

October 30, 2007
Nippon Steel Corporation
Sumitomo Metal Industries, Ltd.
Kobe Steel, Ltd.

**Nippon Steel Corporation, Sumitomo Metal Industries, Ltd., and Kobe Steel, Ltd.,
Considering Measures to Further Expand and Enhance Ongoing Cooperation**

Nippon Steel Corporation (principal place of business: Chiyoda-ku, Tokyo, President: Akio Mimura) (“Nippon Steel”), Sumitomo Metal Industries, Ltd. (principal place of business: Chuo-ku, Osaka, President: Hiroshi Tomono) (“Sumitomo Metals”), and Kobe Steel, Ltd. (principal place of business: Chuo-ku, Kobe, President: Yasuo Inubushi) (“Kobe Steel”) have to date realized substantial benefits from ongoing collaborative efforts. These include Nippon Steel and Kobe Steel supplying hot-rolled steel coils to Sumitomo Metals, the joint use of iron- and steel-making facilities at Sumitomo Metals’ Wakayama Steel Works, integration of some of their businesses and affiliates, and reciprocal production support among the three companies. In view of these benefits, the three companies have decided to study the following additional measures to further expand and enhance their cooperative ties.

1. Three Companies Studying Ways to Expand Joint Use of Iron- and Steel-making Facilities at Sumitomo Metals’ Wakayama Steel Works as a Source of High Grade Steel

Sumitomo Metals has decided on basic policies relating to the construction of a new No. 2 Blast Furnace at its Wakayama Steel Works, with the aim of bringing the new furnace on stream in the 2nd half of the fiscal year ending March 31, 2013. This project involves renewal of the current No. 5 Blast Furnace (which will be renamed the new No. 2 Blast Furnace) and expansion of steel-making facilities among other measures. It follows the decision to build a new No. 1 Blast Furnace (renewal of the current No. 4 Blast Furnace) at Wakayama Steel Works, which is scheduled to come on stream in June 2009. In response, Nippon Steel, Sumitomo Metals, and Kobe Steel have decided to study ways to expand the effective use of these new iron- and steel-making facilities jointly as a source of high grade steel.

2. Nippon Steel and Sumitomo Metals Studying Two-way Collaborative Measures

- (a) Study on ways to secure capacity for high-grade sheet products, based on the measures outlined in 1. above
- i) Study on Sumitomo Metals’ increased use of hot-rolling capacity of the Nippon Steel Group
 - The two companies will study an integrated approach that will combine the use of the hot-rolling capacity of the Nippon Steel Group with the downstream rolling facilities at Sumitomo Metals’ Wakayama Steel Works in processing Sumitomo Metals’ high grade steel slabs.
 - ii) Study on the Nippon Steel Group’s increased use of rolling capacity for sheet

products at Sumitomo Metals' Wakayama Steel Works

- (b) Study on effective use of facilities at Sumitomo Metals (Naoetsu), Ltd.
 - i) Study on an integrated approach that will combine the use of Nippon Steel's hot-rolling capacity with Sumitomo Metals (Naoetsu)'s downstream rolling facilities in processing nickel-based, stainless steel slabs from Sumitomo Metals' Wakayama Steel Works
 - ii) Study on the Nippon Steel Group's use of the rolling capacity at Sumitomo Metals (Naoetsu)

3. Nippon Steel and Kobe Steel Studying Two-way Collaborative Measures

- (a) Study on the production and use of direct reduced iron as well as the recycling of dust generated by blast furnaces and basic oxygen furnaces
- (b) Study on sintering technology as well as application technology for higher-quality pellets for blast furnaces, as part of the technology exchange between the two companies' iron-making departments

4. Sumitomo Metals and Kobe Steel Studying Two-way Collaborative Measures

- (a) Study on an alliance between their high-strength steel bolts businesses
- (b) Study on Sumitomo Metals' consigning production of stainless steel boiler tubes to the Kobe Steel Group
- (c) Study on expansion of Sumitomo Metals' consigning titanium hot rolling to Kobe Steel

The three companies have also decided to commence studies on additional cross-purchases of shares for the purpose of ensuring the smooth and steady examination and implementation of the aforementioned collaborative measures.

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