance of duties by the Directors will be in compliance with the laws and regulations and with NSSMC's Articles of Incorporation (hereinafter referred to as the "Internal Control System") and on promotion of the measures for Management Plan, and received reports from each Audit & Supervisory Board Member regarding the progress and results of audits, as well as received reports from the Directors, other relevant personnel and the Accounting Auditor regarding the performance of their duties, and sought explanations as necessary.

(2) In compliance with the standard concerning Audit & Supervisory Board Member's audit, which was established by the Audit & Supervisory Board, each Audit & Supervisory Board Member endeavored to gather information and to create an improved environment for auditing through close communication with the Directors, employees including those working in the Internal Audit Department and other relevant personnel in accordance with the auditing policies and auditing methods, and conducted audits by the following method:

1) Each Audit & Supervisory Board Member also attended Meetings of the Board of Directors, management meetings and other meetings, received reports from the Directors, employees and other relevant personnel regarding the performance of their duties, sought explanations as necessary, inspected important documents, and examined the operations and financial position of NSSMC at the Head Office and Works of NSSMC. As for the subsidiaries of NSSMC, each Audit & Supervisory Board Member endeavored to keep communication and shared information with the Directors and Audit & Supervisory Board Members and other related personnel of the subsidiaries, and received reports from the subsidiaries regarding their businesses and sought explanations as necessary.
2) With respect to the resolution of the Board of Directors on the Internal Control System and establishment and management thereof based on such resolution, each Audit & Supervisory Board Member received explanation from the Directors and other relevant personnel, scrutinized it and expressed opinion thereon. With respect to the internal control on financial reporting, each Audit & Supervisory Board Member received report on assessment of such internal control and auditing thereof not only from the Directors and other relevant personnel of NSSMC, but also from KPMG AZSA LLC, and sought explanations as necessary.
3) As for the Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NSSMC as described in the Business Report, each Audit & Supervisory Board Member examined its contents based on discussions at the Meetings of Board of Directors and other relevant meetings.
4) The Audit & Supervisory Board Members confirmed whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. The Audit & Supervisory Board Members also received notification from the Accounting Auditor that system for ensuring appropriate execution of the duties of the Accounting Auditor has been prepared and sought explanations as necessary.

Based on the foregoing method, the Audit & Supervisory Board Members reviewed the Business Report for this fiscal year and the supplementary schedules thereof, the non-consolidated financial statements for this fiscal year (non-consolidated balance sheet, non-consolidated statement of operations, non-consolidated

statement of changes in net assets and the related notes) and supplementary schedules as well as the consolidated financial statements for this fiscal year (consolidated balance sheet, consolidated statements of operations, consolidated statement of changes in net assets and the related notes).

2. Audit Results

(1) Audit Results on the Business Report, etc.

1) In our opinion, the Business Report and the supplementary schedules fairly represent NSSMC's condition in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of NSSMC.
2) We have found no evidence of misconduct or material facts in violation of the applicable laws and regulations, nor of any violation with respect to the Articles of Incorporation of NSSMC, related to performance of duties by the Directors.
3) In our opinion, the content of the resolutions of the Board of Directors regarding the Internal Control System is appropriate, and we have found no matters to remark in regard to the implementation thereof, including internal control on financial reporting. In addition, we have found no matters to remark in regard to the description in the Business Report relating to the internal control system.
4) We have found no matters to remark in regard to the Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NSSMC as described in the Business Report. In our opinion, the Measures to Prevent Decisions on the Financial and Business Policies of NSSMC from Being Controlled by Those Deemed Inappropriate in Light of the Basic Policy as described in the Business Report are in accordance with such Basic Policy, not to impair common interest of the shareholders of NSSMC or intended to protect position of current management of NSSMC.

(2) Results of Audit of the Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the method and the results of the audit used and conducted by KPMG AZSA LLC, the Accounting Auditor, are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

In our opinion, the method and the results of the audit used and conducted by KPMG AZSA LLC, the Accounting Auditor, are appropriate.

May 9, 2018

The Audit & Supervisory Board of Nippon Steel & Sumitomo Metal Corporation

Senior Audit & Supervisory Board Member	Yutaka Takeuchi (Seal)
Senior Audit & Supervisory Board Member	Atsuhiko Yoshie (Seal)
Audit & Supervisory Board Member	Masato Tsuribe (Seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Katsunori Nagayasu (Seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Hiroshi Obayashi (Seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Jiro Makino (Seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Seiichiro Azuma (Seal)

NSSMC Group's Guiding Principles

Corporate Philosophy

Nippon Steel & Sumitomo Metal Corporation Group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services.

Management Principles

1. We continue to emphasize the importance of integrity and reliability in our actions.
2. We provide products and services that benefit society, and grow in partnership with our customers.
3. We pursue world-leading technologies and manufacturing capabilities.
4. We continually anticipate and address future changes, innovative from within, and pursue unending progress.
5. We develop and bring out the best in our people to make our Group rich with energy and enthusiasm.

Shareholder Reference Information

Fiscal year end	March 31 each year
General Meeting of Shareholders	Latter part of June each year
Record date for the General Meeting of Shareholders	Shareholders entitled to exercise the right at the General Meeting of Shareholders shall be those who are electronically recorded as having the voting rights in the latest Register of Shareholders of March 31 each year.
Record date for dividends	NSSMC may distribute its surplus to the shareholders or pledgees of shares registered in the latest Register of Shareholders as of March 31, September 30 and such other date as determined by the Board of Directors.
Website for electronic public notices	http://www.nssmc.com/en/index.html/
Articles of Incorporation and Regulations Relating to Shares	Articles of Incorporation and Regulations Relating to Shares are posted on NSSMC's website under "Investor Relations."
Registration agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Place of business of registration agent (Mailing address and telephone enquiries)	Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063, Japan Telephone number designated for NSSMC's shareholders: 0120-785-401 (toll free within Japan) Main number of transfer agent: 0120-782-031 (toll free within Japan)

Change of address, and request for sale and purchase of shares less than one unit
Please contact and consult with the securities firm in where you have an account.
Shareholders for whom special accounts have been opened due to their lack of an account in a securities firm should contact Sumitomo Mitsui Trust Bank, Limited, our administrator of the special accounts.

Payment of accrued dividends
Please contact Sumitomo Mitsui Trust Bank, Limited, our registration agent.

Fees concerning sale and purchase of less than one unit of shares
Charged at the amount specified separately (please refer to "Investor Relations" on NSSMC's website).

Nippon Steel & Sumitomo Metal Corporation
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