

**Flash Report**  
**Consolidated Basis**  
**Results for the First Quarter of Fiscal 2013**  
**(April 1, 2013—June 30, 2013)**

July 31, 2013

**Company name:** Nippon Steel & Sumitomo Metal Corporation  
**Stock listing:** Tokyo, Nagoya, Sapporo, Fukuoka stock exchanges  
**Code number:** 5401  
**URL:** <http://www.nssmc.com/en/index.html>  
**Representative:** Shoji Muneoka, Chairman and CEO  
**Contact:** Nozomu Takahashi, General Manager, Public Relations Center  
**Telephone:** 81-3-6867-2130  
**Scheduled date to submit Securities Report:** August 6, 2013  
**Preparation of supplemental explanatory materials:** Yes  
**Holding of quarterly financial results meeting:** Yes (for investment analysts)

(Figures of less than ¥1 million have been omitted.)

**1. Consolidated Financial and Operating Results through the First Quarter of Fiscal 2013**

(April 1, 2013—June 30, 2013)

**(1) Consolidated Operating Results (Accumulated)**

(Percentage figures are changes from the same period of the previous fiscal year.)

|                                     | Net sales        |             | Operating profit |   | Ordinary profit |              | Net income      |   |
|-------------------------------------|------------------|-------------|------------------|---|-----------------|--------------|-----------------|---|
|                                     | Millions of yen  | %           | Millions of yen  | % | Millions of yen | %            | Millions of yen | % |
| <b>First quarter of Fiscal 2013</b> | <b>1,286,864</b> | <b>34.0</b> | <b>56,067</b>    | — | <b>86,455</b>   | <b>831.2</b> | <b>63,398</b>   | — |
| First quarter of Fiscal 2012        | 960,684          | (2.5)       | (6,268)          | — | 9,284           | (83.7)       | (87,530)        | — |

(For reference) Comprehensive income: First quarter of Fiscal 2013 ¥ 71,735 million ( \_ % )

First quarter of Fiscal 2012 ¥ (52,020) million ( \_ % )

|                                     | Net income per share | Net income per share after full dilution |
|-------------------------------------|----------------------|--|
|                                     | Yen                  | Yen                                      |
| <b>First quarter of Fiscal 2013</b> | <b>6.99</b>          | —  |
| First quarter of Fiscal 2012        | (13.92)              | —  |

**(2) Consolidated Financial Results**

|                                     | Total assets     | Net assets       | Ratio of shareholders' equity to total assets |
|-------------------------------------|------------------|------------------|---|
|                                     | Millions of yen  | Millions of yen  | %   |
| <b>First quarter of Fiscal 2013</b> | <b>7,010,099</b> | <b>3,000,917</b> | <b>35.0</b>                                   |
| Fiscal 2012                         | 7,089,498        | 2,938,283        | 33.8  |

(For reference) Shareholders' equity: First quarter of Fiscal 2013 ¥ 2,454,907 million

Fiscal 2012 ¥ 2,394,069 million

**2. Dividends**

| Base date              | Dividends per share  |                       |                      |                    |                  |
|------------------------|----------------------|-----------------------|----------------------|--------------------|------------------|
|                        | End of first quarter | End of second quarter | End of third quarter | End of fiscal year | Full fiscal year |
|                        | Yen                  | Yen                   | Yen                  | Yen                | Yen              |
| Fiscal 2012            | —                    | 0.00                  | —                    | 1.00               | 1.00             |
| <b>Fiscal 2013</b>     | —                    |                       |                      |                    |                  |
| Fiscal 2013 (Forecast) |                      | <b>2.00</b>           | —                    | —                  | —                |

Note: Whether the dividend forecast under review has been revised: Yes

### 3. Consolidated Financial Forecasts for Fiscal 2013(April 1, 2013—March 31, 2014)

The Company's consolidated results forecast for the first half of fiscal 2013 are for net sales of ¥2,700 billion, ordinary profit of ¥150 billion, and net income of ¥100 billion (¥11.00 net profit per share). The Company's consolidated results forecast for fiscal 2013 are for ordinary profit of more than ¥300 billion.

For further details, please refer to page 4, "1. Qualitative Information on First-Quarter Fiscal 2013 (2) Explanation of Information on Future Estimates, Including Consolidated Earnings Forecasts."

Note: Whether the consolidated financial forecast for fiscal 2013 under review has been revised: Yes

#### \* Notes

(1) Changes in the state of material subsidiaries during the period: None

(2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

Note: For further details, please refer to page 6, "2. Matters Concerning Summary Information (Notes to Financial Statements) (2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements."

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements

(a) Changes in accounting principles accompanying revisions in accounting standards: None

(b) Changes other than those in (a) above: None

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

(4) Number of shares issued (common shares)

(a) Number of shares issued at the end of the period (including treasury stock)

|                              |                      |
|------------------------------|----------------------|
| First quarter of Fiscal 2013 | 9,503,214,022 shares |
|------------------------------|----------------------|

|             |                      |
|-------------|----------------------|
| Fiscal 2012 | 9,503,214,022 shares |
|-------------|----------------------|

(b) Number of treasury stock at the end of the period

|                              |                    |
|------------------------------|--------------------|
| First quarter of Fiscal 2013 | 428,724,987 shares |
|------------------------------|--------------------|

|             |                    |
|-------------|--------------------|
| Fiscal 2012 | 428,564,671 shares |
|-------------|--------------------|

(c) Average number of shares issued during the term

|                              |                      |
|------------------------------|----------------------|
| First quarter of Fiscal 2013 | 9,074,573,697 shares |
|------------------------------|----------------------|

|                              |                      |
|------------------------------|----------------------|
| First quarter of Fiscal 2012 | 6,289,645,336 shares |
|------------------------------|----------------------|

#### \* Status of Performance of Quarterly Review Procedures

This quarterly flash report is exempt from the quarterly review procedures based on Japan's Financial Instruments and Exchange Law. At the time when this quarterly flash report was disclosed, the quarterly review procedures based on the Financial Instruments and Exchange Law had not been completed.

#### \* Explanation of the appropriate use of performance forecasts and other related items

(Explanation of the appropriate use of performance forecasts)

The forward-looking statements included in this flash report are based on the assumptions, forecasts, and plans of the Company as of the date on which this document is made public. The Company's actual results may differ substantially from such statements due to various risks and uncertainties.

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## 1. Qualitative Information on First-Quarter Fiscal 2013

### (1) Explanation of Operating Results

#### Global and Domestic Economic Conditions in the First Quarter of Fiscal 2013

Regarding the global economy in the term under review, Europe experienced sluggish economic conditions and China showed a slow-down in economic growth, while the United States and the ASEAN region maintained their gradual economic recovery. The Japanese economy showed signs of moving toward a recovery in business conditions during the term, supported by monetary easing to break the deflationary trend and other economic policies, a recovery in exports, and improving consumer spending bolstered by rising stock prices.

#### Operating Results by Business Segment for the First Quarter of Fiscal 2013

The Nippon Steel & Sumitomo Metal Corporation Group's business segments continued efforts to improve their revenues and earnings by responding to the changing operating environments of each of their business segments. An overview of operating results by business segment is shown below.

|                                   | (Billions of yen) |         |                 |         |
|-----------------------------------|-------------------|---------|-----------------|---------|
|                                   | Net Sales         |         | Ordinary Profit |         |
|                                   | 1Q FY13           | 1Q FY12 | 1Q FY13         | 1Q FY12 |
| Steelmaking and steel fabrication | 1,142.7           | 823.6   | 75.7            | 6.6     |
| Engineering and construction      | 60.8              | 69.6    | 3.6             | 4.0     |
| Chemicals                         | 54.6              | 41.6    | 4.4             | 0.7     |
| New materials                     | 9.4               | 11.0    | 0.1             | 0.3     |
| System solutions                  | 39.8              | 37.8    | 1.9             | 2.4     |
| Total                             | 1,307.6           | 983.8   | 85.9            | 14.1    |
| Adjustments                       | (20.7)            | (23.1)  | 0.5             | (4.8)   |
| Consolidated total                | 1,286.8           | 960.6   | 86.4            | 9.2     |

\* Amounts for the first quarter of fiscal 2012 are those of Nippon Steel Corporation.

#### Steelmaking and Steel Fabrication

During the term under review, domestic steel demand was strong for civil engineering and construction projects supported by the emergence of reconstruction demand and the effects of economic policies. Export activity also started picking up due to a recovery in some foreign economies, particularly in the ASEAN region, and a correction in the value of the yen from its excessively high level. At the same time, the continued high level of production at Chinese steelmakers led to deteriorating supply and demand conditions for steel materials in the international market.

In these conditions, Nippon Steel & Sumitomo Metal Corporation (NSSMC or the Company) strived to maximize cost improvements, including realizing integration effects, and sought to revise product prices with the understanding and cooperation of its customers. The steelmaking and steel fabrication segment recorded net sales of ¥1,142.7 billion and ordinary profit of ¥75.7 billion.

### **Engineering and Construction**

Nippon Steel & Sumikin Engineering Co., Ltd. endeavored to secure orders for large-scale projects and reduce costs with the aim of strengthening its competitiveness. The segment also worked hard to raise the overseas sales ratio and to develop new products and businesses. As a result, the engineering and construction segment posted net sales of ¥60.8 billion and ordinary profit of ¥3.6 billion.

### **Chemicals**

Nippon Steel & Sumikin Chemical Co., Ltd. recorded sluggish sales for needle coke used in graphite electrodes, epoxy resins, and circuit board materials. However, the brisk market for general-purpose chemicals, such as styrene monomer, supported strong sales of display materials and other products. In aggregate, the chemicals segment recorded net sales of ¥54.6 billion and ordinary profit of ¥4.4 billion.

### **New Materials**

Nippon Steel & Sumikin Materials Co., Ltd. confronted stagnant demand in its core electronic materials field but business was solid in the basic industrial materials and components field and overseas demand was strong for metal substrates in the environment and energy field. The new materials segment posted net sales of ¥9.4 billion and ordinary profit of ¥0.1 billion.

### **System Solutions**

NS Solutions Corporation continued fortifying and expanding its cloud computing and other service businesses while supporting its customers' global development and expanding its own operations in the Asian region. The system solutions segment recorded net sales of ¥39.8 billion and ordinary profit of ¥1.9 billion.

### **Sales and Profit for the First Quarter of Fiscal 2013**

The Company posted first-quarter consolidated net sales of ¥1,286.8 billion, operating profit of ¥56.0 billion, ordinary profit of ¥86.4 billion, and net income of ¥63.3 billion.

## **(2) Explanation of Information on Future Estimates, Including Consolidated Earnings Forecasts**

NSSMC expects the global economy to continue growing at a moderate pace as the economic recovery in the United States and growth in the ASEAN region will more than offset slowing economic growth in China and ongoing stagnation in Europe. In the Japanese economy, business conditions are improving and momentum is building for a self-sustaining recovery. These factors will be supported by an anticipated improvement in corporate earnings supported by the correction of the yen and recovering production activity, in addition to an increase in consumer spending.

We expect domestic steel demand to benefit from ongoing reconstruction demand in the civil engineering and construction sectors and the emerging full effects of economic stimulus policies along with growing demand in the manufacturing sector accompanied by a recovery in capital investment, improving business confidence, and other factors. Steel exports have shown signs of recovery but the continued high production activity of Chinese steelmakers remains a concern.

In these conditions, the Company's consolidated results forecasts for the first half of fiscal 2013 call for net sales of ¥2,700.0 billion, ordinary profit of ¥150.0 billion, and net income of ¥100.0 billion.

For full fiscal 2013, the outlook remains uncertain for the European and Chinese economies, but we expect the Japanese economy to stay solid overall. Under these circumstances, The Company will continue putting strongly the Mid-Term Management Plan into execution. We are planning to meet with our customers to negotiate core raw material and product prices for the second half. The Company will continue making every management effort to improve its cost structure and maximize efficiency while seeking to maintain appropriate product pricing levels with the understanding of its customers in setting its steel product prices.

Our second-half results will be affected by plans to reline the No. 4 blast furnace at the Yawata Works and the non-recurrence of valuation gains booked on foreign currency-denominated assets due to currency fluctuation. However, we plan to maintain consolidated ordinary profit at a level of close to ¥150.0 billion, roughly equivalent to the first-half ordinary profit, as we seek to secure a rise in consolidated ordinary profit to ¥300.0 billion or more, for full fiscal 2013.

### **Basic Profit Distribution Policy and First-Half (Interim) Dividend Distribution**

The Company's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year in consideration of the consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also considering the financial structure of the Company on a consolidated and non-consolidated bases. The Company has set a consolidated payout ratio target of approximately 20% for use as an indicator for the distribution of profits based on due consideration of consolidated operating results. The level of the first-half (interim) dividend is set based on consideration of the interim performance figures and the forecast for the full fiscal year performance.

In accordance with the basic profit distribution policy described above, the Company intends to distribute a dividend at the end of the second quarter (interim) of ¥2.0 per share (representing a consolidated payout ratio of approximately 18.0%).

## **2. Matters Concerning Summary Information (Notes to Financial Statements)**

(1) Changes in the state of material subsidiaries during the first quarter of fiscal 2013:

None

(2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements:

Income taxes were computed by multiplying consolidated quarterly income before income taxes and minority interests by a rational estimate of the effective tax rate on consolidated income before income taxes and minority interests for the fiscal year including the quarterly period under review after adjustments for the application of tax-effect accounting.

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements for the preparation of the quarterly consolidated financial statements:

None



### 3. Quartely Consolidated Finacial Statements

#### (1) Quarterly Consolidated Balance Sheets

|                                       | Millions of yen |                      |
|---------------------------------------|-----------------|----------------------|
| <b>ASSETS</b>                         | March 31, 2013  | <b>June 30, 2013</b> |
| <b>Current assets :</b>               |                 |                      |
| Cash and bank deposits                | 89,350          | <b>101,014</b>       |
| Notes and accounts receivable         | 579,562         | <b>500,984</b>       |
| Inventories                           | 1,156,934       | <b>1,200,724</b>     |
| Other                                 | 286,348         | <b>277,339</b>       |
| Less: Allowance for doubtful accounts | <b>(1,461)</b>  | <b>(1,552)</b>       |
| <b>Total current assets</b>           | 2,110,734       | <b>2,078,511</b>     |
| <b>Fixed assets :</b>                 |                 |                      |
| Tangible fixed assets :               |                 |                      |
| Buildings and structures              | 734,222         | <b>728,598</b>       |
| Machinery and equipment               | 1,127,239       | <b>1,122,549</b>     |
| Other                                 | 824,038         | <b>807,364</b>       |
|                                       | 2,685,500       | <b>2,658,512</b>     |
| Intangible fixed assets               | 95,928          | <b>93,481</b>        |
| Investments and others :              |                 |                      |
| Investments in securities             | 1,825,664       | <b>1,842,230</b>     |
| Other                                 | 375,500         | <b>341,031</b>       |
| Less: Allowance for doubtful accounts | <b>(3,829)</b>  | <b>(3,667)</b>       |
|                                       | 2,197,335       | <b>2,179,594</b>     |
| <b>Total fixed assets</b>             | 4,978,763       | <b>4,931,588</b>     |
| <b>Total assets</b>                   | 7,089,498       | <b>7,010,099</b>     |

|  | Millions of yen |               |
|--|-----------------|---------------|
| <b>LIABILITIES</b>   | March 31, 2013  | June 30, 2013 |
| <b>Current liabilities :</b>   |                 |               |
| Notes and accounts payable   | 596,230         | 566,067       |
| Short-term loans and portion of long-term loans<br>due within one year | 494,903         | 507,106       |
| Commercial paper   | 26,000          | 1,500         |
| Bonds due within one year  | 135,100         | 130,000       |
| Accrued income taxes and enterprise taxes                              | 20,329          | 13,670        |
| Allowance for losses on construction contracts                         | 2,991           | 3,021         |
| Other  | 705,570         | 644,224       |
| <b>Total current liabilities</b>                                       | 1,981,124       | 1,865,589     |
| <b>Long-term liabilities :</b>   |                 |               |
| Bonds and notes  | 504,659         | 459,686       |
| Long-term loans  | 1,346,219       | 1,362,503     |
| Accrued pension and severance costs                                    | 192,635         | 195,219       |
| Reserve  | 15,903          | 15,291        |
| Other  | 110,672         | 110,890       |
| <b>Total long-term liabilities</b>                                     | 2,170,090       | 2,143,592     |
| <b>Total liabilities</b>   | 4,151,215       | 4,009,182     |
| <b>NET ASSETS</b>  |                 |               |
| <b>Shareholders' equity :</b>  |                 |               |
| Common stock   | 419,524         | 419,524       |
| Capital surplus  | 362,321         | 362,328       |
| Retained earnings  | 1,430,876       | 1,486,866     |
| Less: Treasury stock, at cost  | (70,490)        | (70,539)      |
|  | 2,142,233       | 2,198,179     |
| <b>Accumulated other comprehensive income:</b>                         |                 |               |
| Unrealized gains on available-for-sale securities                      | 168,611         | 178,438       |
| Deferred hedge income (loss)   | 359             | (2,801)       |
| Unrealized gains on revaluation of land                                | 2,592           | 2,592         |
| Foreign currency translation adjustments                               | 80,273          | 78,497        |
|  | 251,836         | 256,727       |
| <b>Minority interest in consolidated subsidiaries</b>                  | 544,213         | 546,010       |
| <b>Total net assets</b>  | 2,938,283       | 3,000,917     |
| <b>Total liabilities and net assets</b>                                | 7,089,498       | 7,010,099     |

**(2) Quarterly Consolidated Statements of Income  
and Quarterly Consolidated Statements of Comprehensive Income**

| Quarterly Consolidated Statements of Operations                    | Millions of yen                 |                                 |
|--|---------------------------------|---------------------------------|
|  | First quarter of<br>fiscal 2012 | First quarter of<br>fiscal 2013 |
| <b>Operating revenues :</b>  |                                 |                                 |
| Net sales  | 960,684                         | 1,286,864                       |
| Cost of sales  | 885,981                         | 1,121,652                       |
| <b>Gross margin</b>  | 74,702                          | 165,212                         |
| Selling, general and administrative expenses                       | 80,971                          | 109,144                         |
| <b>Operating profit (loss)</b>                                     | <b>(6,268)</b>                  | <b>56,067</b>                   |
| <b>Non-operating profit and loss :</b>                             |                                 |                                 |
| Non-operating profit :   |                                 |                                 |
| Interest   | 834                             | 1,089                           |
| Dividend income  | 5,054                           | 6,968                           |
| Equity in net income of unconsolidated subsidiaries and affiliates | 17,575                          | 13,189                          |
| Other  | 7,844                           | 24,494                          |
|  | 31,310                          | 45,742                          |
| Non-operating loss :   |                                 |                                 |
| Interest expense   | 4,560                           | 6,821                           |
| Other  | 11,197                          | 8,532                           |
|  | 15,757                          | 15,354                          |
| <b>Ordinary profit</b>   | 9,284                           | 86,455                          |
| <b>Special profit :</b>  |                                 |                                 |
| Gain on sales of investment securities                             | -                               | 15,621                          |
|  | -                               | 15,621                          |
| <b>Special loss :</b>  |                                 |                                 |
| Loss on valuation of investments in securities                     | 96,329                          | -                               |
|  | 96,329                          | -                               |
| <b>Income (loss) before income taxes and minority interest</b>     | <b>(87,045)</b>                 | <b>102,077</b>                  |
| Income taxes - current and deferred                                | (1,745)                         | 35,268                          |
| <b>Income (loss) before minority interest</b>                      | <b>(85,299)</b>                 | <b>66,808</b>                   |
| Minority interest in net income of consolidated subsidiaries       | 2,231                           | 3,409                           |
| <b>Net income (loss)</b>   | <b>(87,530)</b>                 | <b>63,398</b>                   |

| Quarterly Consolidated Statements of Comprehensive Income                           | Millions of yen                 |                                 |
|---|---------------------------------|---------------------------------|
|   | First quarter of<br>fiscal 2012 | First quarter of<br>fiscal 2013 |
| Income (loss) before minority interest  | (85,299)                        | 66,808                          |
| Other comprehensive income  |                                 |                                 |
| Unrealized gains (losses) on available-for-sale securities                          | 11,060                          | 9,211                           |
| Deferred hedge income (loss)  | (2,576)                         | (3,684)                         |
| Foreign currency translation adjustments  | 12,019                          | (2,884)                         |
| Share of other comprehensive income of associates accounted for using equity method | 12,775                          | 2,284                           |
| Total other comprehensive income (loss)   | 33,278                          | 4,927                           |
| Comprehensive income (loss)   | (52,020)                        | 71,735                          |
| attribute to  |                                 |                                 |
| Comprehensive income attribute to owners of the parent                              | (55,790)                        | 68,290                          |
| Comprehensive income attribute to minority interests                                | 3,769                           | 3,445                           |

**(3) Notes on Quarterly Consolidated Financial Statements**

**(Notes on Going Concern Assumption)**

None

**(Notes in Case of Significant Changes to Shareholders' Equity)**

None

**(Segment Information)**

(Information about segment sales, profit (loss) )

**First quarter of Fiscal 2012 (April 1, 2012—June 30, 2012)**

(Millions of yen)

|                                     | Reporting segment                 |                              |           |               |                  | Total   | Adjustments | Consolidated |
|-------------------------------------|-----------------------------------|------------------------------|-----------|---------------|------------------|---------|-------------|--------------|
|                                     | Steelmaking and steel fabrication | Engineering and construction | Chemicals | New materials | System solutions |         |             |              |
| Net sales                           | 823,619                           | 69,619                       | 41,694    | 11,032        | 37,898           | 983,864 | (23,179)    | 960,684      |
| Segment profit<br><Ordinary Profit> | 6,621                             | 4,067                        | 741       | 311           | 2,439            | 14,182  | (4,898)     | 9,284        |

Note: Previous reporting has utilized reporting segments for Steelmaking and steel fabrication, Engineering and construction, Urban development, Chemicals, New materials, and System solutions. Following the business integration of Nippon Steel City Produce, Inc., and Kowa Real Estate Co., Ltd. on October 1, 2012, the results for the Urban development segment have been excluded from the reporting segments and are presented within the adjustments amount. Segment information for consolidated cumulative first quarter data for the previous fiscal year is also presented using the revised method of segmentation.

**First quarter of Fiscal 2013 (April 1, 2013—June 30, 2013)**

(Millions of yen)

|                                     | Reporting segment                 |                              |           |               |                  | Total     | Adjustments | Consolidated |
|-------------------------------------|-----------------------------------|------------------------------|-----------|---------------|------------------|-----------|-------------|--------------|
|                                     | Steelmaking and steel fabrication | Engineering and construction | Chemicals | New materials | System solutions |           |             |              |
| Net sales                           | 1,142,797                         | 60,810                       | 54,690    | 9,463         | 39,850           | 1,307,611 | (20,746)    | 1,286,864    |
| Segment profit<br><Ordinary Profit> | 75,716                            | 3,650                        | 4,424     | 136           | 1,982            | 85,909    | 546         | 86,455       |

**(Depreciation Information)**

Consolidated Statements of Cash Flows

The Company does not prepare a cumulative Quarterly Consolidated Statement of Cash Flows for the first quarter of the fiscal year. Depreciation and amortization (including intangible fixed assets amortization other than goodwill) is as follows:

(Millions of yen)

|                               | For the first quarter of fiscal 2012 | For the first quarter of fiscal 2013 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Depreciation and amortization | 59,292                               | 78,953                               |

Nippon Steel & Sumitomo Metal Corporation

Code Number: 5401

Listings: Tokyo, Nagoya, Sapporo and Fukuoka Stock Exchanges

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## Supplementary Information on the Financial Results for the First Quarter of Fiscal 2013

### Japanese Steel Industry

#### 1. Crude Steel Production

| (million tons) |             |             |          |             |             |          |        |
|----------------|-------------|-------------|----------|-------------|-------------|----------|--------|
|                | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total  |
| 2012FY         | 27.50       | 27.26       | 54.76    | 25.91       | 26.64       | 52.55    | 107.30 |
| 2012FY         | 28.07       | (※)28.02    | (※)56.10 |             |             |          |        |

(※)METI forecast

#### 2. Inventory Volume

| At the end of: |      | Inventory at<br>manufacturers<br>and distributors<br>(million tons) | Inventory<br>/shipment ratio<br>(%) | Rolled sheets *1<br>(million tons) | H-flange beams *2<br>(million tons) |
|----------------|------|---|-------------------------------------|------------------------------------|-------------------------------------|
| June           | 2011 | 5.60  | (141.9)                             | 4.21                               | 0.215                               |
| July           | 2011 | 5.43  | (139.6)                             | 4.18                               | 0.206                               |
| Aug.           | 2011 | 5.62  | (152.1)                             | 4.35                               | 0.193                               |
| Sep.           | 2011 | 5.64  | (141.7)                             | 4.38                               | 0.181                               |
| Oct.           | 2011 | 5.57  | (132.4)                             | 4.35                               | 0.179                               |
| Nov.           | 2011 | 5.55  | (137.3)                             | 4.25                               | 0.173                               |
| Dec.           | 2011 | 5.58  | (146.7)                             | 4.32                               | 0.174                               |
| Jan.           | 2012 | 5.60  | (146.2)                             | 4.28                               | 0.175                               |
| Feb.           | 2012 | 5.55  | (139.8)                             | 4.15                               | 0.188                               |
| Mar.           | 2012 | 5.51  | (126.0)                             | 4.11                               | 0.203                               |
| Apr.           | 2012 | 5.52  | (149.8)                             | 4.04                               | 0.203                               |
| May            | 2012 | 5.53  | (141.6)                             | 4.07                               | 0.195                               |
| June           | 2012 | 5.46  | (138.7)                             | 3.96                               | 0.196                               |
| July           | 2012 | 5.41  | (135.6)                             | 3.92                               | 0.189                               |
| Aug.           | 2012 | 5.57  | (151.9)                             | 4.09                               | 0.180                               |
| Sep.           | 2012 | 5.68  | (147.0)                             | 4.16                               | 0.179                               |
| Oct.           | 2012 | 5.54  | (139.0)                             | 4.07                               | 0.184                               |
| Nov.           | 2012 | 5.43  | (142.0)                             | 3.94                               | 0.183                               |
| Dec.           | 2012 | 5.46  | (151.9)                             | 3.92                               | 0.179                               |
| Jan.           | 2013 | 5.49  | (146.1)                             | 3.98                               | 0.177                               |
| Feb.           | 2013 | 5.41  | (146.4)                             | 3.84                               | 0.187                               |
| Mar.           | 2013 | 5.41  | (125.6)                             | 3.85                               | 0.197                               |
| Apr.           | 2013 | 5.42  | (142.2)                             | 3.81                               | 0.192                               |
| May            | 2013 | 5.48  | (136.2)                             | 3.83                               | 0.197                               |

\*1 Hot-rolled, cold-rolled and coated sheets

\*2 Inventories of distributors dealing with H-flange beams manufactured by Nippon Steel & Sumitomo Metal Corporation

### 3. Pig Iron Production

(Non-consolidated basis)

| 2012FY (million tons) |             |             |          |             |             |          |       |
|-----------------------|-------------|-------------|----------|-------------|-------------|----------|-------|
|                       | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
| Nippon Steel          | 7.78        | 8.01        | 15.79    |             |             |          |       |
| Sumitomo Metal        | 3.02        | 3.32        | 6.34     |             |             |          |       |
| NSSMC                 | (10.80)     | (11.33)     | (22.13)  | 10.62       | 11.14       | 21.76    | 43.90 |

  

| 2013FY (million tons) |             |             |             |             |             |          |       |
|-----------------------|-------------|-------------|-------------|-------------|-------------|----------|-------|
|                       | 1st quarter | 2nd quarter | 1st half    | 3rd quarter | 4th quarter | 2nd half | total |
| NSSMC                 | 11.30       | Approx.11.7 | Approx.23.0 |             |             |          |       |

\* Nippon Steel includes Hokkai Iron & Coke Co., Ltd. Sumitomo Metal Industries includes Nippon Steel & Sumikin Koutetsu Wakayama Corporation (formerly Sumikin Iron & Steel Corporation). NSSMC includes Hokkai Iron & Coke Co., Ltd. and Nippon Steel & Sumikin Koutetsu Wakayama Corporation.

\* Regarding the figures of the first half, fiscal 2012 of NSSMC, it is simple adding up of Nippon Steel and Sumitomo Metal Industries.

### 4. Crude Steel Production

(Consolidated basis (The Company and its domestic consolidated subsidiaries))

| 2012FY (million tons) |             |             |          |             |             |          |       |
|-----------------------|-------------|-------------|----------|-------------|-------------|----------|-------|
|                       | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
| Nippon Steel          | 8.29        | 8.51        | 16.81    |             |             |          |       |
| Sumitomo Metal        | 3.10        | 3.43        | 6.53     |             |             |          |       |
| NSSMC                 | (11.39)     | (11.95)     | (23.34)  | 11.01       | 11.69       | 22.69    | 46.03 |

  

| 2013FY (million tons) |             |             |             |             |             |          |       |
|-----------------------|-------------|-------------|-------------|-------------|-------------|----------|-------|
|                       | 1st quarter | 2nd quarter | 1st half    | 3rd quarter | 4th quarter | 2nd half | total |
| NSSMC                 | 12.13       | Approx.12.2 | Approx.24.3 |             |             |          |       |

\* Regarding the figures of the first half, fiscal 2012 of NSSMC, it is simple adding up of Nippon Steel and Sumitomo Metal Industries.

(Non-consolidated basis)

| 2012FY (million tons) |             |             |          |             |             |          |       |
|-----------------------|-------------|-------------|----------|-------------|-------------|----------|-------|
|                       | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
| Nippon Steel          | 7.70        | 7.95        | 15.66    |             |             |          |       |
| Sumitomo Metal        | 3.07        | 3.38        | 6.44     |             |             |          |       |
| NSSMC                 | (10.77)     | (11.33)     | (22.10)  | 10.40       | 11.05       | 21.45    | 43.55 |

  

| 2013FY (million tons) |             |             |             |             |             |          |       |
|-----------------------|-------------|-------------|-------------|-------------|-------------|----------|-------|
|                       | 1st quarter | 2nd quarter | 1st half    | 3rd quarter | 4th quarter | 2nd half | total |
| NSSMC                 | 11.50       | Approx.11.6 | Approx.23.1 |             |             |          |       |

\* Sumitomo Metal Industries and NSSMC include Nippon Steel & Sumikin Koutetsu Wakayama Corporation (formerly Sumikin Iron & Steel Corporation).

\* Regarding the figures of the first half, fiscal 2012 of NSSMC, it is simple adding up of Nippon Steel and Sumitomo Metal Industries.

### 5. Steel Products Shipment

2012FY (million tons)

|                | 2012FY      |             |          | 2012FY      |             |          | total |
|----------------|-------------|-------------|----------|-------------|-------------|----------|-------|
|                | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half |       |
| Nippon Steel   | 7.46        | 7.50        | 14.97    |             |             |          |       |
| Sumitomo Metal | 2.78        | 2.86        | 5.64     |             |             |          |       |
| NSSMC          | (10.24)     | (10.36)     | (20.61)  | 9.60        | 10.77       | 20.37    | 40.97 |

2013FY (million tons)

|       | 2013FY      |             |             | 2013FY      |             |          | total |
|-------|-------------|-------------|-------------|-------------|-------------|----------|-------|
|       | 1st quarter | 2nd quarter | 1st half    | 3rd quarter | 4th quarter | 2nd half |       |
| NSSMC | 10.29       | Approx.10.9 | Approx.21.2 |             |             |          |       |

\* Sumitomo Metal Industries and NSSMC include Nippon Steel & Sumikin Koutetsu Wakayama Corporation (formerly Sumikin Iron & Steel Corporation).

\* Regarding the figures of the first half, fiscal 2012 of NSSMC, it is simple adding up of Nippon Steel and Sumitomo Metal Industries.

### 6. Average Price of Steel Products

2012FY (thousands of yen / ton)

|                | 2012FY      |             |          | 2012FY      |             |          | total |
|----------------|-------------|-------------|----------|-------------|-------------|----------|-------|
|                | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half |       |
| Nippon Steel   | 80.0        | 75.6        | 77.8     |             |             |          |       |
| Sumitomo Metal | 94.7        | 94.4        | 94.5     |             |             |          |       |
| NSSMC          | (84.0)      | (80.8)      | (82.4)   | 78.1        | 77.4        | 77.7     | 80.1  |

2013FY (thousands of yen / ton)

|       | 2013FY      |             |           | 2013FY      |             |          | total |
|-------|-------------|-------------|-----------|-------------|-------------|----------|-------|
|       | 1st quarter | 2nd quarter | 1st half  | 3rd quarter | 4th quarter | 2nd half |       |
| NSSMC | 82.5        | Approx.87   | Approx.85 |             |             |          |       |

\* Sumitomo Metal Industries and NSSMC include Nippon Steel & Sumikin Koutetsu Wakayama Corporation (formerly Sumikin Iron & Steel Corporation).

\* Regarding the figures of the first half, fiscal 2012 of NSSMC, it is weighted average of Nippon Steel and Sumitomo Metal Industries.

### 7. Export Ratio of Steel Products (Value basis)

2012FY (%)

|                | 2012FY      |             |          | 2012FY      |             |          | total |
|----------------|-------------|-------------|----------|-------------|-------------|----------|-------|
|                | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half |       |
| Nippon Steel   | 42          | 42          | 42       |             |             |          |       |
| Sumitomo Metal | 46          | 45          | 46       |             |             |          |       |
| NSSMC          | (43)        | (43)        | (43)     | 43          | 47          | 45       | 44    |

2013FY (%)

|       | 2013FY      |             |           | 2013FY      |             |          | total |
|-------|-------------|-------------|-----------|-------------|-------------|----------|-------|
|       | 1st quarter | 2nd quarter | 1st half  | 3rd quarter | 4th quarter | 2nd half |       |
| NSSMC | 49          | Approx.48   | Approx.48 |             |             |          |       |

\* Sumitomo Metal Industries and NSSMC include Nippon Steel & Sumikin Koutetsu Wakayama Corporation (formerly Sumikin Iron & Steel Corporation).

\* Regarding the figures of the first half, fiscal 2012 of NSSMC, it is weighted average of Nippon Steel and Sumitomo Metal Industries.



8. Foreign Exchange Rate

(¥ / \$)

|        | 1st half    |             | 2nd half    |             |          | total |
|--------|-------------|-------------|-------------|-------------|----------|-------|
|        | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | 2nd half |       |
| 2012FY | 81          | 79          | 80          | 90          | 85       | 82    |
| 2013FY | 98          | Approx.100  | Approx.99   |             |          |       |

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billion yen)

|        | Capital Expenditure | Depreciation |
|--------|---------------------|--------------|
| 2012FY | 420.0               | 338.5        |
| 2013FY | Approx. 290         | Approx. 345  |

\* Regarding the figures of the first half, fiscal 2012, it is simple adding up of Nippon Steel and Sumitomo Metal Industries.