

Summary of Q&A at the conference for the “Commencement of Consideration of Business Integration of Nippon Steel Corporation and Sumitomo Metal Industries, Ltd.” on February 3, 2011

Speakers:

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	Q	A
1	There would be many obstacles to consolidate two companies, such as blending of culture of steelworks, consolidation of information systems, antitrust laws. How would you overcome them?	Nippon Steel and Sumitomo Metals have done them internally. We can do it collectively. Consolidation of information systems will take a lot of work but we have to do it.
2	How do you think of cultural differences between the two companies?	We know each other well. We can overcome it.
3	Do you have any plan to slash manufacturing facilities in Japan?	No, we do not.
4	Why didn't you include Kobe Steel in this consolidation?	Our alliance with Kobe Steel will stay unchanged.
5	I believe Sumitomo Metals has an alternative to go alone to improve seamless pipe business without consolidation. How do you respond?	The study of this consolidation will provide us the best prospects. That includes our seamless pipe business.
6	Does this consolidation make you better positioned for raw material procurement?	Yes. It will improve our raw material related technology such as utilizing lower grade iron ore. It will benefit us from financial viewpoint as well.
7	What is the characteristic of this consolidation?	We consolidate to make a better future.
8	What is the point of superiority of the other company?	Nippon Steel: Sumitomo Metals' competitiveness in pipe business. Sumitomo Metals: Nippon Steel's experiences as the global leader of steel industry.
9	Nippon Steel has announced in its medium-term plan that the target volume is 50 to 60 million tons per year. How does this consolidation affect to that target?	The volume target for the consolidated new company is yet to be determined.
10	We are concerned whether the work load of the consolidation itself would delay the global strategy.	The acceleration of the global strategy is one of the objectives of this consolidation.
11	What are the benefits of consolidation in terms of cost and technology?	Consolidation of the resources of two companies will benefit us. We are sure that the cost reduction will be significant although we do not have any specific number today.

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12	You do not have any solid number of benefits of the consolidation. You have been in a hurry to announce?	We have just agreed to start a study of consolidation. The specific numbers of the benefits will be determined later.
13	What pushed you to consolidate?	We agreed on the understanding of the business environments and future prospects.
14	Are you going to change the framework of the former alliances such as the supply system of slabs?	We will think about it.
15	The volume of the new company would be about 50 million tons. Is it big enough?	The volume is not the whole point. We intend to become global top class maker in terms of the balance between technology & quality and volume.
16	Why did you choose the merger to form a business holding company instead of just a holding company?	We believe we realize the benefit quicker by forming a business holding company.
17	Did you consult with Fair Trade Commission? Do you think the consolidation will be approved?	We will apply to FTC later. The strong areas of two companies are quite different and the consolidation will not make our market share too high. Therefore, we expect that the consolidation would be acceptable to FTC.