



# News Release

July 2, 2020

Nippon Steel Corporation

## Notice of financing by hybrid loans

Nippon Steel Corporation ("Nippon Steel") hereby announces that Nippon Steel has resolved to make prepayment of the existing hybrid loans (subordinated loans) in the aggregated amount of ¥300 billion which were executed on July 21, 2015, and raise new hybrid loans in the aggregated amount of ¥450 billion (the "Loans").

### 1. Purpose of the Loans

As described in "2. Summary of the Loans" below, the Loans are of the nature of a debt but has characteristics similar to equity instruments and accordingly, it is acknowledged as having equity credit equivalent to the existing hybrid loans in terms of international rating. This allows Nippon Steel to maintain future soundness of its consolidated financial base.

### 2. Summary of the Loans

- (1) Aggregate loan amount: ¥450 billion (Tranche A: ¥300 billion, Tranche B: ¥150 billion)
- (2) Use of proceeds:  
Repayment of the existing hybrid loans and general business purpose.
- (3) Drawdown date: July 21, 2020 (planned)
- (4) Maturity date: July 22, 2080 (planned) \*

\* Optional prepayment may be made on each interest payment date after the expiration of (i) five years for Tranche A or (ii) seven years for Tranche B, respectively 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 Nippon Steel, the principals and interests of the Loans may be paid to the lenders of the Loans only after the payment by Nippon Steel of all debts in full excluding (i) the Loans and (ii) other subordinated debts which rank equal to the Loans in terms of subordination.
- (7) Optional deferral of interest payments:  
Nippon Steel 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 may be made to the terms and conditions of the Loans that are prejudicial to the creditors of Nippon Steel other than the creditors of the subordinated debts which rank equal to the Loans in terms of subordination.

(9) Replacement Restrictions: None\*

\*Nippon Steel supposes that in case Nippon Steel opts to make prepayment of the Loans, it will refinance with finance instruments that would be recognized as equivalent to the Loans in terms of equity credit by credit rating agencies; provided that in case Nippon Steel fulfills certain criteria, it may not make such a refinancing.

(10) Equity credit acknowledgment:

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

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

Tranche B: (First seven years) Moody's 50%, S&P 50%, R&I 50%, JCR 50%

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

For inquiries

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