

August 9, 2007
Nippon Steel Corporation

USIMINAS System Development Plan

USIMINAS (President: Rinaldo Campos Soares), which is an alliance partner in South America and an equity-method-applicable company of Nippon Steel (President: Akio Mimura), is the leading steel company in South America focusing on high-grade steels. Recently, with the growth of automobile production and the expanding development of energy resources such as oil and natural gas in South America, chiefly in Brazil, the growth in demand for steel products, centering on high-grade steels, is expected to continue to gather strength. To capture this demand, USIMINAS has been vigorously contemplating the USIMINAS System Development Plan (the "Plan").

Today, USIMINAS has decided that the new blast furnace to be constructed at Ipatinga Works, which is one of its most important facilities in the Plan, be of the 5,000m³-class and the largest in Americas. USIMINAS has also decided some of the details of the investment policy about other facilities. The outline of the current investment policy, including the items decided today, is set out below.

Upon completion of the Plan, USIMINAS will become an outstanding producer of high-grade steels, turning out more than 11 million metric tons of crude steel by 2011, thereby further enhancing the respective corporate values of USIMINAS and Nippon Steel.

Nippon Steel has been taking part in the Plan. As part of its support, in addition to the several technical missions already sent, Nippon Steel has dispatched two technical advisers to USIMINAS this July. Nippon Steel will continue to support the Plan.

《Outline of the USIMINAS System Development Plan: 》

(1) Expansion of high-grade steel production capacity of the existing steelworks

- Total amount of investment (current estimate):
US\$5.7 billion (Approx. ¥680 billion)
- In operation: 2009 - 2011

1) Ipatinga Works:

Crude-steel capacity: Capacity increase of 2.2 million metric tons per year.

New Blast Furnace: A 5,000m³-class to be the largest in Americas, decided today.

New steelmaking plant: Equipment capable of producing high-grade steels including automotive sheets and products for

energy-related industries.

Hot-rolling capacity: Capacity increase of 1.1 million metric tons per year.

HSM expansion: To attend for high-grade steels mainly for automotive use.
Production capacity increase of 600,000 metric tons per year.

Plate mill expansion: To attend for high-grade steels for energy-related industries.
Production capacity increase of 500,000 metric tons per year.

2) Cubatao Works:

New HSM: A new 4-million-ton HSM capable of producing high-grade steels including those for energy-related use.

3) Unigal:

No.2 CGL: The number of annual automobile production in Brazil is expected to increase from 2.6 million in 2006 to 3 million in 2008.
Construction of No.2 CGL in addition to the expansion of the existing line (Production capacity of the existing line (after the expansion): 480,000 metric tons per year)

Each investment will be scrutinized technically and financially and will be implemented after the final approval of the board of directors of USIMINAS.

(2) Construction of a new steelworks for semi-finished steel

- Amount of investment (current estimate): US\$2.7billion (Approx. ¥320 billion)

In addition to the capacity expansion of the existing steelworks, a new 3-million-ton steelworks for production of high-grade semi-finished steel is also under study. Selection of the location and the timing of construction are included in this study.

For more information, please contact:

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