

### **Issuance of Subscription Rights of Usiminas**

Nippon Steel & Sumitomo Metal Corporation (“NSSMC”) is pleased to announce that Usinas Siderúrgicas de Minas Gerais S.A. – Usiminas (“Usiminas”), an equity method affiliated company in Brazil of NSSMC held the Board of Directors meeting on March 11, 2016 (local time), and approved the following matters:

- i) to submit to the extraordinary meeting of shareholders of Usiminas the matter of allotment of preemptive subscription rights for ordinary shares (the “ON Subscription Rights”) in the total amount of 1 billion reais to all the existing shareholders; and
- ii) to make allotment of preemptive subscription rights for preferred shares (the “PN Subscription Rights”) in the total amount of 64,882,317 reais to all the existing shareholders.

For the purpose of reinforcement of its capital, Usiminas will promptly issue the PN Subscription Rights and upon approval by the extraordinary meeting of shareholders of Usiminas to be likely held in April 2016, will issue the ON Subscription Rights.

NSSMC believes that the above capital increase is crucial to improve the financial strength of Usiminas and is prepared to subscribe to the ordinary shares to be issued by Usiminas in the amount of up to 1 billion reais if other shareholders do not exercise the preemptive subscription rights.

In the severe business environment surrounding Usiminas linked to downturn of Brazilian economy, Usiminas has actively taken measures to improve its profitability by implementing the reorganization plan including the shutdown of the upstream operations of the Cubatão Steelworks. NSSMC expects Usiminas to improve the financial strength with the increased capital gained through the issuance of the Subscription Rights. NSSMC further expects that Usiminas will i) capture, by taking advantage of its technical superiority, the demand for high-grade steel in the South American market that is expected to grow in the long-term, ii) enhance its profitability and iii) further improve its financial strength and develop its corporate value.

Usiminas is very important for the global strategy of NSSMC. NSSMC is thus committed to continue its support to Usiminas so that Usiminas be able to further develop its competitiveness and corporate value.

Reference – 1 Current composition of shareholders

	Registered ONs (%)	All ONs (%)
NSSMC	6.39%	4.08%
Nippon Usiminas	37.18%	23.74%
NSSMC Group	43.57%	27.83%
Mitsubishi Corporation and Metal One	2.54%	1.62%
Nippon Group	46.12%	29.45%
Ternium Group	43.31%	27.66%
Previdência Usiminas	10.57%	6.75%
Controlling Shareholders Total	100.00%	63.86%
Non-Controlling Shareholders Total	—	36.14% (i)

(i) : In addition to the above, NSSMCC also holds ordinary shares representing approximately 1.33% of ordinary shares that is not subject to the shareholders agreement.

(ii) : Each percentile number is rounded at second decimal place. Thus, total numbers will not necessarily be arithmetic totals.

**Reference – 2** Outline of Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas

- 1) Head office : Belo Horizonte, MG, Brazil
- 2) Business : Manufacture and Sale of Steel Products mainly in South America
- 3) Locations : Head Office: Belo Horizonte, MG  
Steel Works: Ipatinga, MG, Brazil and Cubatão, SP, Brazil
- 4) CEO : Romel Erwin de Souza
- 5) Capital : R\$ 12,150 million
- 6) Net sales : R\$ 10,186 million (2015, consolidated)
- 7) Production : 5.0 million tons of crude steel (2015)
- 8) Start of operation : October 1962 (Founded in January 1958)

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