



May 15, 2015

Company name: Nippon Steel & Sumitomo Metal Corporation  
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(Code no. 5401 Tokyo Stock Exchange first section,  
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Notice of redemption of Euro-yen denominated bonds (subordinated) and Euro-yen denominated preferred securities issued by the overseas subsidiary, and financing by subordinated loans

This is to announce that, at a meeting of the board of directors held today, Nippon Steel & Sumitomo Metal Corporation (the “Company”) has resolved to redeem, as of July 21, 2015, the two securities as described in (1) and (2) below (collectively, the “Existing Hybrid Securities”) in full by exercising the right of redemption, and to raise 300 billion yen, as of the same date and by means of subordinated loans (the “Loans”), to be used for funding this redemption (the redemption of the Existing Hybrid Securities and the procurement of 300 billion yen through the Loans are hereinafter referred to, collectively, as the “Refinancing”). The Existing Hybrid Securities were issued in November 2006 for raising 300 billion yen (announced on October 20, 2006); the terms of these securities were partially changed in January 2012 (announced on November 30, 2011).

- (1) Euro-yen denominated bonds (subordinated) issued by the Company through allocation to NS Preferred Capital Limited (the “Overseas SPC”), the Company’s wholly-owned subsidiary in British Overseas Territory Cayman Islands
- (2) Euro-yen denominated preferred securities issued by the Overseas SPC through allocation to the Company’s three main banks

With regard to the Overseas SPC established at the time of financing by the Existing Hybrid Securities, its dissolution will be resolved in parallel with the Refinancing, and it is planned to be liquidated within fiscal 2015.

#### 1. Purpose of the Refinancing

As described in “2. Summary of the Loans”, the Refinancing is of the nature of a debt but has characteristics similar to equity instruments; accordingly, it is acknowledged as having equity credit equivalent to the Existing Hybrid Securities in terms of international rating. This allows the Company to maintain its consolidated financial base in terms of international rating, and to reduce financing costs.

#### 2. Summary of the Loans

- (1) Aggregate loan amount: ¥300 billion
- (2) Use of proceeds: Redemption of the Existing Hybrid Securities
- (3) Drawdown date: July 21, 2015

(4) Maturity date: July 19, 2075

Provided, however, that optional prepayment is permitted after the expiration of five years from the drawdown date

(5) Lenders: Four main banks

(6) Subordination conditions:

In the event liquidation proceedings are commenced, or the decision to commence bankruptcy proceedings, corporate reorganization, civil rehabilitation, or any other similar proceedings is made with regard to the Company, the principals and interests of the Loans may be paid to the lenders of the Loans after the payment of all receivables in full excluding the Loans and other subordinated receivables which rank equal in point of subordination as the Loans.

(7) Optional deferral of interest payments:

Except where dividends are distributed to its common stock, etc., the Company may, at its discretion, defer payment of all or a portion of the interests on the Loans.

(8) Restrictions on amendments to the terms of the Loans:

No amendment shall be made to the terms and conditions of the Loans that is prejudicial to the creditors of the Company other than the creditors of the subordinated receivables which rank equal in point of subordination as the Loans.

(9) Replacement Restrictions Clause\*: None

\*A provision under which the Company states its intention to prepay the Loans to the extent that the Company has raised funds, preceding such prepayment, which have been approved by the rating agencies as having the same or higher equity credit as the Loans.

(10) Equity credit acknowledgment:

(First five years) Moody's 50%, S&P 50%, R&I 30%, JCR 50%

(After the expiry of five years) Moody's 50%, R&I 30%, JCR 25%

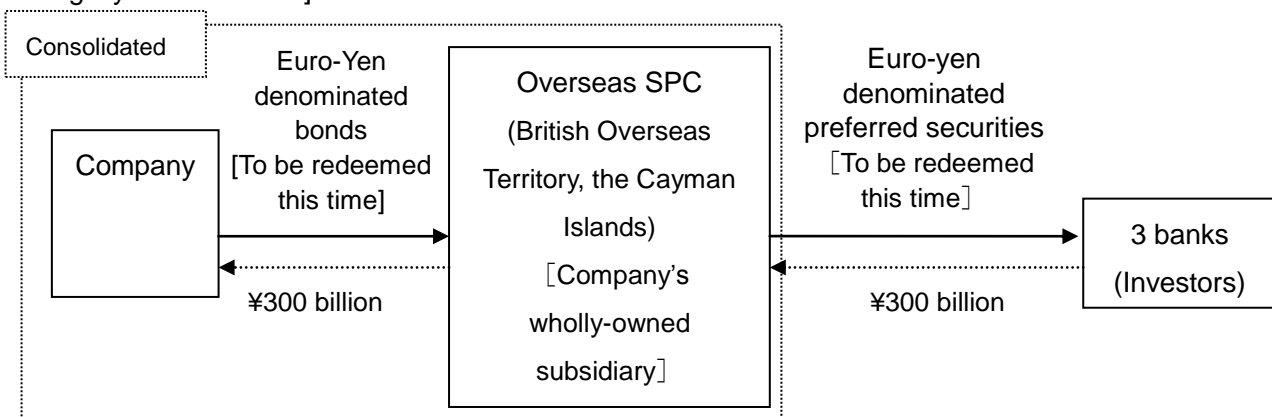
### 3. Impact on the financial and operating results

The impact of the Refinancing is immaterial with regard to the consolidated financial and operating results of the Company.

The preferred securities issued by the Overseas SPC in the amount of 300 billion yen were recorded as "minority interest in consolidated subsidiaries" (in the section of Net Assets) on the Company's consolidated balance sheet. In contrast, after the completion of the Refinancing, the Loans in the amount of 300 billion yen will be recorded as "long-term loans payable" (in the section of Liabilities).

(For Reference)

[Existing Hybrid Securities]



[Loans]

