

16 October 2006
Nippon Steel Corporation

The Siam United Steel (1995) Co., Ltd. to Become a Consolidated Subsidiary

Nippon Steel Corporation (hereinafter "NSC") has decided to acquire 7,527,000 shares of the issued capital stock of The Siam United Steel (1995) Co., Ltd. (hereinafter "SUS"), a Thai company manufacturing the cold-rolled sheet in coil in which NSC has 36.3% equity holdings, from The Siam Cement Public Company Limited (hereinafter "SCC"), its partner on the Thai side, thus increasing its equity ratio to 44.7% to make SUS a consolidated subsidiary of NSC.

1. Purpose of making SUS a consolidated subsidiary

Thailand is the largest steel market among ASEAN member countries, with good prospects for future growth chiefly in high value added steels for automotive, home-appliance, OA and other such uses. Therefore, Thailand is one of the most important overseas markets for Nippon Steel Group.

SUS has been playing a central role of Nippon Steel Group, in catching the growing demand for high-class steels in Thailand and as a strong base for exports to neighboring countries in Southeast Asia.

However, NSC judges that SUS needs to be fortified with greater integration and cooperation with NSC in order to further strengthen the competitiveness of SUS and ensure its further development in the future.

SUS, as a consolidated subsidiary of NSC, will be sharing in the Group strategies to a much greater extent, and enhancing its corporate worth as a member of Nippon Steel Group.

2. Schedules for stock acquisition

Early December 2006: Stock acquisition

3. Changes in equity ratio attendant on the stock acquisition

	Existing	After acquisition	Difference
NSC	36.3%	44.7%	+8.4%
SCC	19.5%	5.0%	- 14.5%
Siam Industrial Corporation, Ltd.	0.2%	0.2%	-
Thai Tinplate Manufacturing Co., Ltd.	6.7%	6.7%	-
JFE Steel Corporation	5.7%	5.7%	-
Sumitomo Metal Industries, Ltd.	2.5%	2.5%	-
Kobe Steel, Ltd.	2.5%	2.5%	-
POSCO	10.0%	12.3%	+2.3%
Mitsui & Co., Ltd.	7.0%	8.6%	+1.6%
Metal One Corporation	5.6%	6.9%	+1.3%
Sumitomo Corporation	3.9%	4.8%	+0.9%
Nittetsu Shoji Co., Ltd.	0.2%	0.3%	+0.1%
Total	100.0%	100.0%	-

Note: As individual stockholders' equity ratios are rounded off to one decimal place, the sum total of their equity ratios does not match with the total in this list.

Profile of SUS

1. Location: Plant: Rayong (area: about 420,000m²)
Sales Office: Bangna, Bangkok
2. President Tsutomu Yamada
3. Capital stock: 9 Billion baht
4. Employees: About 880
5. Operation Started November, 1998 (Established: July, 1995)
6. Line of business: Manufacture and sale of cold-rolled steel sheet mainly for the home market of Thailand.
7. Capacity 1million ton / y

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