

October 3, 2019

Nippon Steel Corporation
Nippon Steel Nisshin Co., Ltd.

Notice Regarding Merger of Nippon Steel and Nippon Steel Nisshin Co., Ltd.

Nippon Steel Corporation (“NSC”) and Nippon Steel Nisshin Co., Ltd. (“NSN”) resolved, at their meeting of the Board of Directors held today, to implement a merger (the “Merger”) between NSC and its wholly owned subsidiary NSN, in which NSC will be the surviving company and NSN will be the absorbed company, effective as of April 1, 2020.

1. Purpose of the Merger

NSC made NSN into its subsidiary in March 2017, and has strived to maximize the effects of synergies by mutually utilizing management resources of both companies, while making the most of the strengths of each company, and has consistently achieved results in areas such as sales alliances, mutually flexible production, and developments of best practices in technology. In January 2019, NSC converted NSN into its wholly owned subsidiary, thereby establishing a structure oriented toward integrated operations that allow for swifter and more flexible responses in implementing intercompany measures, including those for pursuit of an optimized production system and business restructuring of group companies, in order to realize even greater synergies.

In the current fiscal year, however, the environment surrounding the steel making industry is rapidly deteriorating. In addition to a significant deterioration in NSC’s own business conditions, NSN, which is in the same industry as NSC (blast furnace steelmaking and steel sheet business), is likewise experiencing very harsh business conditions. In order to overcome this situation, it is necessary for the Nippon Steel Group to proceed with the urgent consideration and implementation of measures to pursue even greater total optimization.

Furthermore, in the context of a series of accidents and emergencies that have occurred at NSN since last year, an even greater level of integrated operations with NSC is becoming necessary from the perspectives of maintaining customer relationships and securing stable supply of products. Taking these circumstances into account, after consideration by both companies, the decision has been made to merge, forming an organizational structure for agile response aimed at strengthening competitiveness.

2. Outline of the Merger

(1) Schedule

Resolution of the Board of Directors on the Merger (both companies):	October 3, 2019
Execution date of the merger agreement:	October 3, 2019
Effective date of the Merger:	April 1, 2020 (planned)

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

(2) Method of the Merger

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

(3) Details of Allotment in Relation to the Merger

Since this is a merger with NSC’s wholly owned subsidiary, no allotment of shares or other consideration will be made.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights
NSN has not issued stock acquisition rights or bonds with stock acquisition rights.

3. Situation after the Merger

There will be no changes in the NSC's trade name, location of head office, name and title of representative, business operations, paid-in capital or fiscal year-end as a result of the Merger.

4. Future Outlook

Since this is a merger with NSC's wholly owned subsidiary, the impact of the Merger on NSC's consolidated results will be immaterial.

(Contacts for inquiries)

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