

Flash Report
Consolidated Basis
Results for the Third Quarter of Fiscal 2014
(April 1, 2014—December 31, 2014)

January 29, 2015

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>
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Scheduled date to submit Securities Report: February 6, 2015
Scheduled date to pay dividends: —
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 Third Quarter of Fiscal 2014

(April 1, 2014—December 31, 2014)

(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 | % |
| Third quarter of Fiscal 2014 | 4,181,755 | 3.6 | 255,144 | 15.1 | 343,145 | 21.6 | 153,587 | (20.3) |
| Third quarter of Fiscal 2013 | 4,037,489 | 31.4 | 221,602 | — | 282,261 | 780.6 | 192,784 | — |

(For reference) Comprehensive income: Third quarter of Fiscal 2014 ¥ 293,868 million (22.5%)
Third quarter of Fiscal 2013 ¥ 239,830 million (—%)

| | Net income per share | Net income per share after full dilution |
|-------------------------------------|----------------------|------------------------------------------|
| | Yen | Yen |
| Third quarter of Fiscal 2014 | 16.83 | — |
| Third quarter of Fiscal 2013 | 21.20 | — |

(2) Consolidated Financial Results

| | Total assets | Net assets | Ratio of shareholders' equity to total assets |
|-------------------------------------|------------------|------------------|-----------------------------------------------|
| | Millions of yen | Millions of yen | % |
| Third quarter of Fiscal 2014 | 7,187,711 | 3,451,162 | 40.1 |
| Fiscal 2013 | 7,082,288 | 3,237,995 | 37.9 |

(For reference) Shareholders' equity: Third quarter of Fiscal 2014 ¥ 2,882,681 million
Fiscal 2013 ¥ 2,683,659 million

2. Dividends

| Base date | Dividends per share | | | | |
|-------------------------|--------------------------|-----------------------|--------------------------|------------------------|-----------|
| | End of the first quarter | End of the first half | End of the third quarter | End of the second half | Full-year |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal 2013 | — | 2.00 | — | 3.00 | 5.00 |
| Fiscal 2014 | — | 2.00 | — | | |
| Fiscal 2014 (Forecasts) | | | | 3.00 | 5.00 |

Note: Whether the dividend forecasts under review have been revised: Yes

3. Consolidated Financial Forecasts for Fiscal 2014(April 1, 2014—March 31, 2015)

The Company's consolidated financial results forecasts for fiscal 2014 are net sales of ¥5,650 billion, ordinary profit of ¥410 billion, and net income of ¥180 billion (¥20 net income per share).

For further details, please refer to page 4, "1. Qualitative Information Concerning Consolidated Financial Results for the Third Quarter of Fiscal 2014 (2) Explanation of Information on Future Estimates, Including Consolidated Earnings Forecasts."

Note: Whether the consolidated financial forecasts for fiscal 2014 under review have 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: Yes

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

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

Note: For further details, please refer to page 6, "2. Matters Concerning Summary Information (Notes to Financial Statements) (3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements."

(4) Number of shares issued (common shares)

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

| | |
|------------------------------|----------------------|
| Third quarter of Fiscal 2014 | 9,503,214,022 shares |
|------------------------------|----------------------|

| | |
|-------------|----------------------|
| Fiscal 2013 | 9,503,214,022 shares |
|-------------|----------------------|

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

| | |
|------------------------------|--------------------|
| Third quarter of Fiscal 2014 | 378,970,043 shares |
|------------------------------|--------------------|

| | |
|-------------|--------------------|
| Fiscal 2013 | 378,513,168 shares |
|-------------|--------------------|

(c) Average number of shares issued during the term

| | |
|------------------------------|----------------------|
| Third quarter of Fiscal 2014 | 9,124,508,272 shares |
|------------------------------|----------------------|

| | |
|------------------------------|----------------------|
| Third quarter of Fiscal 2013 | 9,094,694,071 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 Concerning Consolidated Financial Results for the Third Quarter of Fiscal 2014

(1) Explanation of Operating Results

Global and Domestic Economic Conditions in the Third Quarter of Fiscal 2014

The global economy maintained an overall moderate growth pace as solid corporate profits and private consumption supported an ongoing improvement in business conditions in the United States while the European economy continued to be weak and the trend of slowing growth in China and other emerging countries became more pronounced.

In Japan, despite generally brisk production activity, business confidence remained virtually unchanged due to continued weak private consumption affected by the consumption tax hike, delays in construction projects caused by labor shortages, and other factors.

Operating Results by Business Segment in the Third Quarter of Fiscal 2014

The Nippon Steel & Sumitomo Metal Corporation Group's business segments strived to cope with the changing business environment and to improve their sales and earnings. An overview of operating results by business segment is shown below.

| | (Billions of Yen) | | | |
|-----------------------------------|-------------------|-----------|-----------------|-----------|
| | Net Sales | | Ordinary Profit | |
| | 3Q FY2014 | 3Q FY2013 | 3Q FY2014 | 3Q FY2013 |
| Steelmaking and steel fabrication | 3,700.8 | 3,599.1 | 308.0 | 255.7 |
| Engineering and construction | 244.5 | 203.8 | 12.7 | 7.6 |
| Chemicals | 165.7 | 174.2 | 6.3 | 10.0 |
| New materials | 27.3 | 28.4 | 1.9 | 1.4 |
| System solutions | 143.1 | 121.7 | 11.1 | 7.3 |
| Total | 4,281.6 | 4,127.4 | 340.2 | 282.3 |
| Adjustments | (99.8) | (89.9) | 2.8 | (0.0) |
| Consolidated Total | 4,181.7 | 4,037.4 | 343.1 | 282.2 |

*1 The Third Quarter (3Q) indicates a nine-month period from April 1 to December 31.

Steelmaking and Steel Fabrication

Despite some seasonal increase from the civil engineering and construction sectors, overall steel demand in Japan remained generally flat due to the ongoing impact of the consumption tax hike in some manufacturing industry segments and other factors. Steel exports also continued to be flat supported by a gradual recovery in the global economy. In the international steel markets, a downtrend continued. In addition to a decline in main raw material prices, steel demand in emerging countries showed signs of a slowdown, while Chinese and South Korean steelmakers continued their high level of production output.

Under these conditions, the Company continued implementing measures to improve revenue, and the steelmaking and steel fabrication segment recorded net sales of ¥3,700.8 billion and ordinary profit of ¥308.0 billion.

NSSMC sincerely regrets the great trouble and inconvenience caused to shareholders and others concerned by the power failures and fire accident which occurred at the Company's Nagoya Works in 2014. In November 2014, the Company announced the results of its investigation into the cause of the power failures and a summary of measures to prevent recurrence. Each of the measures is steadily being executed. In order to be continuously trusted by shareholders and other concerned, NSSMC is making its utmost concerted efforts to continue examining a series of measures, including fire prevention measures, led by the Crisis Management Headquarters, whose director is the President of the Company.

Engineering and Construction

Nippon Steel & Sumikin Engineering Co., Ltd. is enhancing the competitiveness of its existing businesses and implementing aggressive overseas strategic initiatives, including full-scale operation at recently-established overseas bases in Southeast Asia and other regions and the realization of synergies with the leading European waste disposal design and construction company acquired in May 2014.

The engineering and construction segment posted net sales of ¥244.5 billion and ordinary profit of ¥12.7 billion.

Chemicals

Nippon Steel & Sumikin Chemical Co., Ltd. continued recording relatively firm sales in the functional materials business for circuit board materials and display materials, reflecting the growing demand for smartphones and other factors. However, profits in the chemicals business declined from the previous term due to a worsening sales environment for needle coke, ongoing sluggish demand for epoxy resins, and deteriorating conditions in the styrene monomer market.

The chemicals segment recorded net sales of ¥165.7 billion and ordinary profit of ¥6.3 billion.

New Materials

Nippon Steel & Sumikin Materials Co., Ltd. experienced an increase in demand in the electronic materials field due to a steady switch from gold bonding wire to surface-treated copper wire as alternative material despite intensifying pricing competition for the latter. Demand was strong for social infrastructure maintenance and reinforcement materials in the basic industrial materials and components field and from emerging countries for metal carriers in the environmental and energy field.

The new materials segment posted net sales of ¥27.3 billion and ordinary profit of ¥1.9 billion.

System Solutions

NS Solutions Corporation advanced measures aimed at strengthening sales and marketing and improving profitability, and continued reinforcing and expanding its cloud computing and other service businesses. In

December 2014, the Company announced the opening of new cloud service centers in the Tokyo and Kitakyushu regions and is preparing to launch these services in April 2015.

The system solutions segment recorded net sales of ¥143.1 billion and ordinary profit of ¥11.1 billion.

Sales and Profit for the Third Quarter of Fiscal 2014

Nippon Steel & Sumitomo Metal Corporation (NSSMC or the Company) posted consolidated net sales of ¥4,181.7 billion, operating profit of ¥255.1 billion, and ordinary profit of ¥343.1 billion for the third quarter of fiscal 2014. Gain on sales of investments in securities, loss on inactive facilities (disposal and demolition expenses for major manufacturing facilities at the Kimitsu Works and Wakayama Works), and loss on business of subsidiaries and affiliates as special profit and loss contributed to the net income result of ¥153.5 billion.

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

Consolidated Earnings Forecasts

The overall global economy is expected to maintain moderate growth. The United States is likely to maintain an improvement in business conditions on the back of solid corporate profits and a recovery in employment supporting strong private consumption. In contrast, sustained weak economic conditions are projected in Europe together with more pronounced decelerating growth in China and other emerging countries.

In Japan, while construction project delays from the labor shortage remain a concern and future economic uncertainty lingers, we anticipate a gradual economic recovery supported by both depressed private consumption turning into a recovery, thanks to the receding impact of the consumption tax hike, and ongoing robust corporate production activity.

Domestic steel demand is expected to generally move toward a moderate recovery supported by steady public investment and growing capital expenditure along with an eventual turnaround in sluggish private consumption. The decline in oil prices have begun to show some impacts on energy-related demand but exports for fiscal 2014 are likely to remain flat, compared to the previous year. International market conditions will remain a concern, as the outlook for steel demand from emerging countries has become more uncertain and so has demand in energy-related industries with lower oil prices, on top of lower raw material prices.

In such an environment, the Company will continue applying its utmost management efforts to implement various measures and accomplish the goals of the Mid-Term Management Plan while asking users to cooperate in ensuring appropriate product pricing levels.

For the full-year of fiscal 2014, ordinary profit is expected to be ¥410 billion, up ¥10 billion from the previously-announced forecast of ¥400 billion. Factors expected to make a positive contribution are a steady response to recovering steel demand from the impact of the consumption tax hike and further cost improvement.

The net income forecast has been revised down by ¥70 billion from the previously announced ¥250 billion to ¥180 billion, due partly to a loss on business of subsidiaries and affiliates, which was recorded in the third quarter of fiscal 2014.

Basic Profit Distribution Policy and the Second-Half Dividend Distribution

NSSMC's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half and the second half of the fiscal year. The Company does so in consideration of consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects. The Company also considers the financial structure of the Company on 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 dividends is set based on consideration of interim performance figures and forecasts for the full fiscal year performance.

When the first-half results were announced, the Company had not determined a year-end dividend distribution amount for the current fiscal year ending March 2015. However, in accordance with the basic profit distribution policy described above, after due consideration of the earnings forecasts for the year and other factors, the Company intends to distribute a dividend of ¥3.0 per share at the end of the second half (year-end). This would bring the full-year dividend distribution amount to ¥5.0 per share, representing a consolidated dividend payout ratio of 25 %.

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

(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:

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:

Provisions stated in Section 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, hereinafter referred to as the “Retirement Benefits Accounting Standard”) and Section 67 of the “Guidance on the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, hereinafter “Guidance on Retirement Benefits”) have been applied from the first quarter of fiscal 2014. With this application, calculation methods for retirement benefit obligations and service costs have been changed. Under this change, the calculation method for annual allocation expenses for projected benefit obligations is changed from the straight-line attribution standard pro-rated on employees’ years of service to benefit formula standard pro-rated on employees’ salaries. The method for determining the time period over which the discount rate is imputed is changed from the average remaining years of service for employees to mainly the expected period length of benefits payments and weighted average discount rate reflecting the amount to be paid in each period under the expected length of benefits payments for all employees under the plan.

In accordance with the transitional treatment prescribed in Section 37 of the Retirement Benefits Accounting Standard, the Company applied the Accounting Standard for Retirement Benefits at the beginning of the third quarter of fiscal 2014, and the effect of the accounting change in retirement benefit obligations and service costs was reflected in retained earnings.

As a result, net defined benefit assets decreased by ¥27,904 million, net defined benefit liabilities increased by ¥14,506 million and retained earnings decreased by ¥27,824 million at the beginning of the third quarter of fiscal 2014. The effect of this change on consolidated financial results for the third quarter of fiscal 2014 was to increase operating profit by ¥1,745 million, and both ordinary profit and income before income taxes and minority interests by ¥1,736 million.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

| | Millions of yen | |
|---------------------------------------|-----------------|-------------------|
| ASSETS | March 31, 2014 | December 31, 2014 |
| Current assets : | | |
| Cash and bank deposits | 105,303 | 156,974 |
| Notes and accounts receivable | 589,802 | 582,842 |
| Inventories | 1,225,014 | 1,294,252 |
| Other | 354,791 | 350,926 |
| Less: Allowance for doubtful accounts | (1,540) | (1,732) |
| Total current assets | 2,273,371 | 2,383,263 |
| Fixed assets : | | |
| Tangible fixed assets : | | |
| Buildings and structures | 725,473 | 714,091 |
| Machinery, equipment and vehicles | 1,078,995 | 1,059,363 |
| Other | 807,810 | 813,135 |
| | 2,612,280 | 2,586,591 |
| Intangible fixed assets | 94,079 | 97,603 |
| Investments and others : | | |
| Investments in securities | 1,836,196 | 1,864,970 |
| Net defined benefit assets | 111,958 | 111,756 |
| Other | 157,727 | 146,574 |
| Less: Allowance for doubtful accounts | (3,324) | (3,047) |
| | 2,102,557 | 2,120,254 |
| Total fixed assets | 4,808,916 | 4,804,448 |
| Total assets | 7,082,288 | 7,187,711 |

Millions of yen

| LIABILITIES | March 31, 2014 | December 31, 2014 |
|--------------------------------------------------------|----------------|-------------------|
| Current liabilities : | | |
| Notes and accounts payable | 661,267 | 706,752 |
| Short-term loans payable | 435,357 | 303,025 |
| Commercial paper | 32,000 | 20,000 |
| Bonds due within one year | 65,000 | 50,000 |
| Income taxes payable | 36,894 | 20,089 |
| Provision | 3,078 | 3,505 |
| Other | 577,539 | 602,579 |
| Total current liabilities | 1,811,137 | 1,705,952 |
| Long-term liabilities : | | |
| Bonds and notes | 425,668 | 395,674 |
| Long-term loans payable | 1,313,248 | 1,252,522 |
| Allowance and reserve | 13,739 | 5,324 |
| Net defined benefit liabilities | 157,373 | 169,234 |
| Other | 123,125 | 207,840 |
| Total long-term liabilities | 2,033,155 | 2,030,596 |
| Total liabilities | 3,844,293 | 3,736,549 |
| NET ASSETS | | |
| Shareholders' equity : | | |
| Common stock | 419,524 | 419,524 |
| Capital surplus | 371,465 | 371,470 |
| Retained earnings | 1,652,054 | 1,732,131 |
| Less: Treasury stock, at cost | (62,882) | (63,023) |
| | 2,380,162 | 2,460,103 |
| Accumulated other comprehensive income: | | |
| Unrealized gains on available-for-sale securities | 189,831 | 256,967 |
| Deferred hedge income (loss) | (3,099) | 1,467 |
| Unrealized gains on revaluation of land | 2,554 | 2,554 |
| Foreign currency translation adjustments | 71,565 | 93,786 |
| Remeasurements of defined benefit plans | 42,644 | 67,802 |
| | 303,496 | 422,578 |
| Minority interests in consolidated subsidiaries | 554,335 | 568,481 |
| Total net assets | 3,237,995 | 3,451,162 |
| Total liabilities and net assets | 7,082,288 | 7,187,711 |

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

| Quarterly Consolidated Statements of Income | Millions of yen | |
|--------------------------------------------------------------------|---------------------------------|---------------------------------|
| | Third quarter of fiscal 2013 | Third quarter of Fiscal 2014 |
| Operating revenues : | | |
| Net sales | 4,037,489 | 4,181,755 |
| Cost of sales | 3,476,865 | 3,576,027 |
| Gross margin | 560,624 | 605,728 |
| Selling, general and administrative expenses | 339,021 | 350,583 |
| Operating profit | 221,602 | 255,144 |
| Non-operating profit and loss : | | |
| Non-operating profit : | | |
| Interest | 3,405 | 3,809 |
| Dividend income | 13,158 | 14,244 |
| Equity in net income of unconsolidated subsidiaries and affiliates | 53,076 | 62,130 |
| Other | 45,225 | 60,797 |
| | 114,865 | 140,982 |
| Non-operating loss : | | |
| Interest expense | 19,642 | 15,372 |
| Other | 34,563 | 37,608 |
| | 54,206 | 52,981 |
| Ordinary profit | 282,261 | 343,145 |
| Special profit : | | |
| Gain on sales of investments in securities | 44,619 | 6,138 |
| | 44,619 | 6,138 |
| Special loss : | | |
| Loss on inactive facilities | 15,904 | 15,862 |
| Loss on business of subsidiaries and affiliates | - | 68,600 |
| | 15,904 | 84,462 |
| Income before income taxes and minority interests | 310,976 | 264,821 |
| Income taxes - current and deferred | 106,201 | 95,982 |
| Income before minority interests | 204,774 | 168,839 |
| Minority interests in net income of consolidated subsidiaries | 11,989 | 15,251 |
| Net income | 192,784 | 153,587 |

| Quarterly Consolidated Statements of Comprehensive Income | Millions of yen | |
|--------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| | Third quarter of fiscal 2013 | Third quarter of Fiscal 2014 |
| Income before minority interests | 204,774 | 168,839 |
| Other comprehensive income | | |
| Unrealized gains on available-for-sale securities | 75,826 | 66,314 |
| Deferred hedge income | 1,232 | 5,838 |
| Foreign currency translation adjustments | (30,854) | 22,400 |
| Remeasurements of defined benefit plans | - | 25,495 |
| Share of other comprehensive income (loss) of associates accounted for using equity method | (11,147) | 4,980 |
| Total other comprehensive income | 35,056 | 125,028 |
| Comprehensive income | 239,830 | 293,868 |
| Attributable to | | |
| Comprehensive income attributable to owners of the parent | 227,501 | 272,669 |
| Comprehensive income attributable to minority interests | 12,328 | 21,199 |

(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))

Third quarter of Fiscal 2013 (April 1, 2013—December 31, 2013)

(Millions of yen)

| | Reportable segment | | | | | Total | Adjustments | Consolidated Total |
|----------------------------------|-----------------------------------|------------------------------|-----------|---------------|------------------|-----------|-------------|--------------------|
| | Steelmaking and steel fabrication | Engineering and construction | Chemicals | New materials | System solutions | | | |
| Net sales | 3,599,105 | 203,853 | 174,221 | 28,495 | 121,728 | 4,127,404 | (89,914) | 4,037,489 |
| Segment profit <Ordinary Profit> | 255,771 | 7,630 | 10,033 | 1,474 | 7,396 | 282,306 | (45) | 282,261 |

Third quarter of Fiscal 2014 (April 1, 2014—December 31, 2014)

(Millions of yen)

| | Reportable segment | | | | | Total | Adjustments | Consolidated Total |
|----------------------------------|-----------------------------------|------------------------------|-----------|---------------|------------------|-----------|-------------|--------------------|
| | Steelmaking and steel fabrication | Engineering and construction | Chemicals | New materials | System solutions | | | |
| Net sales | 3,700,825 | 244,581 | 165,754 | 27,353 | 143,128 | 4,281,642 | (99,887) | 4,181,755 |
| Segment profit <Ordinary Profit> | 308,054 | 12,720 | 6,395 | 1,947 | 11,166 | 340,284 | 2,861 | 343,145 |

(Depreciation Information)

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

(Millions of yen)

| | For the third quarter of fiscal 2013 | For the third quarter of fiscal 2014 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Depreciation and amortization | 245,160 | 235,878 |

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 Third Quarter of Fiscal 2014

Japanese Steel Industry

1. Crude Steel Production

(million tons)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|--------|-------------|-------------|----------|-------------|-----------------|--------------|---------------|
| | 2013FY | 28.08 | 27.74 | 55.82 | 28.14 | 27.57 | 55.71 |
| 2014FY | 27.67 | 27.89 | 55.56 | 27.54 | (*)Approx.27.30 | Approx.54.84 | Approx.110.40 |

(*)METI forecast

2. Inventory Volume

| At the end of: | | Inventory at manufacturers and distributors (million tons) | Inventory /shipment ratio (%) | Rolled sheets *1 (million tons) | H-flange beams *2 (million tons) |
|----------------|------|---------------------------------------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| Dec. | 2012 | 5.46 | (151.9) | 3.92 | 0.179 |
| Jan. | 2013 | 5.49 | (146.0) | 3.97 | 0.177 |
| Feb. | 2013 | 5.41 | (146.3) | 3.83 | 0.187 |
| Mar. | 2013 | 5.41 | (125.8) | 3.85 | 0.197 |
| Apr. | 2013 | 5.44 | (143.0) | 3.82 | 0.192 |
| May | 2013 | 5.48 | (135.9) | 3.83 | 0.197 |
| June | 2013 | 5.61 | (146.0) | 3.86 | 0.197 |
| July | 2013 | 5.36 | (127.3) | 3.76 | 0.190 |
| Aug. | 2013 | 5.54 | (147.1) | 3.92 | 0.186 |
| Sep. | 2013 | 5.53 | (133.5) | 3.88 | 0.187 |
| Oct. | 2013 | 5.61 | (135.0) | 3.88 | 0.180 |
| Nov. | 2013 | 5.49 | (125.5) | 3.82 | 0.180 |
| Dec. | 2013 | 5.65 | (138.5) | 3.93 | 0.185 |
| Jan. | 2014 | 5.76 | (136.4) | 4.09 | 0.200 |
| Feb. | 2014 | 5.73 | (140.7) | 3.99 | 0.220 |
| Mar. | 2014 | 5.68 | (126.6) | 4.11 | 0.234 |
| Apr. | 2014 | 5.67 | (139.0) | 4.13 | 0.229 |
| May | 2014 | 5.79 | (143.7) | 4.24 | 0.231 |
| June | 2014 | 5.83 | (142.8) | 4.20 | 0.221 |
| July | 2014 | 5.58 | (130.9) | 4.10 | 0.215 |
| Aug. | 2014 | 5.93 | (163.1) | 4.33 | 0.211 |
| Sep. | 2014 | 5.93 | (144.0) | 4.31 | 0.213 |
| Oct. | 2014 | 5.87 | (137.9) | 4.25 | 0.208 |
| Nov. | 2014 | 5.95 | (150.1) | 4.25 | 0.206 |

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

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

NSSMC

3. Pig Iron Production

(million tons)

| | | | 1st half | | | 2nd half | total |
|--------|-------------|-------------|----------|-------------|--------------|--------------|--------------|
| | 1st quarter | 2nd quarter | | 3rd quarter | 4th quarter | | |
| 2013FY | 11.30 | 11.47 | 22.77 | 11.41 | 10.62 | 22.03 | 44.80 |
| 2014FY | 11.05 | 11.60 | 22.64 | 11.35 | Approx.11.10 | Approx.22.50 | Approx.45.10 |

*Including Hokkai Iron & Coke Co., Ltd. and Nippon Steel & Sumikin Koutetsu Wakayama Corporation.

4. Crude Steel Production

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

(million tons)

| | | | 1st half | | | 2nd half | total |
|--------|-------------|-------------|----------|-------------|--------------|--------------|--------------|
| | 1st quarter | 2nd quarter | | 3rd quarter | 4th quarter | | |
| 2013FY | 12.13 | 12.14 | 24.27 | 12.26 | 11.63 | 23.89 | 48.16 |
| 2014FY | 11.86 | 12.16 | 24.02 | 11.83 | Approx.11.80 | Approx.23.60 | Approx.47.60 |

(Non-consolidated basis)

(million tons)

| | | | 1st half | | | 2nd half | total |
|--------|-------------|-------------|----------|-------------|--------------|--------------|--------------|
| | 1st quarter | 2nd quarter | | 3rd quarter | 4th quarter | | |
| 2013FY | 11.50 | 11.52 | 23.02 | 11.63 | 11.01 | 22.64 | 45.67 |
| 2014FY | 11.29 | 11.59 | 22.88 | 11.20 | Approx.11.10 | Approx.22.30 | Approx.45.20 |

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation.

5. Steel Products Shipment

(million tons)

| | | | 1st half | | | 2nd half | total |
|--------|-------------|-------------|----------|-------------|--------------|--------------|--------------|
| | 1st quarter | 2nd quarter | | 3rd quarter | 4th quarter | | |
| 2013FY | 10.29 | 10.68 | 20.97 | 10.38 | 10.67 | 21.05 | 42.02 |
| 2014FY | 10.43 | 10.68 | 21.11 | 10.32 | Approx.10.70 | Approx.21.00 | Approx.42.10 |

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation.

6. Average Price of Steel Products

(thousands of yen / ton)

| | | | 1st half | | | 2nd half | total |
|--------|-------------|-------------|----------|-------------|-------------|-----------|-----------|
| | 1st quarter | 2nd quarter | | 3rd quarter | 4th quarter | | |
| 2013FY | 82.5 | 86.3 | 84.4 | 86.7 | 88.4 | 87.6 | 86.0 |
| 2014FY | 87.6 | 86.0 | 86.8 | 88.7 | Approx.86 | Approx.87 | Approx.87 |

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation.

7. Export Ratio of Steel Products (Value basis)

(%)

| | 1st half | | 2nd half | | total |
|--------|-------------|-------------|-------------|-------------|-----------|
| | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | |
| 2013FY | 49 | 47 | 45 | 45 | 46 |
| 2014FY | 46 | 47 | 48 | Approx.48 | Approx.47 |

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation.

8. Foreign Exchange Rate

(¥/\$)

| | 1st half | | 2nd half | | total |
|--------|-------------|-------------|-------------|-------------|------------|
| | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | |
| 2013FY | 98 | 98 | 100 | 103 | 100 |
| 2014FY | 102 | 103 | 113 | Approx.115 | Approx.108 |

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

| | Capital Expenditure | Depreciation |
|--------|---------------------|--------------|
| 2013FY | 257.0 | 331.8 |
| 2014FY | Approx.305.0 | Approx.320.0 |