February 6, 2019

Nippon Steel & Sumitomo Metal Corporation
Nisshin Steel Co., Ltd.
Nippon Steel & Sumikin Pipe Co., Ltd.
Nippon Steel & Sumikin Stainless Steel Pipe Co., Ltd.
Nisshin Stainless Steel Tubing Co., Ltd.

Exchange of Basic Agreement on Integration of Welded Stainless Steel Pipe & Tube Business

Nippon Steel & Sumitomo Metal Corporation (NSSMC) and its group companies — Nisshin Steel Co., Ltd., Nippon Steel & Sumikin Pipe Co., Ltd. (NSPC), Nippon Steel & Sumikin Stainless Steel Pipe Co., Ltd. (NSSP), and Nisshin Stainless Steel Tubing Co., Ltd., have been working on integrating their welded stainless steel pipe & tube business (the Business) according to the basic agreement which was exchanged on August 2, 2018. The objective is to maximize synergies in the Business of the NSSMC Group at an early stage.

Today, the five companies exchanged a formal basic agreement concerning the business integration (the Integration) and agreed on business integration to be executed on April 1, 2019 as follows.

1. Details of the Integration

In regard to the Business, the five companies of the NSSMC Group will bring together their respective management resources, and enhance competitiveness by unifying business strategy, optimizing the production system, and pursuing best practices in operational technologies, with the ultimate aim of establishing an organization that can respond to all customer needs and achieving growth and expansion. We have thus decided to integrate the stainless Tungsten Inert Gas (TIG)/laser welded business pipe & tube business and the automotive stainless steel pipe & tube business as follows.

(1) Integration of the stainless TIG/laser welded pipe & tube business

1) Method of business integration

NSSP and Nisshin Stainless Steel Tubing have been engaged respectively in manufacturing and sales in the stainless TIG/laser welded pipe & tube business.

On April 1, 2019, NSSP will purchase all shares of Nisshin Stainless Steel Tubing held by Nisshin Steel and execute an absorption-type merger of Nisshin Stainless Steel Tubing on the same day with NSSP being the surviving company (the Integrated Company after the merger).

2) Details of the Integrated Company

The Integrated Company, to be renamed Nippon Steel Stainless Steel Pipe Co., Ltd., will make use of features and strengths of both companies to enhance its product line-up and expand product development by use of laser welding. By doing so, the company will seek to establish a business organization that appropriately responds to customer needs, optimizes its production system, and raises efficiency by shift of production to bases near the points of demand.
<table>
<thead>
<tr>
<th>Corporate name</th>
<th>NIPPON STEEL STAINLESS STEEL PIPE CO., LTD</th>
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</thead>
<tbody>
<tr>
<td>Business activities</td>
<td>Manufacture and sales of stainless steel, titanium, and various alloy pipes &amp; tubes; manufacture and sale of equipment for pipe &amp; tube processing and its accessories</td>
</tr>
<tr>
<td>Location</td>
<td>2-5 Kanda Sudacho, Chiyoda-ku, Tokyo</td>
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<tr>
<td>Net sales</td>
<td>¥29.1 billion (aggregate of both companies for fiscal 2017)</td>
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<tr>
<td>Total assets</td>
<td>¥24.5 billion (aggregate of both companies for fiscal 2017)</td>
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<tr>
<td>Number of employees</td>
<td>544 (aggregate of both companies for fiscal 2017)</td>
</tr>
</tbody>
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1: Stainless Tungsten Inert Gas arc welding (TIG) and laser welded pipe & tube business: Piping and tubing produced by means of TIG and laser welding for use in pipes & tubes of chemical plants and boilers, and those used indoors and in water heaters. Ni stainless steel sheets are used as the material.

2: Automotive stainless steel pipe & tube business: Piping and tubing produced by means of Electric Resistance Welding (ERW) or laser welding, mainly for use in automobile exhaust systems and for oil filler tubes. Cr stainless steel sheets are mainly used as the material.

1. **Integration of the automotive stainless steel pipe & tube business**

   As for the automotive stainless steel pipe & tube business, sales have been conducted by NSPC and Nisshin Steel, while production has been conducted by NSPC and Nisshin Stainless Steel Tubing.

   On April 1, 2019, NSPC will succeed to commercial rights of Nisshin Steel through a company split and consolidate the sales function. Production of laser welded pipes and tubes will be conducted by the Integrated Company on consignment from NSPC (OEM production), while production of stainless steel electric resistance welding (ERW) pipe & tube businesses will be shifted from the Integrated Company to NSPC (consolidation of the production function) as approved for each contract by customers. The production shift is planned to be completed by around the end of September 2021 and, after the completion, the production line of the automotive stainless ERW of the Integrated Company will be shut down.

2. **Schedule of the Integration**

   - Around January 2019: Exchange of a basic agreement on the Integration
   - April 1, 2019 (plan): Effective date of the Integration