

September 28, 2018

Nippon Steel & Sumitomo Metal Corporation
Nippon Steel & Sumikin Coated Sheet Corporation
Tokai Color Co., Ltd.

NISC Will Convert Tokai Color Into A Subsidiary

Nippon Steel & Sumitomo Metal Corporation (hereafter, NSSMC), Nippon Steel & Sumikin Coated Sheet Corporation (hereafter, NISC), and Tokai Color Co., Ltd. (hereafter, Tokai Color) have decided to exchange shares to make Tokai Color, which is a wholly-owned subsidiary of NSSMC, a wholly-owned subsidiary (hereafter, this subsidiary acquisition) of NISC (wholly-owned subsidiary of NSSMC). This is being done with the aim of improving the ability to respond to customers and the market by consolidating business strategies within the NSSMC Group's Flat products business for exterior building components (mainly focused on manufacturing and sales of coated and painted sheets and coils for roofing and walling, strengthening management foundations, and enhancing competitiveness through the optimal utilization of resources within the group.

1. Purpose of This Subsidiary Acquisition

Up until now, the NSSMC Group's Flat products business for exterior building components has centered around NISC, and while Tokai Color has mainly been based in Kyushu, it has developed its business by utilizing an original manufacturing and selling system that excels in providing quick deliveries and small lot service among other things.

However, the environment surrounding the steel business is expected to change in the future, such as changes to steel supply and demand structures, as well as changes to social and industrial structures. In addition, although the number of housing starts is expected to decline due to depopulation particularly in the field of Flat products for building components in Japan, other environmental changes are expected such as an increased application of high-performance materials in response to demands to streamline construction work and improve durability and seismic resistance.

Based on these types of future trends in the Flat products market for building components, plans to strengthen NSSMC's competitiveness in this business have been considered.

As a result, NSSMC, NISC, and Tokai Color have decided to make Tokai Color a wholly-owned subsidiary of NISC since it was believed that it would be most effective to create a system that utilizes the distinctive features of Tokai Color while consolidating management in various fields including sales and technology between NISC and Tokai Color.

2. How This Subsidiary Acquisition Will Be Conducted

Shares will be exchanged by approval from both NISC and Tokai Color's general meeting of shareholders based on the share exchange agreement concluded by both companies today.

3. Schedule (Planned)

Sept. 28, 2018 Conclusion of share exchange agreement (NISC and Tokai Color)
Jan. 1, 2019 Tokai Color becomes a wholly-owned subsidiary of NISC (planned)

4. Overview of Companies Involved in This Subsidiary Acquisition (as of Sept. 1, 2018)

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|--|---|--|
| (1) Company name | Nippon Steel & Sumikin Coated Sheet Corporation (wholly-owning parent company) | Tokai Color Co., Ltd. (wholly-owned subsidiary) |
| (2) Business activities | Manufacturing and selling of plated and color steel sheets, etc. Manufacturing, selling of metal sandwich panels, metal roofs and molded items, etc. | Manufacturing, selling of color steel sheets, metal roofs and molded items, etc. |
| (3) Date of establishment | Feb. 1, 1950 | Apr. 1, 2000 |
| (4) Location of head office | Dai 10 Chuo Building 1-5-6 Honcho, Nihombashi, Chuo-ku, Tokyo | 1, Anse, Wakamatsu-ku, Kitakyushu, Fukuoka |
| (5) Title and name of representative | President and Representative Director, Seiji Hosokai | President and Representative Director, Yoshimitsu Honda |
| (6) Capital | 12,588 million yen | 490 million yen |
| (7) Fiscal year end | March 31 | March 31 |
| (8) Major shareholders and their shareholding ratios | NSSMC 100% | NSSMC 100% |

For inquiries

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Tokai Color Administration Division

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