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Please note that the following is an English translation of the original Japanese version released on September 30, 2009, prepared only for the convenience of non-Japanese speakers concerned. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Nisshin Steel Co., Ltd.

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Notice of Funding by Issuance of Unsecured, Interest Deferrable and Early Redeemable Subordinated Bonds Solely For Qualified Institutional Investors

TOKYO — Upon the resolution of a meeting of the Board of Directors of Nisshin Steel Co., Ltd. (“Nisshin Steel”) held on September 30, 2009, Nisshin Steel resolved to issue the unsecured, interest deferrable and early redeemable subordinated bonds solely for qualified institutional investors (the “Bonds”), as set forth below:

1. Purpose of the Issuance of the Bonds

The global economy has continuously facing the severe conditions, caused by an increasing slowdown triggered by the financial crisis having its roots in the United States, etc., which have resulted in a further slowdown in consumer spending and corporate capital expenditures since the second half of 2008. In the steel industry, the demand for steel, which consists of the core part of the industry, is on the track to recovery, whereas the economic activities in the field where such steel is utilized has generally been experiencing economic weakness, which makes the future outlook uncertain.

Under such circumstance, the Nisshin Steel Group has restructured their foundations as business entities so that it would be able to withstand the current structural adjustments, and the Nisshin Steel Group has been advancing the preparations for the next stage of growth, by implementing measures under four major policies: “Enforcement of Ability to Propose Solutions Which Integrate Sales, Development and Manufacture;” “Development of Growth Strategies in Overseas Markets;” “Establishment of an Effective Manufacturing System through Domestic and International Alliances;” and “Enhancement of Competitiveness and Restoration of Financial Standing by means of Thorough Rationalization.”

In order to steadily perform the management policy described above, Nisshin Steel will secure the funds for capital expenditures, etc. required for (i) construction to renew the major facilities, aiming at further improvement of efficiency and quality and (ii) further reduction of environmental burdens. In addition,

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because the Bonds are recognized by the rating agency as having certain equity element, Nisshin Steel can reinforce its capital base for the purpose of ratings through issuance of the Bonds. Therefore, Nisshin Steel will further strengthen its financial foundations by applying part of the net proceeds of the issuance of the Bonds to the repayment of existing interest-bearing debt, and will realize the continuous improvement of its corporate value.

2. Main Characteristics of the Bonds

Unlike the ordinary straight subordinated bonds, the Bonds are so-called “hybrid subordinated securities” which have intermediate characteristics of equity and debt. The Bonds are classified as debt; however, since the Bonds have a nature and characteristics similar to equity, such as optional deferral of interest payments, an ultra long-term period of redemption (but with an optional early redemption clause), subordination in the case of insolvency proceedings, and a replacement restriction, the Bonds have received equity credit of 50% from Japan Credit Rating Agency, Ltd. for the purpose of ratings. Nisshin Steel believes that, by applying the net proceeds of the issuance of the Bonds that will receive certain equity credit to investment for future growth and the repayment of interest-bearing debt, Nisshin Steel will enhance and improve stability of its financial position, without causing a dilution in the value of common stock. In addition, subscribers of the Bonds are the main financial institutions with which Nisshin Steel has business relations, which are The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd., The Sumitomo Trust and Banking Co., Ltd., Mitsubishi UFJ Trust and Banking Corporation and The Yamaguchi Bank, Ltd.

3. Outline of the Bonds

Name	Nisshin Steel Co., Ltd. The 1st Series Unsecured, Interest Deferrable and Early Redeemable Subordinated Bonds Solely For Qualified Institutional Investors
Aggregate Principle Amount of the Bonds	50,000,000,000 yen
Principal Amount of Each Bond	100,000,000 yen
Issue Price	100 yen per 100 yen of the principal amount of each Bond
Date of Payment	October 9, 2009
Redemption Price	100 yen per 100 yen of the principal amount of each Bond; provided, however, that in the case of an early redemption prior to October 31, 2014 due to change in a tax treatment or an equity credit criteria as set forth in “Redemption Date” below, the higher of the redemption price above and the present value of the Bonds determined in accordance with the terms and conditions of the Bonds.
Redemption Date	September 30, 2069 (approximately sixty (60) years after the Date of Payment); provided, however, that on each interest payment date on and after October 31, 2014, Nisshin Steel may, at its option, redeem all, but not some

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	only, of the principal of the Bonds. In the case where Nisshin Steel suffers a significant tax disadvantage with respect to the tax treatment of the Bonds, which cannot be avoided by Nisshin Steel's reasonable endeavors or where, in accordance with change in an equity credit criteria, one or more rating agencies decide to treat the Bonds as having a lower equity credit than the equity credit of the Bonds on the date of the issuance thereof and a public announcement to that effect has been made or a written notice to that effect has been given to Nisshin Steel, Nisshin Steel may, at its option, redeem all, but not some only, of the principal of the Bonds.
Rate of Interest	<p>(1) For the period from the day immediately following October 9, 2009 to October 31, 2014: The fixed interest rate (3.75% spread plus the Yen Swap Rate corresponding to the period to which such fixed rate is applied at the time of the pricing of the Bonds).</p> <p>(2) For the period from the day immediately following October 31, 2014: The floating interest rate (a rate obtained by adding the said spread plus the step-up interest rate of 1.00% to the Six-Month Yen LIBOR).</p>
Interest Payment Date	April 30, 2010 as the first interest payment date and thereafter semi-annually on April 30 and October 31 of each year (provided, however, that if an interest payment date falls on a bank holiday, the payment date shall be brought forward to the immediately preceding bank business day)
Interest Deferral Clause	<p>(1) Optional suspension of interest payment</p> <p>Nisshin Steel may, at its option, defer the payment of all or part of the interest on each Bond that would have been payable except in the case set forth in (3) (i) below (such deferral is hereinafter referred to as an "Optional Suspension"; any amount of interest so deferred and not paid due to an Optional Suspension is hereinafter referred to as an "Optional Deferred Payment Amount"; and any interest payment date on which such interest would have become due if the relevant Optional Suspension had not occurred is hereinafter referred to as an "Optional Deferred Interest Payment Date").</p> <p>(2) Making efforts to satisfy the Optional Deferred Payment Amount</p> <p>Nisshin Steel shall, to the extent commercially practicable as defined in the terms and conditions of the Bonds, make reasonable endeavors to pay the Optional Deferred Payment Amount in respect of an Optional Deferred Interest Payment Date as well as the interest accrued thereon within a period of five (5) years from the relevant Optional Deferred Interest Payment Date.</p> <p>(3) Mandatory Payment of the Optional Deferred Payment Amount</p>

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	<p>Notwithstanding (1) above, in the case (i) where Nisshin Steel makes a resolution to conduct payment of dividends from surplus on shares of Nisshin Steel (including common stock of Nisshin Steel) that are substantially subordinated to the Bonds or has made payment thereof or where Nisshin Steel repurchases or acquires such shares of Nisshin Steel (excluding the case where it is obligated to purchase such shares in accordance with applicable laws or regulations) or (ii) where dividends from surplus or interest are paid with respect to (a) preferred stock of Nisshin Steel (if Nisshin Steel issues preferred stock in the future) ranking most senior in respect of dividends from surplus or (b) securities or debts which rank substantially <i>pari passu</i> with the Bonds, Nisshin Steel shall make reasonable endeavors, to the extent commercially practicable as defined in the terms and conditions of the Bonds, to pay all Optional Deferred Payment Amount as well as interest accrued in respect thereof on a designated due date.</p> <p>(4) Limitation of Payment Resources of the Optional Deferred Payment Amount</p> <p>In the case where Nisshin Steel pays the Optional Deferred Payment Amount as well as interest accrued in respect thereof, such amount shall be satisfied by applying the net proceeds (which are subject to certain limitation set forth in the terms and conditions of the Bonds) that Nisshin Steel raised during the six-month period up to the date of the repayment through issuance or otherwise of stock of Nisshin Steel or any securities or debt which have been approved by the rating agencies as having equity credit equivalent to or higher than that of the Bonds, and shall not be satisfied by any sources other than such net proceeds.</p>
Replacement Restrictions	<p>It is Nisshin Steel's intention not to redeem (excluding the redemption on the maturity date) nor repurchase the Bonds, except to the extent that Nisshin Steel has raised funds through issuance or otherwise of stock of Nisshin Steel or any securities or debt which have been approved by the rating agencies as having equity credit equivalent to or higher than that of the Bonds within the period of one year preceding (and including) the date of redemption or repurchase of the Bonds.</p>
Subordination Clause	<p>In liquidation proceedings, bankruptcy proceedings, corporate reorganization proceedings or civil rehabilitation proceedings of Nisshin Steel or any proceedings that are equivalent thereto in accordance with laws other than Japanese law, the holders of the Bonds shall have the claim against Nisshin Steel subordinated to all debts excluding debts which rank substantially <i>pari passu</i> with the Bonds and only to the extent that the Bonds are treated as substantially <i>pari passu</i> with preferred stock of Nisshin Steel (if Nisshin Steel issues preferred stock in the future) ranking most senior in respect to the right</p>

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	to receive dividends from surplus.	
Rating of the Bonds by the Rating Agencies	Rating BBB+ (Japan Credit Rating Agency, Ltd.)	
Equity Credit Given to the Bonds by the Rating Agencies	Equity credit of “medium” or “50” (Japan Credit Rating Agency, Ltd.)	
Subscribers of the Bonds and Allocated Amount	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	JPY 23 billion
	Mizuho Corporate Bank, Ltd.	JPY 12 billion
	The Sumitomo Trust and Banking Co., Ltd.	JPY 7 billion
	Mitsubishi UFJ Trust and Banking Corporation	JPY 7 billion
	The Yamaguchi Bank, Ltd.	JPY 1 billion

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