

December 5, 2008

Investment in South African steel sheet manufacturing firm

Since October 2008, Nippon Steel Corporation (President: Shoji Muneoka; hereinafter referred to as "NSC") and Marubeni-Itochu Steel Inc. (President: Tsunekatsu Yonezawa; hereinafter referred to as "MISI") have given detailed consideration to requests from the Safal Group with which both NSC and MISI have had a business relationship for many years, regarding investment in and supply of hot-rolled steel sheets for processing to the steel sheet manufacturing firm Safal Steel (Proprietary) Limited (CEO: Ronnie Graham; hereinafter referred to as "Safal Steel"), which is currently building a plant in South Africa.

NSC and MISI have now reached an agreement with Safal Steel in which each is to respectively acquire a 7% stake of the voting shares of that company by means of a capital increase through third-party allocation by Safal Steel, on or about December 15, 2008.

The Safal Group is an influential local enterprise which has been developing its steel sheet manufacturing business and construction material processing business for many years, primarily within Africa. By partnering with the Safal Group in this investment, NSC and MISI anticipate that they will be able to expand their business relationship with this group and to build a stronger relationship of trust, and also to capture the demand for steel products which is expected to grow in South Africa and neighboring countries by supplying hot rolled steel to the investee company.

Outline of the investee company

Name:	Safal Steel (Proprietary) Limited
Business:	Manufacturing and sale of galvanized steel sheet and color coated steel sheet
Location:	Cato Ridge, near Durban, South Africa
Representative:	Ronnie Graham
Total Investment:	USD \$109.4 million
Capital:	120 million rand (after this capital increase through third-party allocation)
Shareholders:	NSC (7%), MISI (7%), and Safal Investment (Mauritius) Limited* (86%)
Site area:	140,000 square meters
Capacity of production facilities:	Pickling: 300,000 tons/year; cold rolling: 150,000 tons/year; CGL: 150,000 tons/year; color coating line: 100,000 tons/year
Start-up time:	July 2009 (scheduled)

* Safal Investment (Mauritius) Limited is the Safal Group's holding company for steel-related enterprises in Africa.

Contact information

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Reference information

Nippon Steel Corporation

Head office: 6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo
Representative: Shoji Muneoka, President and Representative Director
Established: March 1970
Capital: 419.5 billion yen
Sales: 4,827 billion yen (year ending March 2008)
Employees: 15,083 persons (as of March 31, 2008)

Marubeni-Itochu Steel Inc.

Head office: 16F & 17F, Nihonbashi 1 Chome Building, 1-4-1 Nihonbashi,
Chuo-ku, Tokyo
Representative: Tsunekatsu Yonezawa, President and Representative Director
Established: October 1, 2001
Capital: 30 billion yen
Sales: 2,035.9 billion yen (year ending March 2008)
Employees: 777 persons (as of April 1, 2008)