

Sumitomo Metal Industries, Ltd.
Consolidated Financial Situation and Business Results
for the Third Quarter of Fiscal Year 2008 (ending March 31, 2009)

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English summary translation is being provided for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

The following financial information was prepared in accordance with generally accepted accounting principles in Japan.

| | |
|--------------|---|
| Company name | : Sumitomo Metal Industries, Ltd. |
| Listed on | : Tokyo, Osaka, Nagoya, Sapporo and Fukuoka Stock Exchanges |
| Code number | : 5405 |
| URL | : http://www.sumitomometals.co.jp/ |
| Contact | : Toshifumi Matsui, Manager, Public Relations Group Phone +81-3-4416-6115 |

(Figures below million yen are truncated.)

1. Highlights of Consolidated Financial Results for the three quarters ended December 31, 2008
(April 1, 2008 – December 31, 2008)

(1) Consolidated Statements of Income (Cumulative basis) (%: change from the previous year)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---------------------------------|-------------|------|------------------|-------|-----------------|-------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| First three quarters of FY 2008 | 1,482,534 | - | 209,781 | - | 222,838 | - | 119,464 | - |
| First three quarters of FY 2007 | 1,294,770 | 10.8 | 211,682 | (0.7) | 234,215 | (1.9) | 144,277 | (7.5) |

| | Net income per share | | Diluted net income per share | |
|---------------------------------|----------------------|-------|------------------------------|-------|
| | | Yen | | Yen |
| First three quarters of FY 2008 | | 25.75 | - | |
| First three quarters of FY 2007 | | 31.58 | | 31.57 |

(2) Consolidated Balance Sheets

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---------------------------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| End of Third Quarter of FY 2008 | 2,550,697 | 949,591 | 35.3 | 194.23 |
| End of FY 2007 | 2,418,310 | 949,303 | 37.3 | 194.43 |

(Note) Shareholders' Equity: Third Quarter of FY 2008 - 900,891 Million yen
End of FY 2007 - 901,946 Million yen

2. Dividends

| (Record Date) | Dividends per share | | | | |
|-----------------|----------------------|-----------------------|----------------------|----------|-------|
| | End of first quarter | End of second quarter | End of third quarter | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY 2007 | - | 5.00 | - | 5.00 | 10.00 |
| FY 2008 | - | 5.00 | - | _____ | _____ |
| FY 2008(Target) | _____ | _____ | _____ | 5.00 | 10.00 |

(Note) Change in dividends target for FY 2008 during the third quarter of FY 2008: None

3. Forecasts for Consolidated Financial Results for FY 2008 (April 1, 2008 - March 31, 2009)

(%: change from previous year)

| | Net Sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|--------------|-------------|-----|------------------|--------|-----------------|--------|-------------|--------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Yearly total | 1,860,000 | 6.6 | 220,000 | (19.8) | 215,000 | (27.9) | 100,000 | (44.6) | 21.56 |

(Note) Changes in forecasts for consolidated financial results for FY 2008 during the third quarter of FY 2008: Yes

4. Others

(1) Changes in material subsidiaries within the term (Changes in specific subsidiaries affecting the scope of consolidation): None

(2) Adoption of accounting method which is simplified or is peculiar to quarterly consolidated financial statements: Yes

(Note) Please refer to "4. Other Information" in <Qualitative Information and Financial Statements, etc.> on pages 7 to 9 for detailed description.

(3) Changes in principle/procedure of accounting method and presentation, etc. related to the preparation of quarterly consolidated financial statements (Items to be noted as changes related to the matter which is material to be a basis of preparing quarterly consolidated financial statements):

a) Changes following the revision of accounting standards, etc.: Yes

b) Changes other than a): Yes

(Note) Please refer to "4. Other Information" in <Qualitative Information and Financial Statements, etc.> on pages 7 to 9 for detailed description.

(4) Number of issued shares (common stock)

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

Third quarter of FY 2008: 4,805,974,238 shares

FY 2007: 4,805,974,238 shares

b) Number of treasury shares at the end of the period

Third quarter of FY 2008: 167,817,870 shares

FY 2007: 167,067,695 shares

c) The average number of shares of common stock issued during the period

First three quarters of FY 2008: 4,638,506,184 shares

First three quarters of FY 2007: 4,569,266,358 shares

1. The forecasts or targets included in this document reflect the company's current beliefs and are based upon information currently available to it. Forward-looking statements appear in a number of places in this document and include statements regarding our current intent, belief, targets, forecasts or expectations or the current intent, belief, targets, forecasts or expectations of our management. In many, but not all cases, we used words such as "aim," "anticipate," "believe," "estimate," "expect," "hope," "intend," "may," "plan," "predict," "probability," "risk," "should," "will," and similar expressions, as they relate to us or our management, to identify forward-looking statements. Forward-looking statements are not guarantees of future performance. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those which are anticipated, aimed at, believed, estimated, expected, intended or planned. We identify in our *yuka shoken hokokusho* and financial summaries, including "3. Qualitative Information on Target of Consolidated Financial Results" in <Qualitative Information and Financial Statements, etc.> on page 7 of this document, important factors that could cause these differences. Sumitomo Metals Industries, Ltd. is under no obligation, and disclaims any obligation, to update its forward-looking statements whether as a result of new information, future events or otherwise, or to advise of any changes in the assumptions and factors on which they are based.
2. Starting from the current fiscal year, the Accounting Standards Board of Japan ("ASBJ") Statement No. 12 "Accounting Standard for Quarterly Financial Reporting" and ASBJ Guidance No. 14 "Guidance on Accounting Standard for Quarterly Financial Reporting" have been implemented. The quarterly consolidated financial statements are prepared in accordance with "The Rules for Quarterly Consolidated Financial Reporting."

<Reference>

Highlights of Consolidated Financial Results for the Third Quarter of FY 2008 Ending March 31, 2009 (October 1, 2008 – December 31, 2008)

Consolidated Financial Results for the Three Months (October 1, 2008 – December 31, 2008)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|--------------------------|-------------|---|------------------|---|-----------------|---|-------------|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Third Quarter of FY 2008 | 501,228 | - | 79,039 | - | 71,129 | - | 27,373 | - |
| Third Quarter of FY 2007 | - | - | - | - | - | - | - | - |

| | Net income per share | | Net income per share after dilution | |
|--------------------------|----------------------|------|-------------------------------------|-----|
| | | Yen | | Yen |
| Third Quarter of FY 2008 | | 5.90 | - | |
| Third Quarter of FY 2007 | - | | - | |

<Qualitative Information and Financial Statements, etc.>

1. Qualitative Information on Consolidated Business Results

(Overview)

During the third quarter of FY 2008 (from October 1, 2008 to December 31, 2008), as a result of the decline in the global economy stemming from financial crisis in the United States, steel demand, particularly in the automotive sector and construction sector, decreased sharply. In response to the difficult business environment, Sumitomo Metals Group (Sumitomo Metal Industries, Ltd. and its consolidated subsidiaries) has reduced its steel production.

To counter significantly increased costs incurred by a surge in prices of raw materials such as iron ore and coal, which is our business challenge for the current fiscal year, we have made every effort to reduce costs as well as to improve prices, while seeking the understanding of our customers.

As a result, our Group's business performance on a consolidated basis for the third quarter of FY 2008 was 501.2 billion yen in net sales, 79.0 billion yen in operating income, 71.1 billion yen in ordinary income and 27.3 billion yen in net income.

(Performance by segment)

The business performance by segment on a consolidated basis for the third quarter of FY 2008 is shown in the following table.

(Billion yen)

| | Net sales | Operating income |
|---------------------------|-----------|------------------|
| * Steel business | 476.0 | 79.0 |
| Steel Sheet & Plate | 200.2 | |
| Pipe & Tube | 188.9 | |
| Railway & Automotive | 26.4 | |
| Kokura | 43.9 | |
| Naoetsu | 9.3 | |
| Other | 7.0 | |
| Engineering business | 2.3 | 0.0 |
| Electronics business | 9.5 | (0.9) |
| Other | 13.2 | 0.9 |
| Corporate or eliminations | — | (0.0) |
| Total | 501.2 | 79.0 |

* Steel Sheet & Plate: Steel Sheet, Plate & Structural Steel Company

Pipe & Tube: Pipe & Tube Company

Railway & Automotive: Railway, Automotive & Machinery Parts Company

Kokura: Sumitomo Metals (Kokura), Ltd.

Naoetsu: Sumitomo Metals (Naoetsu), Ltd.

(Business performance during the third quarter of FY 2008 by segment)

a) Steel business

Demand for steel decreased sharply especially in the automotive sector and construction sector. In response to the difficult business environment, we have been reducing production especially for steel sheets, specialty steel bars and wire rods, and construction materials.

Furthermore, to counter significantly increased costs incurred by a surge in prices of raw materials, which is our business challenge for the current fiscal year, our steel business has made every effort to reduce costs as well as to improve prices while seeking the understanding of our customers.

Our steel business has been working to achieve our basic goal of accelerating distinctiveness and increasing corporate value through sustainable growth, with an optimum balance between quality and scale. To continue the sustainable growth of our steel business, we plan to steadily implement investment plans and business measures to achieve the goal of accelerating distinctiveness by adhering to our middle- and long-term strategies.

b) Engineering, electronics and other businesses

These businesses have continued to select and focus on their core competencies to enhance corporate value.

With regard to qualitative information on consolidated business results for the first quarter and the second quarter of FY 2008, please refer to “Sumitomo Metal Industries, Ltd., Financial Situation and Business Results for the First Quarter of FY 2008 (ending March 31, 2009)” dated July 31, 2008 and “Sumitomo Metal Industries, Ltd., Financial Situation and Business Results for the First Half of FY 2008 (ending March 31, 2009)” dated October 30, 2008.

2. Qualitative Information on Consolidated Financial Situation

As of December 31, 2008, total assets were 2,550.6 billion yen, an increase of 132.3 billion yen compared with that as of March 31, 2008, net assets were 949.5 billion yen, an increase of 0.2 billion yen compared with that as of March 31, 2008, and shareholders' equity ratio was 35.3% as of December 31, 2008. Consolidated Debt was 960.8 billion yen, an increase of 76.9 billion yen compared with that as of March 31, 2008, as we used the proceeds from the additional debt to make investments in plant and equipment as part of our efforts to accelerate our distinctiveness.

3. Qualitative Information on Consolidated Financial Forecasts

The business environment for the fourth quarter of FY 2008 is expected to further deteriorate due to a sharp decline in steel demand, which started during the third quarter of FY 2008. The Sumitomo Metals Group has been working to build a business structure that is intended to be more resilient to such downside risks by “accelerating distinctiveness” through the policy of “adding strength to strength.”

For FY2008, we are expecting net sales to be 1,860 billion yen, operating income to be 220 billion yen, ordinary income to be 215 billion yen and net income to be 100 billion yen.

We have released the “Notice Regarding Revised Forecasts and Other Information” today, in which we revised the financial forecast from the one last released on October 30, 2008.

4. Other Information

(1) Changes in material subsidiaries during the fiscal quarter (Changes in specific subsidiaries affecting the scope of consolidation):

Not applicable.

(2) Adoption of accounting method which is simplified or is specific to the preparation of quarterly consolidated financial statements:

Simplified accounting method has been adopted as follows:

a) Valuation of inventory

With respect to inventory at the end of the quarter, we generally do not perform physical inventory but apply a reasonable calculation method derived from the physical inventory performed at the end of the preceding fiscal year.

b) Depreciation of fixed assets

In the event the fixed rate depreciation method is adopted as the depreciation method, we calculate the pro rata amount of depreciation for the fiscal quarter derived from the depreciation amount for the fiscal year.

c) Corporate and other income taxes, deferred tax assets and deferred tax liabilities

- With respect to the recognition of tax returns of corporate and other income taxes, we apply a calculation method, which limits the adjustment items between taxes amount based on the financial statements and taxable amount, and the tax deduction items to material items,
- With respect to judgments on the realizability of deferred tax assets, we apply a calculation method, which relies on financial projections and tax planning used in the financial statements of the preceding fiscal year after confirming that there has been no significant change in both business environment and temporary differences following the end of the preceding fiscal year, or
- With respect to the realizability of deferred tax assets, we base our judgment on items from the financial projections and tax planning used in the financial statements of the preceding fiscal year after reflecting any significant change in business environment and temporary differences if we recognize that there was such significant change following the end of the preceding fiscal year.

(3) Changes in principles, procedures, presentation etc. of accounting method related to the preparation of quarterly consolidated financial statements:

a) Adoption of “Accounting Standard for Quarterly Financial Reporting” and “Implementation Guidance on Accounting Standard for Quarterly Financial Reporting.”

Starting from the current fiscal year, ASBJ Statement No. 12 “Accounting Standard for Quarterly Financial Reporting” and ASBJ Guidance No. 14 “Guidance on Accounting Standard for Quarterly Financial Reporting“ have been implemented. The quarterly consolidated financial statements are prepared in accordance with “The Rules for Quarterly Consolidated Financial Reporting.”

b) Changes in evaluation standards and methods for material assets

Inventory Assets

As for inventory assets held for sale in the course of ordinary business, we had previously calculated asset value mainly based on the weighted average method. Starting from the first quarter of FY 2008, however, in accordance with the implementation of ASBJ Statement No. 9 “Accounting Standard for Inventory Evaluation” (effective July 5, 2006,) the inventory value has been mainly calculated based on weighted average method (book-entry devaluation method based on the decrease in profitability is used with respect to balance sheet values.) As a result, our operating income, ordinary income and income before income taxes and minority interest for the first three quarters of FY 2008 on a consolidated and cumulative basis each decreased by 3,091 million yen.

c) Changes in accounting methods for material lease transactions

With regard to finance leases with no transfer of ownership, the Company and its domestic subsidiaries had previously adopted the accounting method based on the method for lease transactions. However, starting from the first quarter of FY 2008, given that the ASBJ Statement No. 13 “Accounting Standard for Lease Transaction” (effective June 17, 2003 (First Committee of Business Accounting Council,) amended March 30, 2007,) ASBJ Guidance No. 16 “Guidance on Accounting Standard for Lease Transaction” (effective January 18, 2004 (The Japanese Institute of Certified Public Accountants, Accounting System Committee,) amended March 30, 2007) have become applicable to quarterly consolidated financial statements for fiscal years starting after April 1, 2008, these accounting principles have been adopted starting from the first quarter of FY 2008 and accounting principles for ordinary sales transactions have been applied. In addition, with respect to the depreciation method on leased assets in connection with financial leases with no transfer of ownership, the straight-line method over the lease period equal to durable year with no residual value has been adopted.

However, with regard to lease transactions with no transfer of ownership which were entered into before April 1, 2008, the Company and its domestic subsidiaries have continued to apply the method for ordinary lease transactions.

The impact on a quarterly consolidated financial statements from these changes is insignificant.

d) Adoption of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

Starting from the first quarter of FY 2008, ASBJ Practical Issues Task Force No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (effective May 17, 2006) has been adopted.

There is no impact by this change on operating income, ordinary income nor income before income taxes and minority interests for the first three quarters of FY 2008 on a consolidated and cumulative basis.

5. Consolidated financial statements

(1) Consolidated Balance Sheets

(Million yen)

| Items | At the end of third quarter of FY2008 (As of December 31, 2008) | Summarized balance sheet at the end of FY 2007 (As of March 31, 2008) |
|---|--|--|
| (Assets) | | |
| Current assets: | | |
| Cash and deposits | 19,281 | 16,732 |
| Notes and accounts receivable-trade | 218,210 | 175,144 |
| Merchandise and finished goods | 212,292 | 190,409 |
| Work in process | 52,847 | 39,369 |
| Raw materials and supplies | 252,423 | 209,023 |
| Other | 76,500 | 47,287 |
| Allowance for doubtful accounts | (317) | (202) |
| Total current assets | 831,237 | 677,764 |
| Noncurrent assets: | | |
| Property, plant and equipment: | | |
| Machinery, equipment and vehicles, net | 382,248 | 393,154 |
| Land | 343,722 | 345,579 |
| Other, net | 396,185 | 367,450 |
| Total tangible assets | 1,122,155 | 1,106,183 |
| Intangible assets | 4,885 | 4,760 |
| Investment and other assets: | | |
| Investment securities | 491,390 | 580,156 |
| Other | 102,064 | 50,488 |
| Allowance for doubtful accounts | (1,036) | (1,044) |
| Total investments and other assets | 592,418 | 629,601 |
| Total noncurrent assets | 1,719,459 | 1,740,545 |
| Total assets | 2,550,697 | 2,418,310 |
| (Liabilities) | | |
| Current liabilities: | | |
| Notes and accounts payable-trade | 402,798 | 331,846 |
| Short-term loans payable | 236,621 | 219,964 |
| Income taxes payable | 29,460 | 52,087 |
| Other | 173,820 | 178,005 |
| Total current liabilities | 842,702 | 781,903 |
| Noncurrent liabilities: | | |
| Bonds payable | 160,650 | 134,658 |
| Long-term loans payable | 526,582 | 478,765 |
| Provision for retirement benefits | 23,014 | 24,975 |
| Provision for special repairs | 221 | 224 |
| Other | 47,934 | 48,479 |
| Total noncurrent liabilities | 758,403 | 687,103 |
| Total liabilities | 1,601,105 | 1,469,007 |

(Million yen)

| Item | At the end of third quarter of FY 2008 (As of December 31, 2008) | Summarized balance sheet at the end of FY 2007 (As of March 31, 2008) |
|--|---|--|
| (Net Assets) | | |
| Shareholders' equity: | | |
| Capital stock | 262,072 | 262,072 |
| Capital surplus | 61,829 | 61,829 |
| Retained earnings | 702,947 | 630,063 |
| Treasury stock | (90,515) | (90,210) |
| Total shareholders' equity | 936,333 | 863,754 |
| Valuation and translation adjustments: | | |
| Valuation difference on available-for sale securities | (34,592) | 35,403 |
| Deferred gains or losses hedges | (1,837) | (1,162) |
| Revaluation reserve for land | 11,830 | 11,561 |
| Foreign currency translation adjustment | (10,843) | (7,611) |
| Total valuation and translation adjustment | (35,442) | 38,191 |
| Minority interests | 48,700 | 47,356 |
| Total net assets | 949,591 | 949,303 |
| Total liabilities and net assets | 2,550,697 | 2,418,310 |

(2) Consolidated Statements of Income

First three quarters of FY 2008 on a cumulative basis (April 1, 2008 – December 31, 2008)

(Million yen)

| Items | First three quarters of FY 2008 on a cumulative basis (April 1, 2008 - December 31, 2008) |
|--|--|
| Net Sales | 1,482,534 |
| Cost of sales | 1,166,911 |
| Gross profit | 315,622 |
| Selling, general and administrative expenses: | |
| Shipment expenses | 34,410 |
| Employees' salaries and allowances | 30,265 |
| Other | 41,164 |
| Total selling, general and administrative expenses | 105,841 |
| Operating income | 209,781 |
| Non-operating income: | |
| Equity in earnings of affiliates | 28,584 |
| Other | 18,280 |
| Total non-operating income | 46,864 |
| Non-operating expenses: | |
| Interest expenses | 10,705 |
| Foreign exchange losses | 8,052 |
| Other | 15,049 |
| Total non-operating expenses | 33,807 |
| Ordinary income | 222,838 |
| Extraordinary loss: | |
| Loss on valuation of investment securities | 15,872 |
| Total extraordinary loss | 15,872 |
| Income before income taxes and minority interests | 206,965 |
| Income taxes: | |
| Income taxes-current | 72,372 |
| Income taxes-deferred | 11,726 |
| Total income taxes | 84,099 |
| Minority interests in income | 3,402 |
| Net income | 119,464 |

(2) Consolidated Statements of Income (Continued)

First three quarters of FY 2008 (October 1, 2008 – December 31, 2008)

(Million yen)

| Items | Third quarter of FY 2008 (October 1, 2008 - December 31, 2008) |
|--|--|
| Net Sales | 501,228 |
| Cost of sales | 386,607 |
| Gross profit | 114,621 |
| Selling, general and administrative expenses: | |
| Shipment expenses | 11,638 |
| Employees' salaries and allowances | 9,856 |
| Other | 14,086 |
| Total selling, general and administrative expenses | 35,582 |
| Operating income | 79,039 |
| Non-operating income: | |
| Dividends income | 3,326 |
| Equity in earnings of affiliates | 4,352 |
| Other | 1,651 |
| Total non-operating income | 9,330 |
| Non-operating expenses: | |
| Interest expenses | 3,516 |
| Foreign exchange losses | 8,676 |
| Other | 5,047 |
| Total non-operating expenses | 17,240 |
| Ordinary income | 71,129 |
| Extraordinary loss: | |
| Loss on valuation of investment securities | 15,872 |
| Total extraordinary loss | 15,872 |
| Income before income taxes and minority interests | 55,256 |
| Income taxes: | |
| Income taxes-current | 22,547 |
| Income taxes-deferred | 4,425 |
| Total income taxes | 26,972 |
| Minority interests in income | 910 |
| Net income | 27,373 |

(3) Consolidated Statement of Cash Flows

(Million yen)

| | First three quarters of FY 2008 on a cumulative basis (April 1, 2008 - December 31, 2008) |
|---|--|
| Operating activities: | |
| Income before income taxes and minority interests | 206,965 |
| Adjustments for: | |
| Depreciation and amortization | 81,812 |
| Equity in (earnings) losses of affiliates | (28,584) |
| Loss (gain) on valuation of investment securities | 15,872 |
| Decrease (increase) in notes and accounts receivable-trade | (45,976) |
| Decrease (increase) in inventories | (82,892) |
| Increase (decrease) in notes and accounts payable-trade | 73,107 |
| Other | 15,594 |
| Subtotal | 235,899 |
| Income taxes paid | (94,278) |
| Net cash provided by (used in) operating activities | 141,620 |
| Investing activities: | |
| Interest and dividends income received | 20,165 |
| Purchase of investment securities | (29,029) |
| Purchase of property, plant and equipment and intangible assets | (125,932) |
| Other | (6,521) |
| Net cash provided by (used in) investment activities | (141,317) |
| Financing activities: | |
| Net increase (decrease) in short-term loans payable | 27,654 |
| Increase (decrease) in commercial papers | (6,000) |
| Proceeds from long-term loans payable | 75,464 |
| Repayments of long-term loans payable | (38,453) |
| Proceeds from issuance of bonds | 49,988 |
| Redemption of bonds | (31,500) |
| Cash dividends paid | (46,389) |
| Other | (8,106) |
| Net cash provided by (used in) financing activities | 22,657 |
| Effect of exchange rate change on cash and cash equivalents | (1,016) |
| Net increase (decrease) in cash and cash equivalents | 21,943 |
| Cash and cash equivalents at beginning of period | 16,669 |
| Increase in cash and cash equivalents resulting from change of scope of consolidation | 82 |
| Increase in cash and cash equivalents resulting from merger of subsidiaries | 7 |
| Cash and cash equivalents at end of period | 38,703 |

(4) Notes on going concern assumption:
Not applicable.

(5) Segment Information

a) Segment information by business sector

Third Quarter of FY 2008 (October 1, 2008 - December 31, 2008)

(Million yen)

| | Steel | Engineering | Electronics | Other | Total | Corporate or eliminations | Consolidated |
|-------------------------|---------|-------------|-------------|--------|---------|---------------------------|--------------|
| Sales to customers | 476,026 | 2,378 | 9,553 | 13,270 | 501,228 | - | 501,228 |
| Intersegment sales | 679 | - | - | 4,644 | 5,324 | (5,324) | - |
| Total sales | 476,706 | 2,378 | 9,553 | 17,915 | 506,553 | (5,324) | 501,228 |
| Operating income (loss) | 79,038 | 49 | (980) | 995 | 79,102 | (63) | 79,039 |

First Three Quarters of FY 2008 on a Cumulative Basis (April 1, 2008 - December 31, 2008)

(Million yen)

| | Steel | Engineering | Electronics | Other | Total | Corporate or eliminations | Consolidated |
|-------------------------|-----------|-------------|-------------|--------|-----------|---------------------------|--------------|
| Sales to customers | 1,400,303 | 7,564 | 39,147 | 35,518 | 1,482,534 | - | 1,482,534 |
| Intersegment sales | 1,288 | 16 | - | 14,131 | 15,436 | (15,436) | - |
| Total sales | 1,401,592 | 7,581 | 39,147 | 49,650 | 1,497,971 | (15,436) | 1,482,534 |
| Operating income (loss) | 212,126 | (484) | (1,177) | (452) | 210,011 | (229) | 209,781 |

(Notes) Method for identifying business sectors and major products classified to each sector

1 Method for identifying business sectors

Each business sector is determined based on similarities in characteristics of products and market as well as operational structure of each internal company within our internal company system.

2 Major products for respective segments

| Segment | Major products etc. | |
|-------------|--|---|
| Steel | Steel sheets and plates | Steel plates for structural uses, steel plates for low-temperature service, steel plates for line pipe, high-tensile-strength steel plates and sheets, hot strip, cold strip, electromagnetic steel sheets, hot-dip galvanized steel sheets, electrolytic galvanized steel sheets, pre-painted steel sheets, pre-coated steel sheets, stainless steel precision rolled strips, pure nickel sheet etc. |
| | Construction materials | H-shapes, fixed outer dimension H-shapes, lightweight welded beams, sheet piles, steel pipe piles etc. |
| | Steel tubes and pipes | Seamless steel tubes and pipes, electric resistance welded tubes and pipes, large-diameter arc-welded pipes, hot ERW, specially shaped tubes, various coated tubes and pipes, stainless steel tubes and pipes etc. |
| | Steel bars and wire rods | Mechanical structural quality wire rods, cold heading quality wire rods, spring quality bar, machining steel, bearing steel, stainless bar and wire rods etc. |
| | Railway, automotive, and machinery parts | Wheels, axles, bogie trucks, gear units for electric cars, couplers etc. |
| | Steel castings and forgings | Die forged crankshafts, materials for mold, aluminum wheels, flange for transmission tower, crane wheels, rolls etc. |
| | Semi-finished iron products | Steel billets and slabs, pig iron for steel making etc. |
| | Other | Titanium products, steel making technology, electric power, land and sea transport of steel materials, maintenance of machinery and facilities, pipelines, energy plant, sales of lime stone etc. |
| Engineering | Steel bridge, materials for civil engineering etc. | |
| Electronics | IC packages, electronic modules etc. | |
| Other | Lease and sale of real estate, research and testing specializing in materials analysis and evaluation etc. | |

b) Segment information by location

For the third quarter of FY 2008 (October 1, 2008 - December 31, 2008) and the first three quarters of FY 2008 on a cumulative basis (April 1, 2008 – December 31, 2008), the segment information by location is not stated as sales revenue of domestic entities accounted for more than 90% of our total sales revenue.

c) Overseas sales

Third quarter of FY 2008 (October 1, 2008 - December 31, 2008)

| | Asia | Other | Total |
|---|---------|--------|---------|
| 1 Overseas Sales (Million yen) | 154,566 | 56,522 | 211,088 |
| 2 Consolidated Sales (Million yen) | | | 501,228 |
| 3 Percentages of Overseas Sales in Consolidated Sales (%) | 30.8 | 11.3 | 42.1 |

First three quarters of FY 2008 on a cumulative basis (April 1, 2008 - December 31, 2008)

| | Asia | Other | Total |
|---|---------|---------|-----------|
| 1 Overseas Sales (Million yen) | 462,207 | 152,361 | 614,568 |
| 2 Consolidated Sales (Million yen) | | | 1,482,534 |
| 3 Percentages of Overseas Sales in Consolidated Sales (%) | 31.2 | 10.3 | 41.5 |

(Note) Method of classifying countries or areas, and major countries or areas classified to each region.

1 Method for classifying countries or areas

Countries or areas are classified based on geographical proximity.

2 Major countries or areas classified to each region

Asia----China, South Korea, Southeast Asia, the Middle and Near East etc.

(6) Notes on any significant change in shareholders' equity

Not applicable.

Supplementary Information on Financial Results for Third Quarter of FY 2008

1. Japan crude steel production

(Million tons)

| | 1st half | | 1st half | 2nd half | | Total | |
|-----------------------|-------------|-------------|----------|-------------|-------------|-------------|--------------|
| | 1st quarter | 2nd quarter | | 3rd quarter | 4th quarter | | |
| FY 2006 | 29 | 29 | 58 | 30 | 30 | 118 | |
| FY 2007 | 30 | 30 | 60 | 31 | 31 | 122 | |
| FY 2008 (Forecast) | 31 | 30 | 61 | 26 | 19(approx.) | 46(approx.) | 107(approx.) |

2. Sumitomo Metals' crude steel production (including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation)

(Million tons)

| | 1st half | | 1st half | 2nd half | | Total | |
|-----------------------|-------------|-------------|----------|-------------|---------------|---------------|----------------|
| | 1st quarter | 2nd quarter | | 3rd quarter | 4th quarter | | |
| FY 2006 | 3.29 | 3.38 | 6.67 | 3.34 | 3.37 | 13.38 | |
| FY 2007 | 3.21 | 3.40 | 6.61 | 3.52 | 3.49 | 13.62 | |
| FY 2008 (Forecast) | 3.50 | 3.54 | 7.04 | 3.36 | 2.66(approx.) | 6.00(approx.) | 13.00(approx.) |

3. Export ratio (including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation)

(Value basis %)

| | 1st half | | 1st half | 2nd half | | Total | |
|-----------------------|-------------|-------------|----------|-------------|-------------|-------------|-------------|
| | 1st quarter | 2nd quarter | | 3rd quarter | 4th quarter | | |
| FY 2006 | 46 | 46 | 46 | 47 | 47 | 46 | |
| FY 2007 | 46 | 46 | 46 | 44 | 44 | 45 | |
| FY 2008 (Forecast) | 44 | 44 | 44 | 46 | 48(approx.) | 47(approx.) | 45(approx.) |

4. Foreign exchange rate

(Yen/US\$)

| | 1st half | | 1st half | 2nd half | | Total | |
|-------------------------|-------------|-------------|----------|-------------|-------------|-------------|--------------|
| | 1st quarter | 2nd quarter | | 3rd quarter | 4th quarter | | |
| FY 2006 | 114 | 116 | 115 | 118 | 120 | 117 | |
| FY 2007 | 121 | 118 | 119 | 114 | 105 | 114 | |
| FY 2008 (Assumption) | 105 | 108 | 106 | 96 | 90(approx.) | 93(approx.) | 100(approx.) |

5. Consolidated exposure to foreign exchange fluctuations

| FY 2007 | FY 2008 forecast |
|---|--------------------------------------|
| Excess receipt of approx. 1.6 billion US\$ per year | Receipt and payment will be balanced |

6. Average price of steel products (including Sumitomo Metals (Kokura), Ltd., Sumitomo Metals (Naoetsu), Ltd. and Sumikin Iron & Steel Corporation)

(Thousand yen/ton)

| | FY 2008 | | | FY 2007 | | | Total |
|-----------------------|-------------------------|-------------------------|----------------------|-------------------------|-------------------------|----------------------|--------------|
| | 1 st quarter | 2 nd quarter | 1 st half | 3 rd quarter | 4 th quarter | 2 nd half | |
| FY 2006 | 95.5 | 97.9 | 96.7 | 100.1 | 106.2 | 103.2 | 100.0 |
| FY 2007 | 102.3 | 108.8 | 105.6 | 107.3 | 104.3 | 105.8 | 105.7 |
| FY 2008 (Forecast) | 110.1 | 126.9 | 118.6 | 130.3 | 134(approx.) | 132(approx.) | 124(approx.) |

7. FY 2008 forecast for non-consolidated figures

(Billion yen)

| | FY 2008 | | FY 2008 Previous forecast for full year |
|------------------|---|---------------------------|---|
| | Result for the first three quarters on a cumulative basis | Forecast for full year | |
| Sales | 987.3 | 1,250.0(approx.) | 1,350.0(approx.) |
| Operating income | 153.4 | 165.0(approx.) | 200.0(approx.) |
| Ordinary income | 164.6 | 170.0(approx.) | 215.0(approx.) |
| Net income | 92.2 | 70.0(approx.) | 135.0(approx.) |

8. Consolidated segment information

(Billion yen)

| | Result for the first three quarters of FY 2008 on a cumulative basis | | Forecast for FY 2008 | |
|-------------|---|----------------------------|----------------------|---------------------------|
| | Net Sales | Operating income (loss) | Net Sales | Operating income(loss) |
| Steel | 1,400.3 | 212.1 | 1,760.0(approx.) | 224.0(approx.) |
| Engineering | 7.5 | (0.4) | 10.0(approx.) | (1.0)(approx.) |
| Electronics | 39.1 | (1.1) | 45.0(approx.) | (4.0)(approx.) |
| Other | 35.5 | (0.6) | 45.0(approx.) | 1.0(approx.) |

<Sales by internal steel segment companies on consolidated basis>

(Billion yen)

| | FY 2008 | |
|--|---|---------------------------|
| | Result for the first three quarters on a cumulative basis | Forecast for full year |
| Steel sheet, plate & structural steel company | 570.1 | 705.0(approx.) |
| Pipe and tube company | 558.3 | 725.0(approx.) |
| Railway, automotive & Machinery parts company | 82.0 | 110.0(approx.) |
| Sumitomo Metals(Kokura) | 133.2 | 150.0(approx.) |

9. Debt (as of the end of the month)

(Billion yen)

| | March, 2008 | September, 2008 | December, 2008 | Forecast March, 2009 |
|------------------|-------------|-----------------|----------------|-------------------------|
| Consolidated | 883.8 | 910.6 | 960.8 | 995.0(approx.) |
| Non-consolidated | 800.4 | 827.0 | 876.2 | 915.0(approx.) |

10. Analysis on consolidated ordinary income

(First three quarters of FY 2008 ← First three quarters of FY 2007)

-Foreign exchange (TTM) assumption:

103 Yen/US\$ (First three quarters of FY 2008) ← 117 Yen/US\$ (First three quarters of FY 2007)

(Billion yen)

| | First three quarters of FY 2008 on a cumulative basis | First three quarters of FY 2007 on a cumulative basis | Increase/(Decrease) |
|----------------------------------|---|---|---------------------|
| Consolidated operating income | 222.8 | 234.2 | (11.3) |

| Positive impact | | Negative impact | |
|---|-------|---|---------|
| Cost improvement | 20.0 | Raw materials | (265.0) |
| Profit from valuation | 18.0 | Fixed costs | (8.5) |
| Absence of replacement of blast furnace | 5.0 | Equity in earnings of unconsolidated subsidiaries | (4.0) |
| Improvement in sales prices, structure etc | 223.2 | | |
| Total | 266.2 | Total | (277.5) |
| Difference: (11.3) | | | |