

USIMINAS Investment Plan (The Third Mill in the Ipatinga Region)

USIMINAS (President: Marco Antônio Castello Branco), which is an alliance partner in South America and an equity-method-applicable company of Nippon Steel Corporation (President: Shoji Muneoka), is the largest manufacturer of flat steel, mainly high grades, in South America. On July 8, 2008, USIMINAS announced the following in respect of its ongoing investment plan:

Last year, USIMINAS announced an investment plan for expansion of its steelmaking capacity to 3.2 million tons per year at its Ipatinga Works. However, reflecting (i) the continuing increase of steel demand in Brazil and (ii) its acquisition of iron ore mines as well as other changes in the situation, the plan has now been revised for yet further capacity increase by the construction of a third mill with a capacity of 5 million tons per year for slab production at Santana do Paraíso in the vicinity of Ipatinga Works.

USIMINAS will make a total investment of US\$14.1 billion up to 2012. The steelmaking-capacity expansion, rolling-capacity increase, and iron ore mines acquisition and expansion to be realized under this investment plan shall consolidate the leading position of USIMINAS in Brazil as well as its future internationalization.

(1) Steelmaking-capacity expansion at Santana do Paraíso

- Location: a site about 7 km from Ipatinga Works (in Minas Gerais State). Convenient for using the existing infrastructure and logistics systems.
- Investment: estimated at US\$5.7 billion.
- Schedule: The steelmaking-capacity will be 2.5 million tons per year when No. 1 blast furnace commences commercial operation in the first half of 2011. The capacity will then be increased to 5.0 million tons per year when No. 2 blast furnace commences commercial operation in 2012.

(2) Steelmaking capacity expansion at Cubatão

In addition to the above expansion, USIMINAS is also continuing studies about building another steel plant with a capacity of 3 million tons per year for slab production at a site adjoining Cubatão Works (in São Paulo State).

(3) Rolling-capacity increase

- Ipatinga Works  
Plate mill capacity increase by 500 thousand tons per year, hot-strip mill capacity increase by 150 thousand tons per year, etc.
- Cubatão Works  
New hot-strip mill: phase-one 2.3 million tons per year (provision to 4.8 million tons per year).
- UNIGAL (a joint venture between Nippon Steel and USIMINAS for the manufacture of automotive galvanized steel sheet):  
Construction of No.2 hot-dip galvanizing line with a capacity of 550 thousand tons per year.

(4) Acquisition of iron-ore mines and port area for shipping terminal

Against the background of the ongoing tendency toward vertical integration in the steel industry, with the objective of realizing cost reduction and efficient operation, USIMINAS acquired iron ore mines of J-Mendes in Serra Azul region (Minas Gerais State). USIMINAS will increase its iron ore production capacity from the present 5 million tons per year to 29 million tons per year by 2013.

Furthermore, USIMINAS recently acquired a property of 850 thousand square meters in Baía de Sepetiba, a port area in the Rio de Janeiro State. USIMINAS is now planning to construct a shipping terminal for USIMINAS' iron ore and steel products.

USIMINAS will carry out the above investment plan with the aim of becoming the No.1 steel company in the Americas focusing on high-grade steel. Nippon Steel will continue to support USIMINAS with a view to further increasing the corporate value of both companies.

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