

**February 14, 2006
Nippon Steel Corporation
Sanyo Special Steel Co., Ltd.**

Cooperation between Nippon Steel and Sanyo Special Steel

Today, Nippon Steel Corporation (principal place of business: Chiyoda-ku, Tokyo, President: Akio Mimura) and Sanyo Special Steel Co., Ltd. (principal place of business: Himeji City, Hyogo, President: Hiroki Sasaki) have agreed to pursue collaboration for enhancing their respective competitiveness. A “Joint Study Committee” (provisional name) will be established by both companies to explore specific measures.

Anticipating future changes in steel demand and growing international competition, this collaboration aims to provide both Nippon Steel and Sanyo Special Steel with benefits through implementation of specific collaboration measures.

Below are areas for collaboration that the two companies have agreed to study. Other areas could be added if future discussions determine that addition would be advantageous to both companies.

- (1) Mutual cooperation for production optimization based on production structures of each company (e.g. consignment production)**
- (2) Mutual cooperation for cost reduction in the procurement of raw materials**
- (3) Mutual cooperation for cost reduction in the distribution of products**
- (4) Mutual cooperation towards joint research and development**
- (5) Exchange of staff in production, research and development, and other areas**

Through the study and implementation of cooperative measures in the above areas, both companies intend to build cooperative relationships that strengthen their respective competitive edge.

In order to carry out cooperative measures with greater smoothness and efficiency, it has been agreed that Nippon Steel will purchase shares of Sanyo Special Steel (treasury stock held by Sanyo Special Steel) to increase its percentage of voting rights in Sanyo Special Steel up to 15% (whereby Sanyo Special Steel will become an affiliate of Nippon Steel accounted for by the equity method), while Sanyo Special Steel will purchase Nippon Steel shares approximately in the same number of shares as Nippon Steel’s purchase of Sanyo Special Steel shares.

For more information, please contact:

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Corporate Profile

Nippon Steel Corporation (Securities Code: 5401)

Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo
President	Representative Director Akio Mimura
Established	March 1970
Capital	¥419.5 billion (as of March 31, 2005)
Sales	¥2147.9 billion (FY2004)
Number of employees	15,081 (as of March, 2005)

Sanyo Special Steel Co., Ltd. (Securities Code: 5481)

Head Office	3007, Nakashima, Shikama-ku, Himeji City
President	Representative Director Hiroki Sasaki
Established	January 1935
Capital	¥20.2 billion (as of March 31, 2005)
Sales	¥102.4 billion (FY2004)
Number of employees	1,340 (as of March 31, 2005)