

(Translation)

May 8, 2015

To whom it may concern,

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Notice of Establishment of Medium-Term Management Plan (FY2015-FY2017)

We hereby announce that NIPPON STEEL & SUMIKIN BUSSAN CORPORATION has established a medium-term management plan for FY2015-FY2017.

The Company was born in October 2013 with the objective of creating a corporate group that offers new value to society. As a trading company operating an integrated business in the four core areas of Steel, Industrial Supply and Infrastructure, Textiles and Foodstuffs, we make a broad contribution to society.

Our medium-term management plan embodies our corporate philosophy and management principles. We have outlined strategies and action plans for fulfilling our social responsibility as a trading company that offers products and services concerning food, shelter and clothing, and for achieving sustainable growth upon a robust management foundation.

Based on this medium-term management plan, we aim to achieve further growth and increase our social contribution by fully exerting our capacities and integration synergies as the core trading company of the NIPPON STEEL & SUMITOMO METAL CORPORATION GROUP (hereinafter called “NSSMC Group”), and by pursuing multifaceted expansion at a global level as a multiple specialty trading company comprised of four areas of industry-leading business.

<Outline of Medium-Term Management Plan>

1. Promote growth strategies building on our strengths

(1) Gain greater market share in the steel market

- i. Taking advantage of the merit that our strategies and managerial resources can be shared among NIPPON STEEL & SUMITOMO METAL CORPORATION and its group companies, we will proactively expand business in the fields of steel products, raw materials, and machinery by appropriately taking on the tasks of processing, distribution, sales, and procurement inside and outside Japan in accordance with the needs of manufacturers and customers. To this end, we will accurately gauge demand trends, and proactively advance integration and streamlining among domestic and overseas group companies and mergers and acquisitions with/of non-group companies.

ii. We aim to increase the volume of overseas transactions by establishing marketing network and forging local distribution channels for NSSMC Group products manufactured overseas. We will also handle a greater range of non-NSSMC Group products in order to respond to customer's needs flexibly.

(2) Develop automobile parts and infrastructure businesses globally

In the Industrial Supply and Infrastructure Division, we will proactively expand the automobile parts and infrastructure businesses, for which the world markets are expected to grow. In addition to increasing sales for automobile headrest parts in Asia and North and Central America, we will concentrate on expanding the cast and forged steel products business in Thailand and Mexico, and on expanding the industrial park, electric power, and logistics businesses in Southeast Asia.

(3) Strengthen/expand apparel ODM and solutions businesses

The Textiles Division has outstanding planning and proposal capabilities and wide-ranging know-how cultivated through its experience in the business of OEM production for key apparel manufacturers and retailers. Utilizing this expertise, we will make efforts to expand the business domain by developing the ODM-style business, in which we make various proposals from the early merchandise planning stage, and our brand and distribution solutions businesses. The domestic market has been the main focus of operations up until now, but going forward we will place emphasis on developing and strengthening overseas transactions, given that future growth is expected in this area.

*About the OEM business

OEM business involves handling a whole range of operations (from development of materials to the planning, production and distribution of products) in connection with another company's original brand products destined for the apparel market (clothing or accessories, etc.). We use the term "ODM business" to refer to business operations that place particular emphasis on making various proposals mainly to specialized apparel manufacturers and retailers at the early merchandise planning stage.

(4) Strengthen/expand overseas foodstuffs business

In order to respond to the shrinkage of the domestic market resulting from demographic factors (depopulation, the decreasing birthrate and the aging population), the Foodstuffs Division will strengthen and expand overseas businesses. Specifically, it will expand beef and pork transactions in Southeast Asia, expand "Wagyu" (Japanese style raised beef) exports, expand local sales through overseas sales network, and develop "Tsubohachi" restaurant franchise business overseas, particularly in Southeast Asia.

2. Maintain/improve our industry-leading competitiveness

(1) Pursue safety, reliability and quality

i. In the Steel Division and the Industrial Supply and Infrastructure Division, the Technical Support & Safety Management Department will take the lead in efforts to strengthen safety operation and product quality measures. These efforts will be aided by NSSMC Group-wide sharing of information and managerial resources.

- ii. In the Textiles Division, the Textile Quality & Security Department, a department specializing in factory and product quality management, will take the lead in efforts to further raise the management level by systematizing and standardizing the expertise and experience of factory managers and specialist technicians.
- iii. In the Foodstuffs Division, various measures such as quality checks, factory inspections, and guidance for improvement have been carried out by the Food Quality Assurance Department, which was established ahead of other companies in the industry. However, in view of consumers' increasing interest in food safety and reliability issues, the Department will work to strengthen management control, particularly in the field of processed foods.

(2) Improve productivity and operational efficiency

- i. In the Steel Division and the Industrial Supply and Infrastructure Division, the Technical Support & Safety Management Department will take the lead in efforts to improve capabilities and performance of processing and distribution functions across the board. We will also proactively advance integration and streamlining among domestic and overseas processing and distribution companies of our group.
- ii. In the Textiles Division, there will be broad efforts to improve production efficiency of group factories, secure our exclusive production lines among subcontractors, and streamline order processing and general administration at the head office, with a view to bolstering our competitiveness and profitability in our main business of OEM production for key apparel manufacturers and retailers.
- iii. The Foodstuffs Division aim to enhance procurement routes for import meats, the supply-demand balance of which is expected to tighten due to increased consumption in emerging economies. To this end, we will search for and support overseas meat packers (meat processing firms) suitable for the domestic and overseas market in terms of meat processing facilities and processing know-how.

(3) Establish sound organizational and administrative infrastructure

- i. We will optimize the designs of organizational and administrative processes as an integrated company, and develop and install a new, main business information system based on such designs (scheduled launch date: April 2016).
- ii. To help promote the strategies and activities of each division, we will promptly establish a business foundation and cultivate and deploy human resources as necessary.
 - Strengthen management/support of group companies
 - Strengthen managerial functions of overseas business bases
 - Enforce strict corporate compliance and strengthen risk management

3 . Investment Framework, Number of Employees

- i. We will allocate ¥45.0 billion (total for three years) for business and capital investments, and proactively consider strategic investment, including mergers and acquisitions in each business field. [Reference: The actual amount invested during FY2012-FY2014 was ¥35.8 billion].

- ii. We will keep staff numbers at the current level of 1,850-1,900 (non-consolidated, includes domestic and overseas secondees) by improving operational efficiency.

4. Quantitative Targets (consolidated)

	FY2017	(Reference) FY2014 results
Net sales (Overseas net sales)	¥2,300.0 billion (¥680.0 billion)	¥2,104.6 billion (¥553.3 billion)
Ordinary income	¥36.0 billion	¥30.5 billion
Net income	¥21.0 billion	¥17.4 billion
Equity capital	More than ¥200.0 billion	¥166.7 billion
Equity ratio	Around 25%-30%	24.1%
Net debt-to-equity ratio	Less than 1 time	1.06 times
ROE	Maintain 10% and above	11.2%

(Note) Net income for FY2017 is “net income attributable to owners of parent.”

5. Dividend Policy

From FY2015, we will increase the consolidated dividend payout ratio from around 20% to 25%-30%.

(Note) Caution concerning Forward-Looking Statements

The quantitative targets and projections included in this document are based on the information available as of the published date of this release and on certain assumptions considered reasonable as of the published date of this release. Actual results may differ materially due to changes in market trends or the general conditions of the economy, and various other factors that may occur in the future. Accordingly, this document is not intended as a pledge on the part of the Company that the said targets and projections will be achieved.