## Business Plans

### Management Plans and Organizational Reshuffling

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>Nippon Steel Corporation was inaugurated.</td>
</tr>
<tr>
<td>1974</td>
<td>Engineering Divisions Group was organized.</td>
</tr>
<tr>
<td>1977</td>
<td>Project Planning &amp; Development Bureau was organized.</td>
</tr>
<tr>
<td>1978</td>
<td>First Modernization Plan</td>
</tr>
<tr>
<td>1979</td>
<td>Entire organization was classified into basic five units: head office, steelworks, company-wide unit, engineering business and development business.</td>
</tr>
<tr>
<td>1981</td>
<td>The technical department was reorganized to establish the Technical Development Bureau and the Central R&amp;D Bureau.</td>
</tr>
<tr>
<td>1982</td>
<td>Second Modernization Plan</td>
</tr>
<tr>
<td>1984</td>
<td>Third Modernization Plan</td>
</tr>
<tr>
<td>1985</td>
<td>The Engineering Divisions Group was shifted to the divisional operating system.</td>
</tr>
<tr>
<td>1986</td>
<td>The New Business Planning &amp; Development Div. was organized.</td>
</tr>
<tr>
<td>1987</td>
<td>First Medium-Term Business Plan (Fourth Modernization Plan)</td>
</tr>
<tr>
<td>1988</td>
<td>The Electronics &amp; Information Systems Division was spun-off to establish Nippon Steel Information &amp; Communication Systems Inc.</td>
</tr>
<tr>
<td>1989</td>
<td>Urban Development Division was organized.</td>
</tr>
<tr>
<td>1990</td>
<td>Space World opened.</td>
</tr>
</tbody>
</table>
1991 Second Medium-Term Business Plan
- Technical Development Bureau was organized and R&E Center was completed as an organization to integrate research, development and engineering.
- Nippon Steel Fellow System was introduced.

Plan duration: Three years from 1991 to 1993*
Basic policies
- Strengthening of the competitiveness of the steel business
- Promotion of electronics and information systems, urban development and building construction as a major force to expand new businesses
- Realization of the world’s most competitive steel business
- Development of new products
- Innovation in production and logistics systems
- New equipment investment of more than ¥600 billion in three years
- Improvement of labor productivity by 15%

1993 Nippon Steel Semiconductor Corporation was established and the LSI Division was organized.

1994 Third Medium-Term Business Plan
- Corporate Policy Committee was organized.

Plan duration: Three years from 1994 to 1996*
1. Restructuring of international competitiveness of the steel business
   - Restructuring of cost performance superior to that of the strongest competitor (Cost reduction by ¥300 billion)
   - Structuring of the 20,000 employee organization
2. Restructuring of management software
   - Slimming-down of head office functions (leaner head office)
   - Integration of sales and technical divisions and product-wise divisional operations
3. Strengthening and promotion of multiple-business management and group strategies
4. Incessant efforts for market development

1995 The articles of incorporation were changed to add electricity supply to the business line.

1997 Medium-Term Business Plan
- The personnel system was revised (reduction of positions and introduction of group system).
- Stainless Steel Division was organized.
- Business divisions of the Engineering Divisions Group were reorganized.

Plan duration: Three years from 1997 to 1999*
1. Structuring of multiple-business management
2. Innovation of management software
3. Strengthening of consolidated management
4. Creation of new demands and development of new markets
Management targets
- Securing of appropriate ordinary profits (ordinary profits of more than ¥100 billion/year on a stable basis)
- Strengthening of financial structure
- Consolidated sales of ¥3,050 billion for 1999*

1998 The Engineering Divisions Group was positioned as an autonomous company in management and operation.
Operations of Nippon Steel's Electronics and Information Systems Division and its subsidiary Nippon Steel Information & Communication Systems Inc. were integrated to organize NS Solutions Corporation.

The articles of incorporation were changed to add manufacture and sale of electronic components to the business line.

The articles of incorporation were changed to add manufacture and sale of machinery and equipment, such as environmental plants, water supply and sewage-related facilities, and supply of heat and other energy to the business line.

All operations of Nippon Steel's Urban Development Division were integrated into Nippon Steel City Produce, Inc. (change of the company name from Nippon Steel Life Planning Co., Ltd. in April 2001).

The articles of incorporation were changed to add manufacture and sale of machinery and equipment, such as environmental plants, water supply and sewage-related facilities, and supply of heat and other energy to the business line.

Organizational and operating systems of the steel business were examined to promote divisionally integrated operations within the group based on product item or business area.

The articles of incorporation were changed to add gas supply and wastestreatment/recycling to the business line.

Nippon Steel & Sumikin Stainless Steel Corporation was established.

Business divisions of the Engineering Divisions Group were reorganized.
2006 Medium-Term Consolidated Business Plan

Plan duration: Three years from 2006 to 2008*
1. Completion of our Group's 40 million ton crude steel production base
2. Implementation of "Global Player Strategy"
3. Enhancement of our alliance network with domestic and overseas steel manufacturers
4. Construction of a strong group management system unifying our six business segments' strengths together
5. Strengthening of financial position (Acquisition of international rating A1)
   (Target 2008* (Consolidated))
   - Net Sales Approx. ¥4,200 billion
   - Ordinary profit ¥500 billion or more
   - Net income ¥300 billion or more
     (EPS ¥44 or more per share)
   - ROA Approx. 12%
   - Interest bearing debt ¥1,000 billion or less
   - Debt Equity ratio 0.5 or less
   - Capex, investing & financing Approx. ¥850 billion per three years

- Amendments to the Articles of Incorporation
  Amendments in relation to the new Company Law,
  Amendments to the provisions related to the Board of Directors and the Corporate Auditors.
- Introduction of the Executive Management System.
- Nippon Steel Engineering Co., Ltd. and Nippon Steel Materials Co., Ltd. were established.

2010 Medium-Term Management Plan

Plan duration: Three years from 2009 to 2011*
1. "Reinforcing our corporate strengths and establishing a secure revenue base" and "building a stronger global production and supply base" in the Steel Industry
2. Maximizing the synergy of NSC group
3. Policies relating to Global Warming
4. Policies to be a Trusted and Reliable Company
5. Laying grounds for a New Growth Path
   - Further strengthen our competitive edge
   - Structure of global tri-polar (Domestic, Asia, American and Pan-Atlantic) production and processing bases
     (Envisaging a global capacity of 50 to 60 million tons)
   - Realizing a "Global Corporate Group"

2011 • Integration Oita Works and Hikari Pipe & Tube Division

* Fiscal years (twelve-month period beginning April 1 of the years specified)
## Operation of Blast Furnaces

<table>
<thead>
<tr>
<th>Works</th>
<th>Fourth Modernization Plan</th>
<th>BFs in operation as of July 1, 2012</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muroran</td>
<td>1 → 0 (units)</td>
<td>1 (units)</td>
<td>※Succeeded to Hokkai Iron &amp; Coke in April 1994</td>
</tr>
<tr>
<td>Kamaishi</td>
<td>1 → 0</td>
<td>0</td>
<td>Closed on March 25, 1989</td>
</tr>
<tr>
<td>Hirohata</td>
<td>1 → 0</td>
<td>0</td>
<td>Closed on June 27, 1993</td>
</tr>
<tr>
<td>Sakai</td>
<td>1 → 0</td>
<td>0</td>
<td>Closed on March 24, 1990</td>
</tr>
<tr>
<td>Yawata</td>
<td>2 → 1</td>
<td>1</td>
<td>One of the two BFs closed on December 25, 1988</td>
</tr>
<tr>
<td>Nagoya</td>
<td>2 → 2</td>
<td>2</td>
<td>Three BF operation system from July 4, 1988</td>
</tr>
<tr>
<td>Kimitsu</td>
<td>2 → 3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Oita</td>
<td>2 → 2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12 → 8</td>
<td>9</td>
<td>(including Hokkai Iron &amp; Coke)</td>
</tr>
</tbody>
</table>