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22nd Medium-term Consolidated Management Plan

- Creating New Markets together with Our Customers -

At the Board of Directors Meeting held today, Nisshin Steel decided on its “22nd Medium-term Consolidated Management Plan”. An overview of the plan is provided below.

In the “Medium-Term (Fiscal 2008) Consolidated Management Guideline” which covered the three-year period between fiscal 2006 and 2008, the Nisshin Steel Group strove to maximize the corporate value of the entire group by promoting the implementation of various measures centered on the expansion in sales of unique products offering distinct advantages, and the expansion of business development in overseas growth markets.

As a result, the Group was able to realize an expansion in sales of products unique to this company including our natural resource-saving “ZAM (hot-dipped zinc-aluminum- magnesium-alloy-coated steel plate)” product that has outstanding corrosion resistance. In addition, outside Japan we were also able to make strategic arrangements to capture overseas demand growth by making one of the world’s largest stainless steel manufacturers, Acerinox, S.A., an equity method affiliate and by starting a joint business in Malaysia with the said company.

However, due to the influence of the global financial crisis and the resulting sudden slowdown in the global economy since the middle of fiscal 2008, together with the effect of inventory valuation losses following the large variations in raw material costs and product market conditions, in both the second half of fiscal 2008 (from October 2008 to March 2009) and first half of the fiscal 2009 (from April 2009 to September 2009) the Group was obliged to post large recurring losses in spite of developing emergency profit improvement measures including thorough rationalization and total cost reduction activities and effective facility operations under low operating conditions. Regarding the second half of fiscal 2009, although we expect to secure a certain amount of profit due to a recovery in demand centered on our overseas business, the effect of the large losses in the first half of fiscal 2009 has been large so that the overall outlook for the full fiscal 2009 period is likely to be extremely severe.

Regarding the formulation of the new medium-term consolidated management plan at this time, while on the one hand we are planning to realize steady improvements based on the conditions around us, in the medium term we should work to counteract the influence on the supply and demand of steel caused by the construction of new steel mills in East Asia, the effect on the prices of raw materials due to the increasing domination of the raw materials supply side, the aggressive response to structural changes taking place in the business environment surrounding the steel industry caused by global environmental conservation, and the large and rapid economic changes that are simultaneously occurring in many places triggered by the globalization of the economy. In addition, the Nisshin Steel Group is also strongly promoting the creation of unique markets in the intensifying domestic and overseas arenas, while increasingly enhancing its “developmental prowess” and aiming to become a lean company having the “strength” and “flexibility” to respond appropriately to the paradigm shift. With a view to getting ourselves better oriented toward such direction and prepare steps for the realization, the implementation period has been set for the two years until fiscal 2011.

1. Overview of the 22nd Medium-term Consolidated Management Plan

Due to the longstanding support of all related parties, Nisshin Steel marked the 50th anniversary of its founding in April last year. Our philosophy of **“Creating Markets Together with Our Customers”**, which has been the basis of Nisshin Steel Group’s business activities during this period will be steadfastly maintained going forward, and we aim to be a company that continually develops even in rapidly changing environments. In this 22nd Medium-term Consolidated Management Plan, taking a hard look at the structural changes that will occur five to ten years from now, we will strongly promote **“‘Joint Creation’ Activities in New Markets and Growth Markets”** in addition to establishing a corporate constitution that has the strength and flexibility to respond to changes, and will strive to seek the maximization of profits through **“Rebuilding a system that is capable of responding flexibly and swiftly to sudden changes in demand”**.

For the objectives that lie beyond these activities and define the position of this Group in the medium term,, the directions that the Group should aim for in each of the main business fields have been established as described below.

- (1) In our stainless steel business, through the securing of an overwhelming competitive edge in general-purpose steel types (such as SUS304) and the enhancement of our developmental prowess relating to unique steel types, Nisshin Steel aims to become both the No.1 manufacturer in Japan and a top global manufacturer using its overall abilities combining technical and developmental prowess, sales strengths, and earning power.
- (2) In our surface treatment business, starting with a production goal of 100,000- ton-per month of ZAM, we aim to expand our business as “Nisshin for Coated Steel” through the aggressive development of markets both in Japan and overseas for special coatings and the development of next-generation coatings.
- (3) In our special steel business, by expanding our technical and developmental prowess and sales networks, we aim to maintain the No.1 share of cold rolled sheets in Japan and aggressively promote overseas developments.
- (4) In the processing fields of each of the businesses described above, we will merge and deepen our materials developmental prowess and processing technologies in an attempt to aggressively increase our presence into the steel material processing business.

Further, as the basis for each of these business developments, we will strive to establish a level of cost superiority that will allow the company to survive in an era of high competitiveness, and will take on a challenge to create innovative steelmaking processes which support environmental and energy conservation measures.

In order to realize these aims, during the two-year period until fiscal 2011, we will concentrate our energies into **“Enhancing our Business Competitive Edge”** at the earliest opportunity in order to recover our earning power that has greatly worsened since fiscal 2008. In addition to enhancing our financial constitution through the above approach, we will promote **“Priority Investment in New Market Development and Growth Fields”** that will form the basis for our future viability.

2. Enhancing our Business Competitive Edge

Even in these times of high global competition, the Nisshin Steel Group must acquire the business competitive edge that will enable it to become a solid business partner for its customers into the future. As well as promoting the further enhancement of our comprehensive rationalization and total cost reduction activities

stretching from purchasing, manufacturing, and sales to administrative divisions, we will aim to build a strong corporate constitution that will allow realization of the prescribed profits even under conditions such as severe drops in facility operations due to sudden reductions in demand.

[Specific Actions]

- (1) In the Japanese market which is shrinking with the decrease in population due to the declining birthrate and aging population, we will create new areas of demand and strengthen our sales growth through providing proposals for detailed solutions and new product developments in each of the demand sectors.
- (2) By building an optimum production system that unifies sales and manufacturing, we plan to shorten lead times and reduce the stock of products in process in order to construct a strong corporate foundation that will also be capable of flexibly responding to major changes in the environment.
- (3) Regarding raw materials, we plan to achieve stable procurement by expanding our usable sources and securing the rights and interests. In addition, based on the procurement environment which is increasing in severity, we will promote the development of technology that uses low-grade ore and lower-priced raw materials, seeking to secure stability in supply together with cost reductions.
- (4) We will strive to strengthen our competitive edge by promoting rationalization including the introduction of the latest technology and the establishment of production systems that have efficiency and flexibility, together with reducing the unit manufacturing costs and improving yields. Further, we will also investigate the introduction of new manufacturing processes that will enable large cost reductions and innovative quality improvements.

3. Priority Investment in New Market Development and Growth Fields

In the new energy and environmental, next-generation automobile, and the digital, information, and communications fields which are expected to see great growth and development of new applications in the future, we will promote the strengthening of material combination solution proposals. This will be achieved through merging and combining Nisshin Steel Group's wide-ranging lineup of specialty products including coatings and stainless steel with its processing and joining technologies, and the Group will concentrate even further on activities to "Jointly Create" new markets together with its customers.

In addition, we must also aggressively promote the establishment of unique markets in overseas emerging economies which are expected to continue to grow in the future, and will strive for even greater global development including the local supply of products that Nisshin Steel Group specializes in.

[Specific Actions]

- (1) We will further enhance our activities to offer customers with added value through promoting expanded sales of products with distinct advantages including ZAM, aluminized steel sheets, and copper-plated sheets. Particularly regarding ZAM, we will adopt the viewpoint of set up a production system that aims to increase the quantity produced to 60,000 tons/month in the short term and 100,000 tons/month in the medium term. In addition, regarding our stainless steel business, we will make best use of our advanced technical strengths to proceed with the development of applications that create new areas of demand.
- (2) We will aim to develop new markets, and will invest management resources to prioritize the research and product development. As well as proceeding with the development of new types of coated steel

sheets and stainless steel with new functions that will become key products following ZAM, we will promote “Joint Creation and Symbiotic Activities with Customers” through proposing specific and detailed solutions to customers by making practical use of the “F-Tech. Plaza” which was constructed inside Nisshin Steel’s Sakai Works last year and our other resources.

- (3) By making fullest use of the various steel processing technologies and functions, as well as the sales network maintained by our Group companies, we will promote the development of new applications for flat rolled products in the construction field and create steel demand.
- (4) In the global development of stainless steel, we will develop our worldwide strategies effectively utilizing our overseas business networks that we have built through our relationships with the Spanish company Acerinox, S.A. that is an equity method affiliate (with our share holding of 15.0%) and with Ningbo Baoxin Stainless Steel Co., Ltd., which has become one of the world’s largest companies in cold-rolled stainless steel (with our share holding of 21.94%), among other things.
- (5) Also in our surface treatment business, through the utilization of Wheeling-Nisshin, Inc. (a 100% owned subsidiary) in the United States and expanded activities in the Southeast Asian market which are showing considerable growth, we will strive to capture demand ahead of other companies.

4. Working towards Establishing a Company with a Strong Organizational Structure and Human Resources

As well as working to establish an organizational structure that is able to support sustainable growth and flexibly and swiftly respond to environmental changes, we will also place great importance on investing in and fostering human resources to realize the Group’s hands-on approach in upgrading development, manufacturing, and sales capabilities and enable the aggressive creation of demand in growth markets.

5. Strengthening our Financial Constitution and Return for Stockholders

Using the earnings received by enhancing our business competitive edge, we plan to re-strengthen our financial constitution that has suffered the effect of profit worsening since fiscal 2008, and we will also implement investment to generate growth strategies for the future. Further, regarding the returns for our stockholders, we will strive to implement a stable dividend based on the return corresponding with the consolidated results.

6. Tackling Problems relating to Global Warming

While implementing our independent action plans towards the prevention of global warming on the one hand, we plan to contribute to alleviating environmental problems by supplying materials that are considerate to the environment (eco-materials). In addition, we will also positively participate in environmental technology developments carried out by the industry, including joint developments with other steel companies.

7. “Compliance First” as the Basis of our Corporate Management

While continuing to practice our company’s basic philosophy of “Harmonizing with Society as a ‘Good Corporate Citizen’ that is Trusted”, we will promote business activities that prioritize compliance with diverse values.

(End)