Creating the Best Steelmaker with World-Leading Capabilities

September 22, 2011
Note Regarding Forward-looking Statements

This presentation includes “forward-looking statements” that reflect the plans and expectations of Nippon Steel Corporation and Sumitomo Metal Industries, Ltd. in relation to, and the benefits resulting from, their business integration described below. To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the two companies in light of the information currently available to them, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the actual results, performance, achievements or financial position of one or both of the two companies (or the post-transaction group) to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. The two companies undertake no obligation to publicly update any forward-looking statements after the date of this presentation. Investors are advised to consult any further disclosures by the two companies (or the post-transaction group) in their subsequent domestic filings in Japan and filings with the U.S. Securities and Exchange Commission.

The risks, uncertainties and other factors referred to above include, but are not limited to:

(1) economic and business conditions in and outside Japan;
(2) changes in steel supply, raw material costs and exchange rates;
(3) changes in interest rates on loans, bonds and other indebtedness of the two companies, as well as changes in financial markets;
(4) changes in the value of assets (including pension assets), such as marketable securities and investment securities;
(5) changes in laws and regulations (including environmental regulations) relating to the two companies’ business activities;
(6) rise in tariffs, imposition of import controls and other developments in the two companies’ main overseas markets;
(7) interruptions in or restrictions on business activities due to natural disasters, accidents and other causes;
(8) the two companies’ being unable to complete the business integration; and
(9) difficulties in realizing the synergies and benefits of the post-transaction group.
Agenda

1. Highlights of the Merger
2. Growth Strategy
3. Financial Strategy
1. Highlights of the Merger
# Overview of the Integrated Company

<table>
<thead>
<tr>
<th>Trade Name</th>
<th>Nippon Steel &amp; Sumitomo Metal Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location of Head Office</td>
<td>Chiyoda-ku, Tokyo, Japan</td>
</tr>
<tr>
<td>Date of Merger (Effective date)</td>
<td>October 1, 2012 (planned)</td>
</tr>
<tr>
<td>Method of the Business Integration</td>
<td>A merger (a business holding company)</td>
</tr>
<tr>
<td></td>
<td>– Nippon Steel to be the surviving company</td>
</tr>
<tr>
<td>Merger Ratio</td>
<td>Nippon Steel 1.00</td>
</tr>
<tr>
<td></td>
<td>Sumitomo Metals 0.735</td>
</tr>
<tr>
<td></td>
<td>0.735 Nippon Steel shares to be allotted for each share of Sumitomo Metals</td>
</tr>
<tr>
<td>Listing Exchanges</td>
<td>Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo</td>
</tr>
</tbody>
</table>
Creating the Best Steelmaker with World-Leading Capabilities

Maximize the potential of steel through utilization of world-leading technology. Contribute to the growth of global economies and the improvement of global society.

Globalizing the Steel Business

The Best Steelmaker with World-Leading Capabilities

Nippon Steel & Sumitomo Metal Corporation

Utilizing the World’s Leading Technologies

Improving Cost Competitiveness
## Maximizing Corporate Value

| Globalizing the Steel Business | • Re-organize/Expand existing bases mainly in emerging countries  
|                              | • Establish /Reinforce the bases incl. integrated steelworks outside Japan  
|                              | • Improve capabilities to offer solutions to customers |
| Utilizing the World’s Leading Technologies | • Respond to increasingly sophisticated needs of customers through maximization of the potential of steel by consolidating technologies. |
| Improving Cost Competitiveness | • Generate synergies of JPY 150 billion per annum in approx. 3 years after the business integration |

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### The Best Steelmaker with World-Leading Capabilities

- **Nippon Steel**
- **Sumitomo Metals**

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![Corporate Value](image)

- **Corporate Value**
- **Nippon Steel & Sumitomo Metal Corporation**
Roadmap to Merger

- ** Execution of the Master Integration Agreement
  - ** September 22, 2011

- ** Execution of a Merger Agreement
  - ** April, 2012 (Planned)

- ** Shareholders meetings to approve the Merger Agreement
  - ** June, 2012 (Planned)

- ** Date of Merger (Effective date)
  - ** October 1, 2012 (Planned)

*The Business Integration is subject to, inter alia, the approval of the relevant authorities and shareholder approval at the respective shareholders meetings of Nippon Steel and Sumitomo Metals.*
Best for the new company

2. Growth Strategy
(1) Globalizing the Steel Business
Capture the Growing Demands in Emerging Countries

The Trend of Apparent Consumption of Crude Steel
(Consumption in 1970 = 1.0)

Emerging
(China, Brazil, India, ASEAN5)

Global

(Source: World Steel Association)
Expand Local Production in Emerging Countries

- Continue to produce in Japan as the core base
- Supply high quality products in growth markets

- Produce in Japan as the core base
- Develop and manufacture leading-edge products

Re-organize and expand manufacturing, processing, and sales bases from Brazil and other countries.

Re-organize and Expand the Bases incl. Integrated Steelworks e.g. in ASIA / AMERICAS

Target: 60 - 70 million tons of global production
Global No.1 Product Line-up for Automotives

Global Auto Production

<Emerging countries>

<Growth Market>


(Source: Automobile Manufacturers Associations of Each Country and Region, and Estimates by Nippon Steel and Sumitomo Metals)

Strength of NSC
Strength of SMI
Strength of both

Nippon Steel Corporation  SUMITOMO METALS
Growing Global Demand for Energy

**Energy consumption by region**

- China
- US
- Europe
- India
- Middle East
- Japan
- Others

**Correlation between # of rigs and oil demand**

- Oil/Gas consumption (left)
- # of rigs (right)

(Source: OECD/IEA-2010)
(Source: Baker Hughes, BP
Estimates by Nippon Steel and Sumitomo Metals)
High-end Products for Energy Sector

Exploration / Production

Transportation / Storage

Power-Generation
Growing Demand for Railway Infrastructure

Railway market: € 136 billion with approx. 3% growth p.a.

Global market size (projected) (annual average)

Breakdown by type

(Source: Ministry of Land, Infrastructure, Transport and Tourism)

Nippon Steel Corporation

SUMITOMO METALS
Best Quality for Growing Railway Demand

Deliver the best quality rails and wheels from US/Japan production bases

**Nippon Steel & Sumitomo Metal**

- Wheels: 0.24 million pieces/year  
  (Export ratio 50%)
- Rails: 0.62 million tons/year  
  (Export ratio 80%)

**Standard Steel**

- Sole US manufacturer of forged railway wheels and axles
  
  - Wheels: 0.3 million pieces/year

Nippon Steel Corporation  
SUMITOMO METALS
(2) Utilizing the World’s Leading Technologies
Maximizing the Potential of Steel

Increasing sophisticated, efficient, and quicker R&D

R&D: JPY 70 billion

Better solutions for customer needs

Joint Researches with Customer: 450 themes

Developing new technologies incl. innovative production processes

Improving competitiveness by developing de facto standard technologies

Leading technologies for global environment

The highest energy efficiency and lowest CO2 emissions

Developing technology to use lower-grade raw materials

Technologies for lower grade iron ore
Integrate Manufacturing and Product Technologies

### Technology to solve customer problems

<table>
<thead>
<tr>
<th></th>
<th>Nippon Steel</th>
<th>Sumitomo Metals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Up-stream Process</strong></td>
<td>• Diagnose and repair technologies of coke-oven restoring</td>
<td>• Development of new-generation technologies for steelmaking process</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Auto Shipbuilding Energy</strong></td>
<td>• Automotive high-strength steel sheet with excellent crash energy absorption capacity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Development of high strength steel plate and new hull structure design for large container ships</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Corrosion resistant steel for cargo oil tank</td>
<td>• Development of Steel Plate for Improving the Fatigue Strength in Welded Joints</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Development of advanced stainless boiler tube for Ultra-Supercritical coal-fired thermal power plants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Invention for super-high strength low-alloy steel oil country tubular goods</td>
</tr>
</tbody>
</table>

### No.1 Patents among Global Steel Companies

<table>
<thead>
<tr>
<th></th>
<th>Nippon Steel</th>
<th>Sumitomo Metals</th>
<th>Nippon Steel &amp; Sumitomo Metal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic patents (as of May, 2011)</td>
<td>7,957</td>
<td>3,698</td>
<td>11,655</td>
</tr>
<tr>
<td>Int'l patent application publications (2006-2010)*</td>
<td>561</td>
<td>347</td>
<td>908</td>
</tr>
<tr>
<td>R&amp;D (FY2010, JPY bn)</td>
<td>46.6</td>
<td>22.7</td>
<td>69.3</td>
</tr>
</tbody>
</table>

* Int'l patent application publications of competitors: JFE 329, POSCO 234, ArcelorMittal 100

(Source: Japan Patent Office Database)
Transforming Customer Needs into Opportunities

**Technology**

**Trend in body weight**

- **For fuel efficiency**
  - Lighter body via high tensile steel
  - - BH sheets, High tensile 440MPa
- **For safety**
  - Heavier body for collision safety
  - - DP, TRIP 590~980MPa
    - Hot Stamp ~1500MPa
- **For global warming**
  - Wider application of functional high tensile steel

**Regulations for CO2 emissions**

- China
- Japan
- Europe
- US

Tighter regulations for CO2 emissions ➞ More demand for lighter steel technology

We will apply functional high tensile steel with nano-technology to balance collision safety and lighter body

(Source: JSTP) (Source: Companies’ research)
(3) Improving Cost Competitiveness
## Realization of Synergies

Generate synergies of JPY 150 billion per annum in approx. 3 years after merger

<table>
<thead>
<tr>
<th>Main measures</th>
<th>Approx. Amount of Synergies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expansion of global development</strong></td>
<td></td>
</tr>
<tr>
<td>1. Accelerating overseas expansion by utilizing the Companies’ human resources</td>
<td>JPY 30 bn / year</td>
</tr>
<tr>
<td>2. Re-organizing and reinforcing overseas manufacturing and sales bases</td>
<td></td>
</tr>
<tr>
<td>3. Improving efficiency of administrative/back-office functions etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Technology/R&amp;D</strong></td>
<td></td>
</tr>
<tr>
<td>1. Realizing the benefits of advanced technology by consolidating the areas of technology and R&amp;D</td>
<td>JPY 40 bn / year</td>
</tr>
<tr>
<td>2. Speeding up and increasing efficiency in R&amp;D etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Production/Sale</strong></td>
<td></td>
</tr>
<tr>
<td>1. Improving production efficiency by integrating the manufacturing process</td>
<td>JPY 40 bn / year</td>
</tr>
<tr>
<td>2. Improving productivity by optimal allocation of tasks among production lines etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Procurement</strong></td>
<td></td>
</tr>
<tr>
<td>1. Improving efficiency in procurement and transport of raw materials</td>
<td>JPY 40 bn / year</td>
</tr>
<tr>
<td>2. Reducing costs by standardizing equipment specifications</td>
<td></td>
</tr>
<tr>
<td>3. Unifying financing, and improving efficiency in capital management etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>JPY 150 bn / year</td>
</tr>
</tbody>
</table>

Endeavor to increase the above target synergy amount.
In addition, continue to make further efforts to reduce costs.
Best Practices among Domestic Steelworks

Reinforce ties among domestic steelworks

- Crude Steel
- Raw Materials Transportation
- Raw Materials Inventory
- Energy
- Maintenance
- Materials / Equipment
- Infrastructure
- etc.

Share the Best Practice

<table>
<thead>
<tr>
<th>Product</th>
<th>Site of NSC</th>
<th>Site of SMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hot Strip 6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cold Strip 13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CGL 18 Bar 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EGL 8 Wire Rod 4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>Site of NSC</th>
<th>Site of SMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plate 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seamless 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spiral 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UO 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ERW 2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The World’s Highest Energy Efficiency

40% of large capacity / highly advanced BF in the world is operated by Integrated Company

<table>
<thead>
<tr>
<th>BF Ranking (by Capacity)</th>
<th>Energy Efficiencies in Steel Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Jiangsu Shagang No.4BF 5,800㎥</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Nippon Steel &amp; Sumitomo Metal (Oita 1BF 5,775㎥, Oita 2BF 5,775㎥)</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>POSCO Pohang 4BF 5,600㎥</td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>Severstal No.5BF 5,580㎥</td>
</tr>
<tr>
<td><strong>6</strong></td>
<td>Nippon Steel &amp; Sumitomo Metal (Kimitsu 4BF 5,555㎥)</td>
</tr>
<tr>
<td><strong>7</strong></td>
<td>ThyssenKrupp Schwelgern2BF 5,513㎥</td>
</tr>
<tr>
<td><strong>8</strong></td>
<td>Shougang Caofeidian I 5,500㎥, Caofeidian II 5,500㎥</td>
</tr>
<tr>
<td></td>
<td>JFE Fukuyama 5BF 5,500㎥</td>
</tr>
<tr>
<td><strong>11</strong></td>
<td>Nippon Steel &amp; Sumitomo Metal (Nagoya 1BF 5,443㎥)</td>
</tr>
<tr>
<td><strong>12</strong></td>
<td>Kobe Steel Kakogawa 2BF 5,400㎥</td>
</tr>
<tr>
<td><strong>13</strong></td>
<td>Nippon Steel &amp; Sumitomo Metal (Kashima 1BF 5,370㎥, Kashima 3BF 5,370㎥)</td>
</tr>
<tr>
<td><strong>15</strong></td>
<td>Hyundai Dangjin1,2BF 5,250㎥</td>
</tr>
</tbody>
</table>

(Source: Research by Nippon Steel and Sumitomo Metals)

Japan=100

Japan=

Korea

Germany

France

UK

China

India

Canada

US

Russia

(Source: RITE)
Investment in Raw Materials Interests

Securing access to ores and coals / mitigating price risk by acquiring stakes in quality mines and diversifying suppliers

Raw Material Self Sufficiency Ratio

<table>
<thead>
<tr>
<th>Iron ore</th>
<th>Coal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. 30%</td>
<td>Approx. 20%</td>
</tr>
</tbody>
</table>

Procurement Volume (Total)

- Iron ore: 68 million tons
- Coal: 32 million tons

Mines with long-term contracts or investments

- Iron ore
- Coal
- Other alloy

Investment %

<table>
<thead>
<tr>
<th>Mine</th>
<th>Investment %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elkview</td>
<td>2.5%</td>
</tr>
<tr>
<td>MUSA</td>
<td>70%*</td>
</tr>
<tr>
<td>NIBRASCO</td>
<td>31.4%</td>
</tr>
<tr>
<td>MBR</td>
<td>2.4%</td>
</tr>
<tr>
<td>CBMM</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

- Australia: 14.0%
- Beasley River: 37.6% (planned)

- Brazil: 23.3%

Canada

- 2.5%

Mozambique

- 14.0%

Brazil

- 9.5%

Moranbah North

- 5.0%

Warkworth

- 9.5%

Integra

- 6.0%

Bulga

- 12.5%

Foxleigh

- 10.0%
3. Financial Strategy
Earned Cash goes to Good Investments and Shareholders

Profit

+ Depreciation & Amortization

+ Asset Compression, etc

- Re-organize/Expand Production Facilities in Growing Markets
- Improvement of Competitiveness of Domestic Steel Business
- Investment in Raw Materials Interests
- Improve Financial Condition
- Return to Shareholders
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Maximize the potential of steel through utilization of world-leading technology. Contribute to the growth of global economies and the improvement of global society.

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Utilizing the World’s Leading Technologies

Improving Cost Competitiveness

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