

**Presentation for the First Quarter of FY2006
(ending March 31, 2007)**

July 26, 2006

Forward-looking Statement

This presentation contains certain forward-looking statements. The company has tried, whenever possible, to identify these forward-looking statements using words such as “anticipated,” “believes,” “estimates,” “expects,” “plans,” “intends,” “targets,” and similar expressions. Similarly, statements herein that describe the company’s business strategy, outlook, objectives, plans, intentions or goals are also forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the company’s actual results, performance or achievements to differ from those expressed in, or implied by, such statements. These risks and uncertainties may include, but are not limited to: the company’s ability to successfully implement its strategies to restructure the steel business and reinforce its financial structure; the effects of and changes in Japanese and worldwide general economic conditions and in the steel industry in particular, including the severity of any economic slowdown, technological and other changes affecting the manufacture of and demand for Sumitomo Metal Industries Group’s products, changes in Japan’s and other countries’ laws and regulations, including with regard to taxation, and other risks and uncertainties set forth in subsequent press releases and in Sumitomo Metal Industries Group’s public filings. These statements reflect the company’s current beliefs and are based upon information currently available to it. Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time. The company disclaims any intent or obligation to update these forward-looking statements.

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I. The First Quarter of FY2006 Results

Overview of Consolidated Results for FY06/1Q

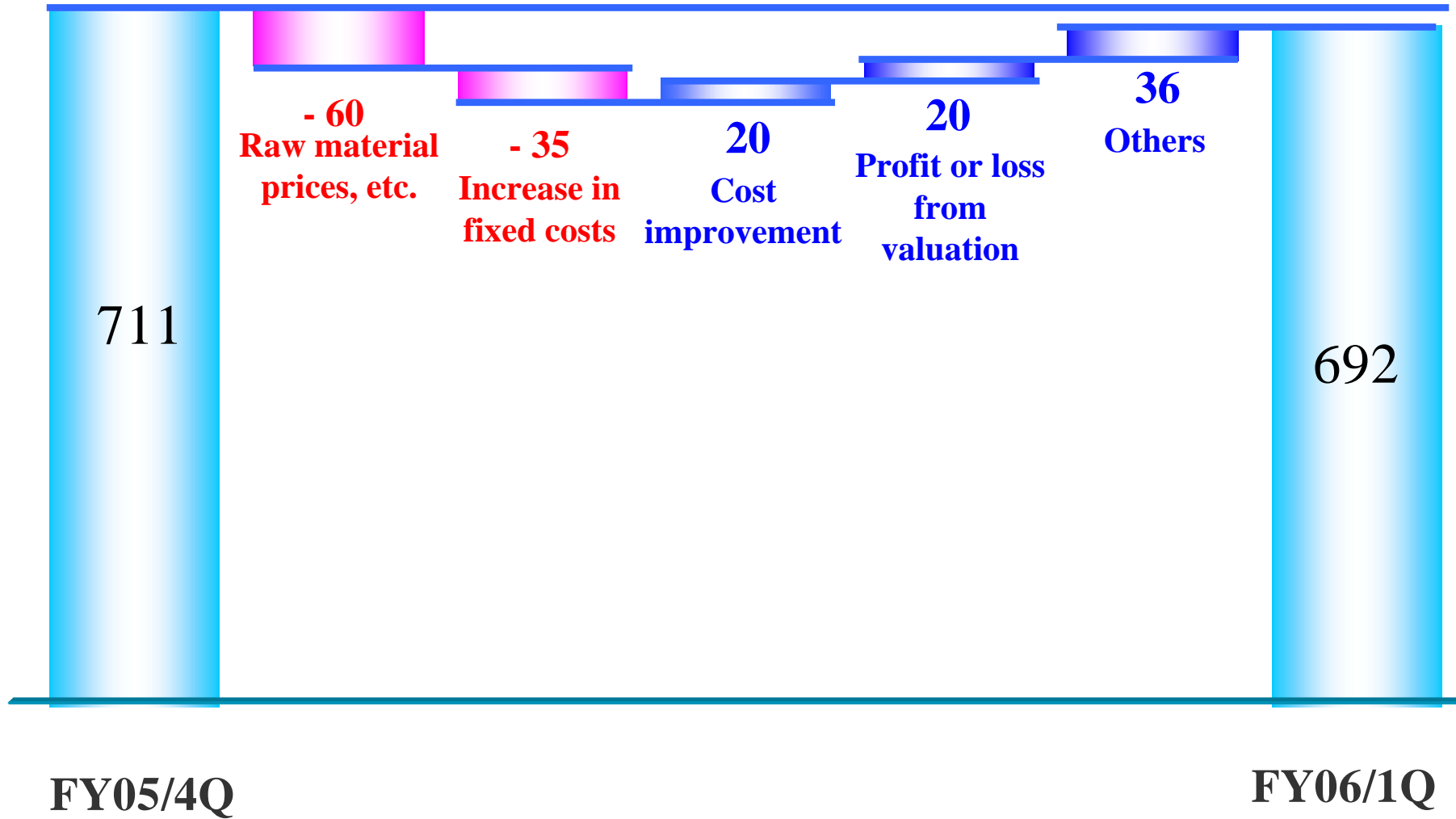
	FY05/4Q	FY06/1Q	Change
	100 JPY million	100 JPY million	100 JPY million
Sales	4,215	3,730	- 484
Operating profit	782	625	- 157
Recurring profit	711	692	- 19
Non-recurring profit and (loss)	(66)	(35)	31
Net income	475	415	- 59
Net income per share (JPY)	9.87	8.66	- 1.21
Exchange rate (JPY/USD)	117	114	-3

Loss on asset
impairment (35)

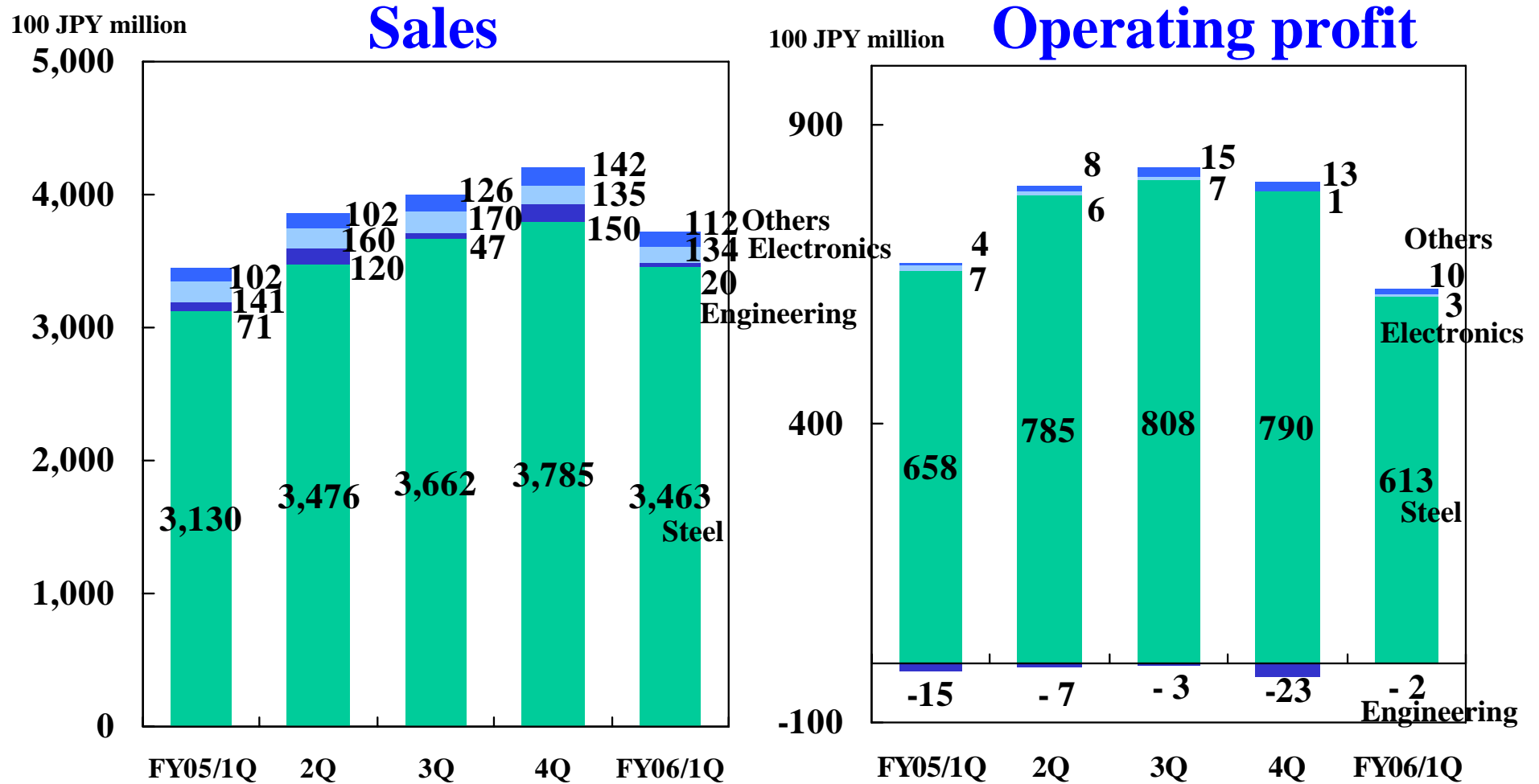
Change in Consolidated Recurring profit

100 JPY million

Deterioration by
1.9 JPY billion

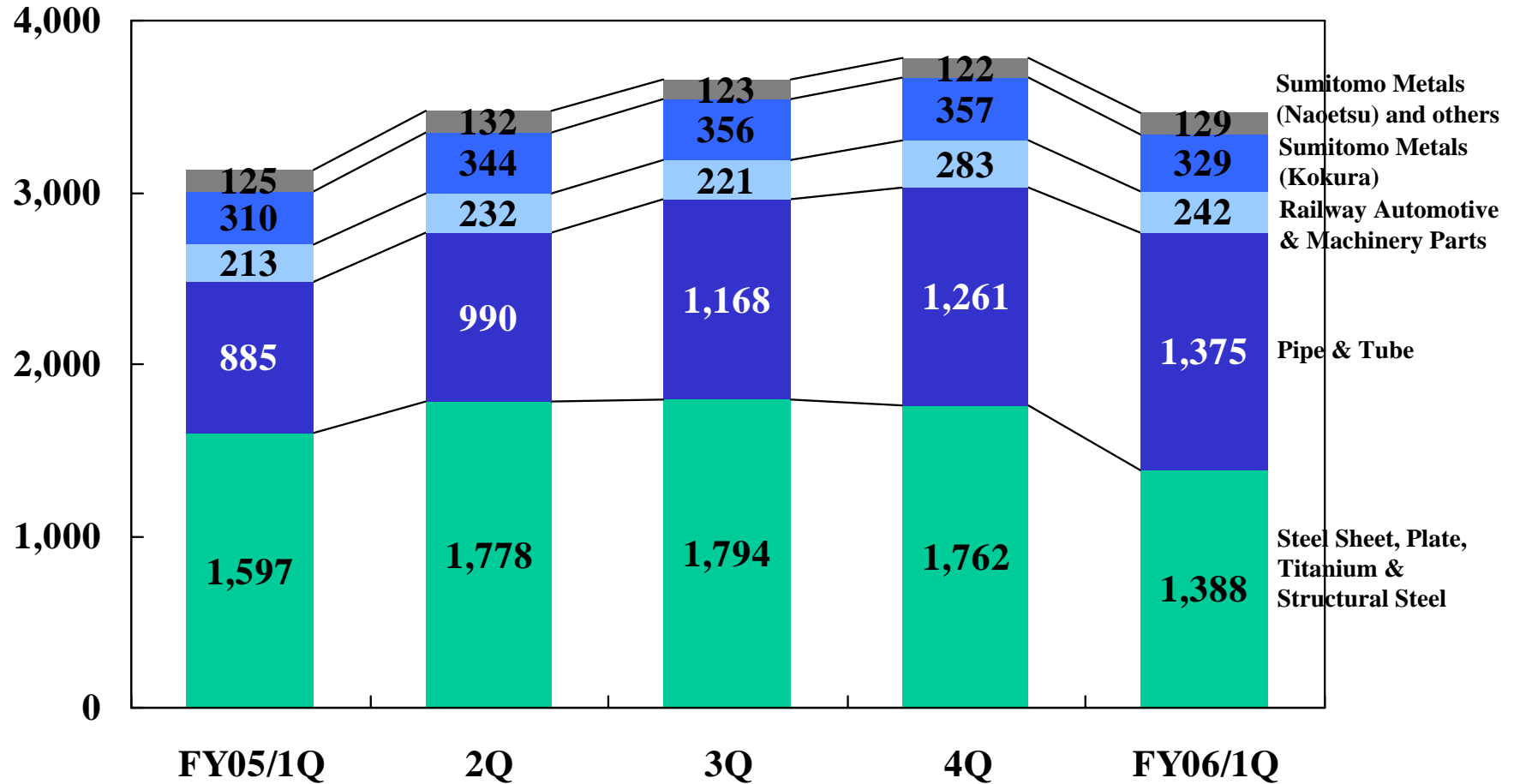


Consolidated Sales and Operating profit by Business Segment

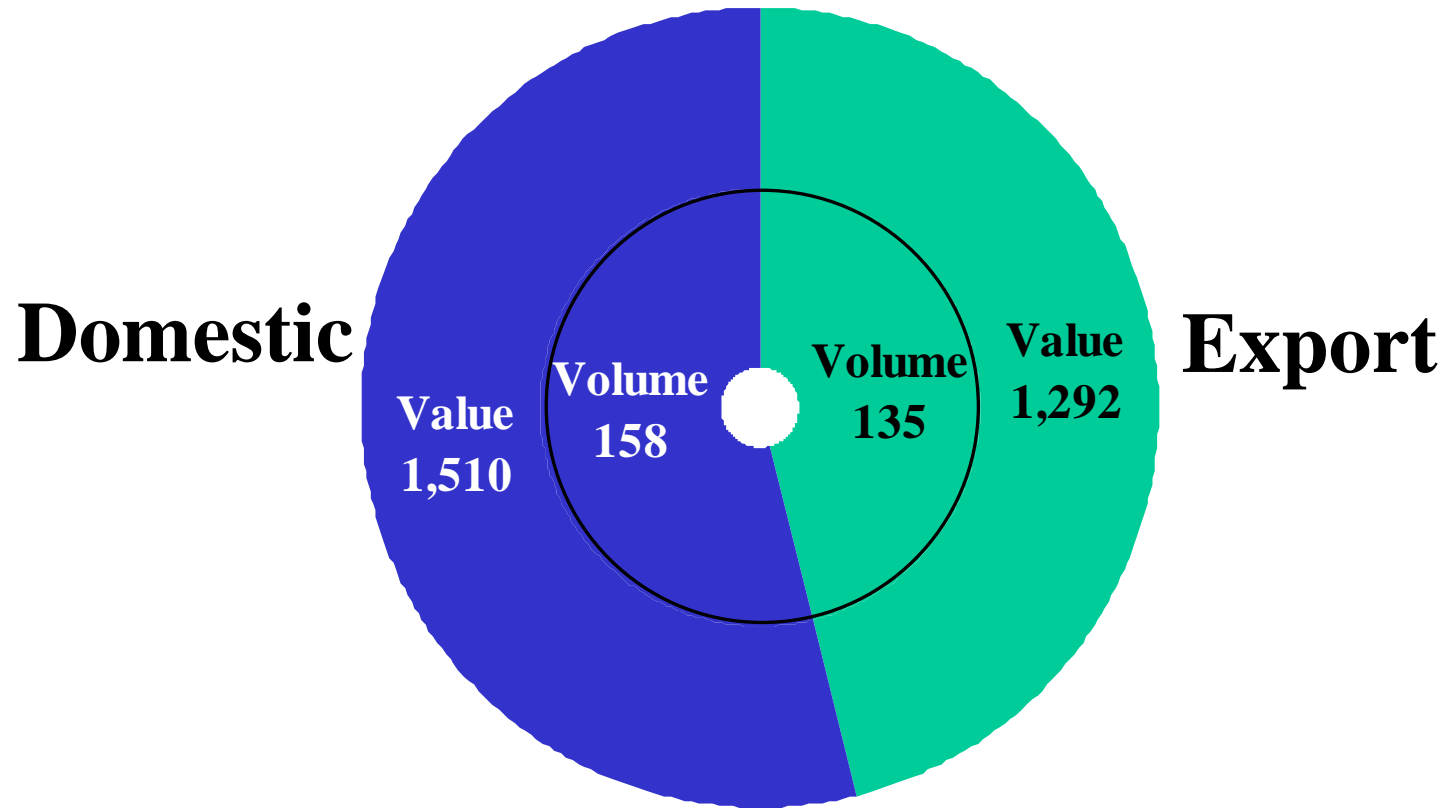


Consolidated Steel Sales for FY06/1Q by Internal Company

100 JPY million



Domestic and Export Steel Sales for FY06/1Q



Unit: 100 JPY million, 10,000 tons

*Including Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation

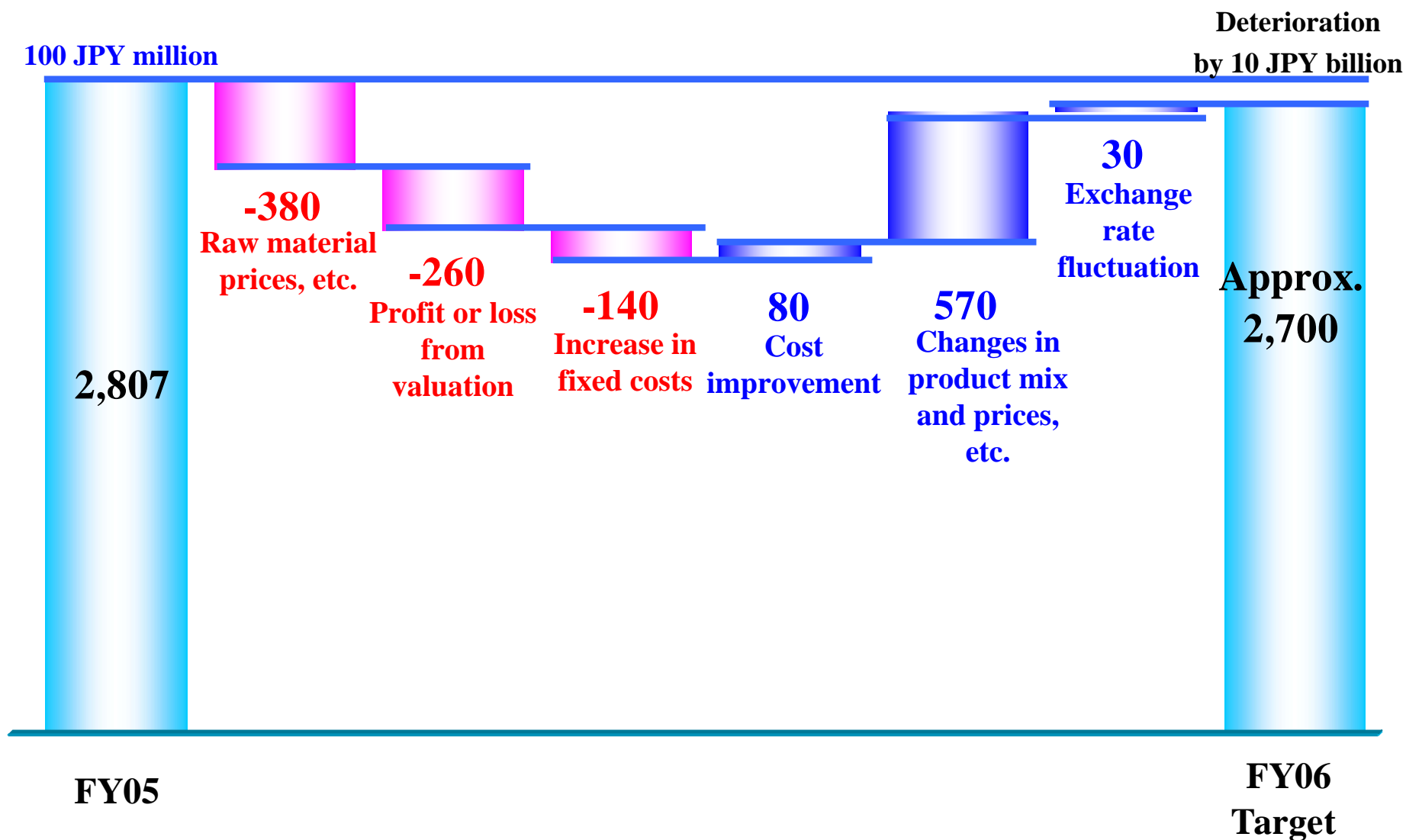
II. FY2006 Targets

Overview of Consolidated Business Target for FY06

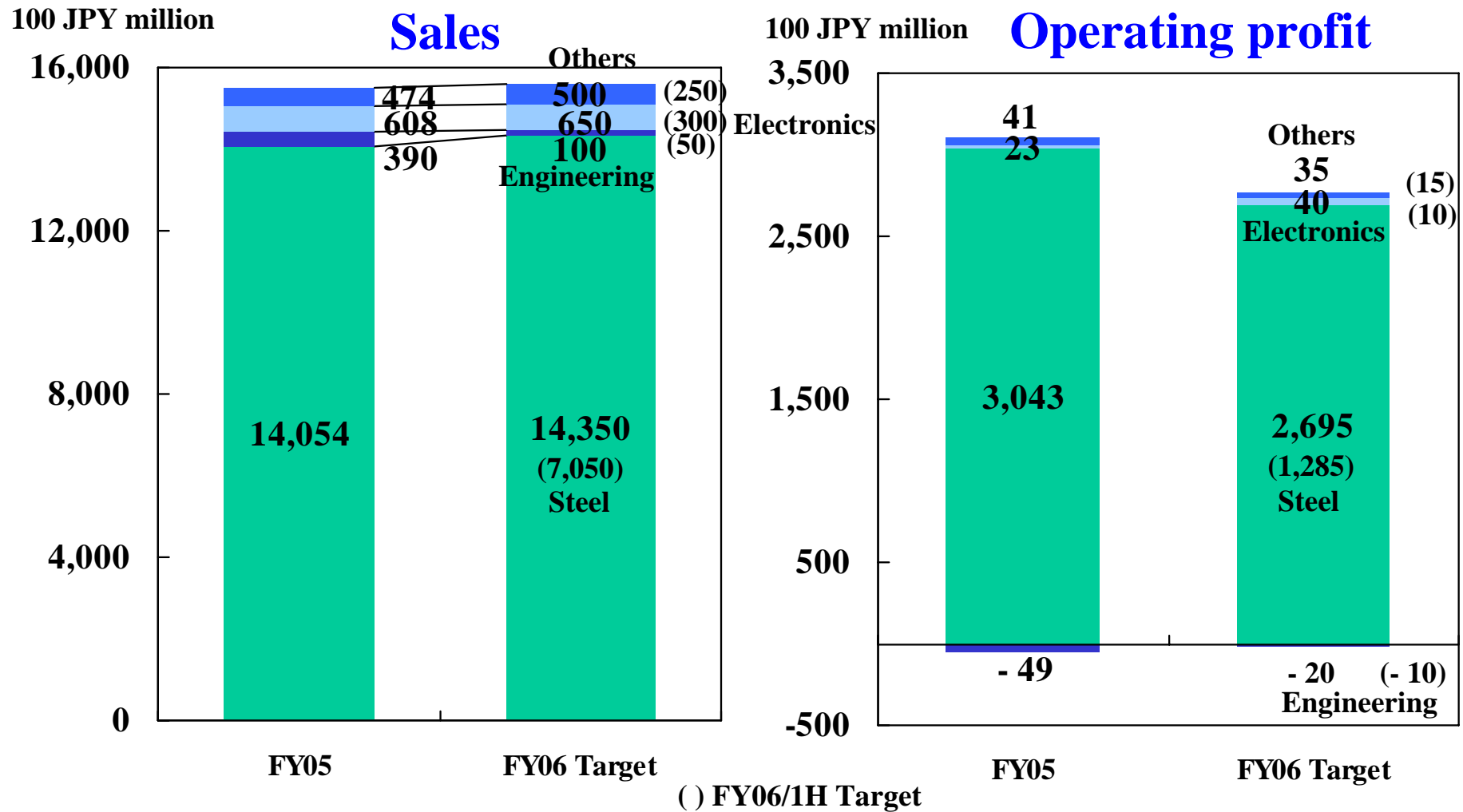
	FY05 Results 100 JPY million	FY06 Targets		Change 100 JPY million approx.
		1H Targets [] Targets as of April 28	100 JPY million approx.	
Sales	15,527	7,650 [7,650]	15,600 [15,500]	70
Operating profit	3,058	1,300 [1,300]	2,750 [2,700]	- 310
Recurring profit	2,807	1,300 [1,250]	2,700 [2,600]	- 110
Non-recurring profit and (loss)	254	(60) [(40)]	(70) [(50)]	- 320
Net income	2,212	770 [750]	1,610 [1,550]	- 600
Exchange rate (JPY/USD)	113	112	111	-2
Japan total crude steel production (million tons)	113	57		
Crude steel production of Sumitomo Metals (10,000 tons) (*)	1,331	670	1,340	9
Steel products sales volume of Sumitomo Metals (10,000 tons) (*)	1,195	604	1,221	26
Average price of steel products of Sumitomo Metals (1000 JPY/ton) (*)	93.7	96.0	97.0	3.3

* Includes Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation

Change in Target for Consolidated Recurring profit for FY06

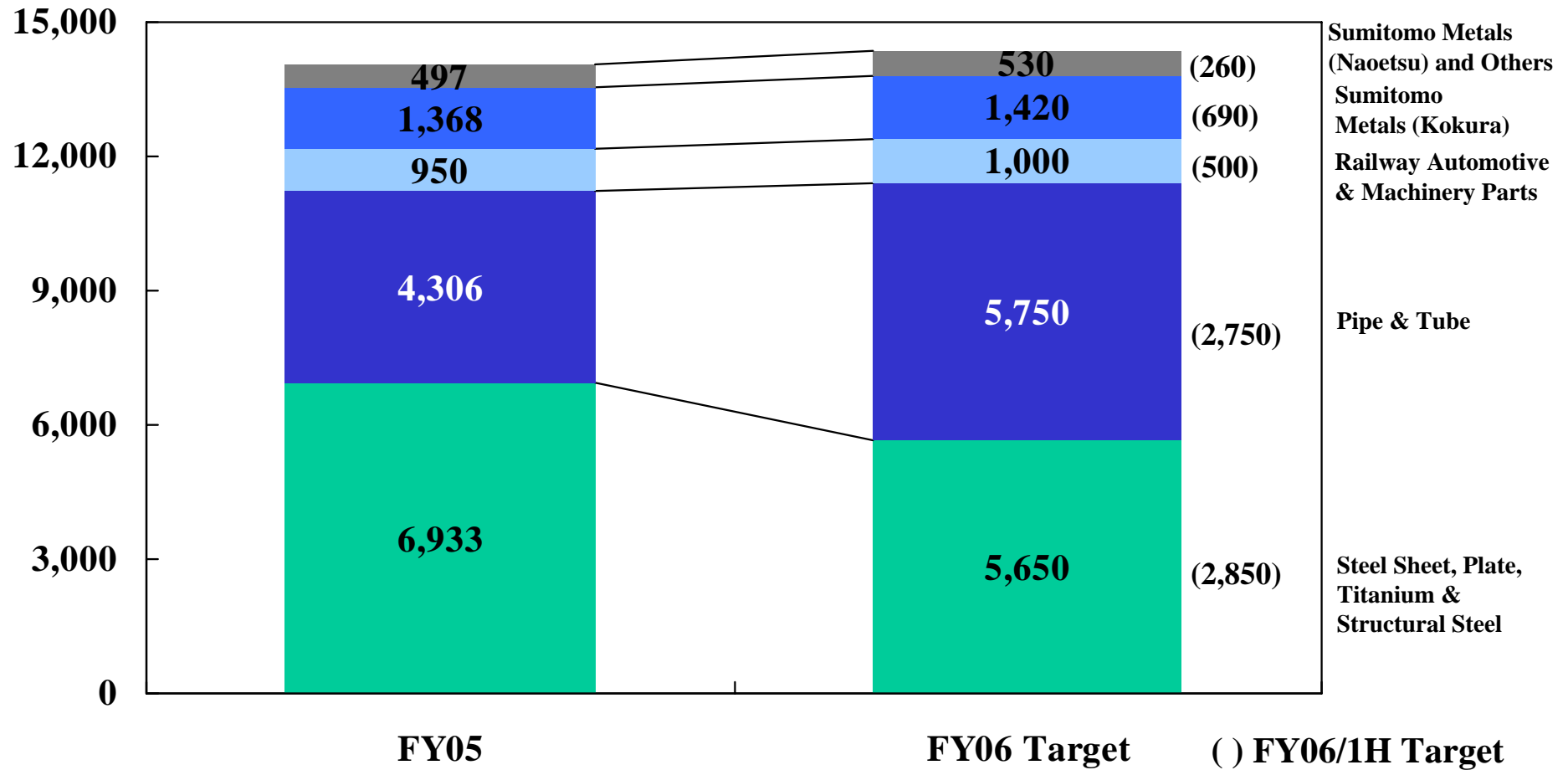


Target for Consolidated Sales and Operating profit for FY06 by Business Segment



Target for Consolidated Steel Sales for FY06 by Internal Company

100 JPY million



(Reference Materials)

[Reference]

FY06/1Q Production & Shipment

	FY05/2H	FY06/1H Targets		Change
		1Q		
Exchange rate (JPY/USD)	117	114	112	- 5
Crude Steel production of Sumitomo Metals (*) (10,000 tons)	661	329	670	9
Steel production sales volume of Sumitomo Metals (*) (10,000 tons)	595	293	604	9
Average price of steel products of Sumitomo Metals (*) (1,000 JPY/ton)				
Domestic	95.7	95.3	97	1.3
Export	103.0	95.8	94	- 9

* Include Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation

[Reference]

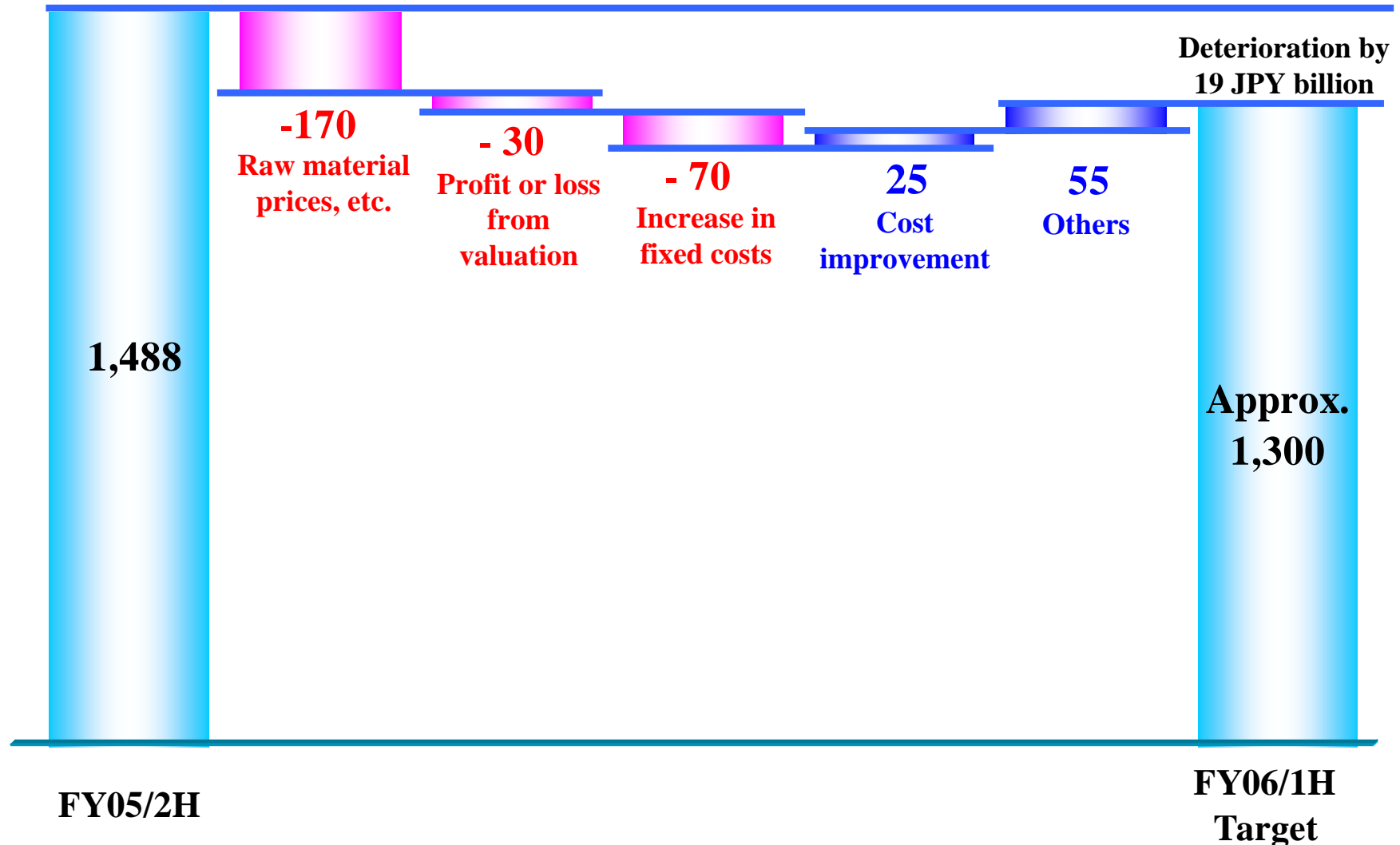
Overview of Non-Consolidated Results for FY06/1Q

	FY06/1Q	FY06 Targets	
		1H Targets	
	100 JPY million	100 JPY million approx.	100 JPY million approx.
Sales	2,389	4,900	9,900
Operating profit	557	1,100	2,250
Recurring profit	654	1,100	2,100
Non-recurring profit and (loss)	(44)	(60)	(70)
Net income	422	630	1,230
Exchange rate	114	112	111
	JPY/USD	JPY/USD	JPY/USD

[Reference]

Change in Target for Consolidated Recurring profit for FY06/1H

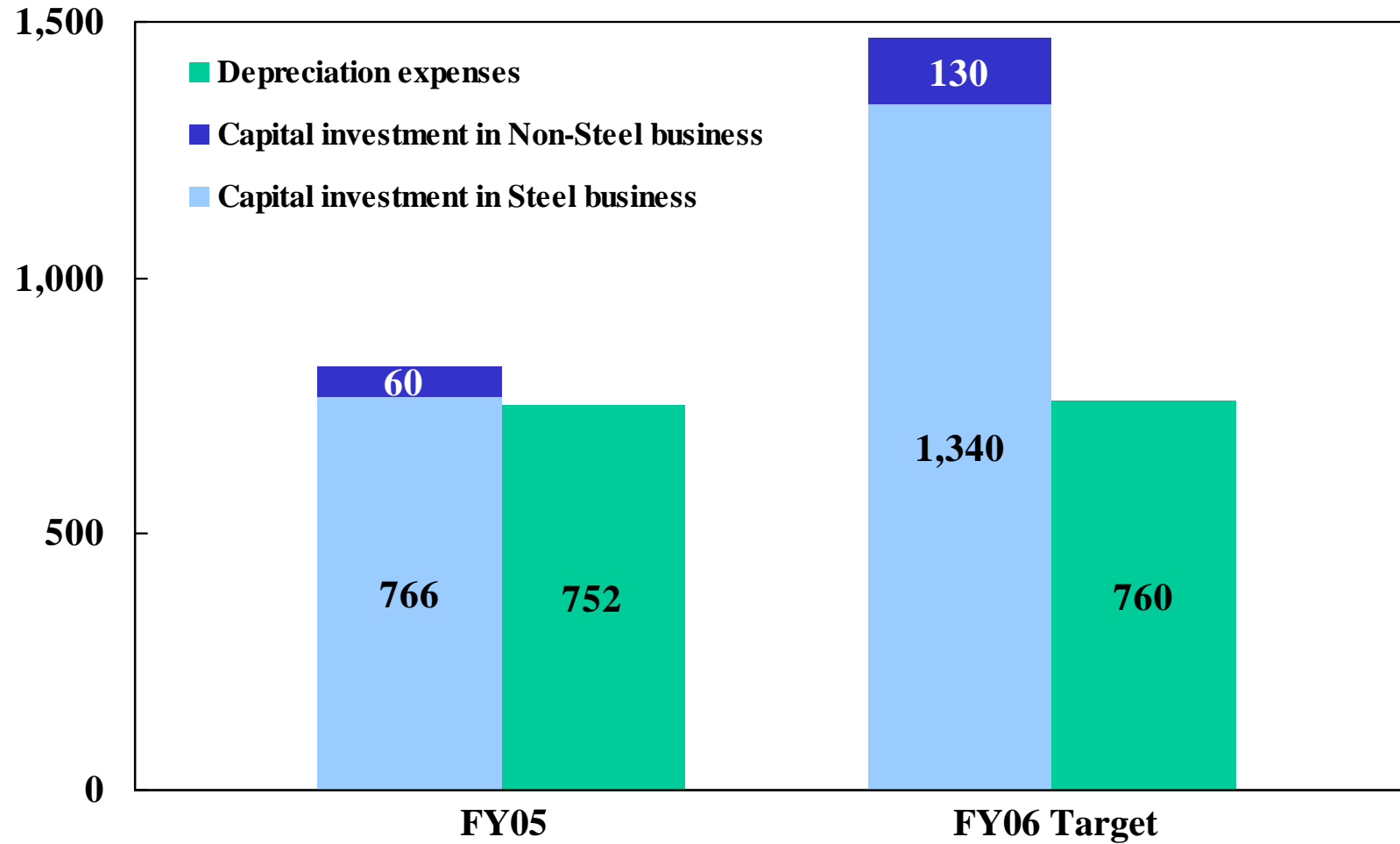
100 JPY million



[Reference]

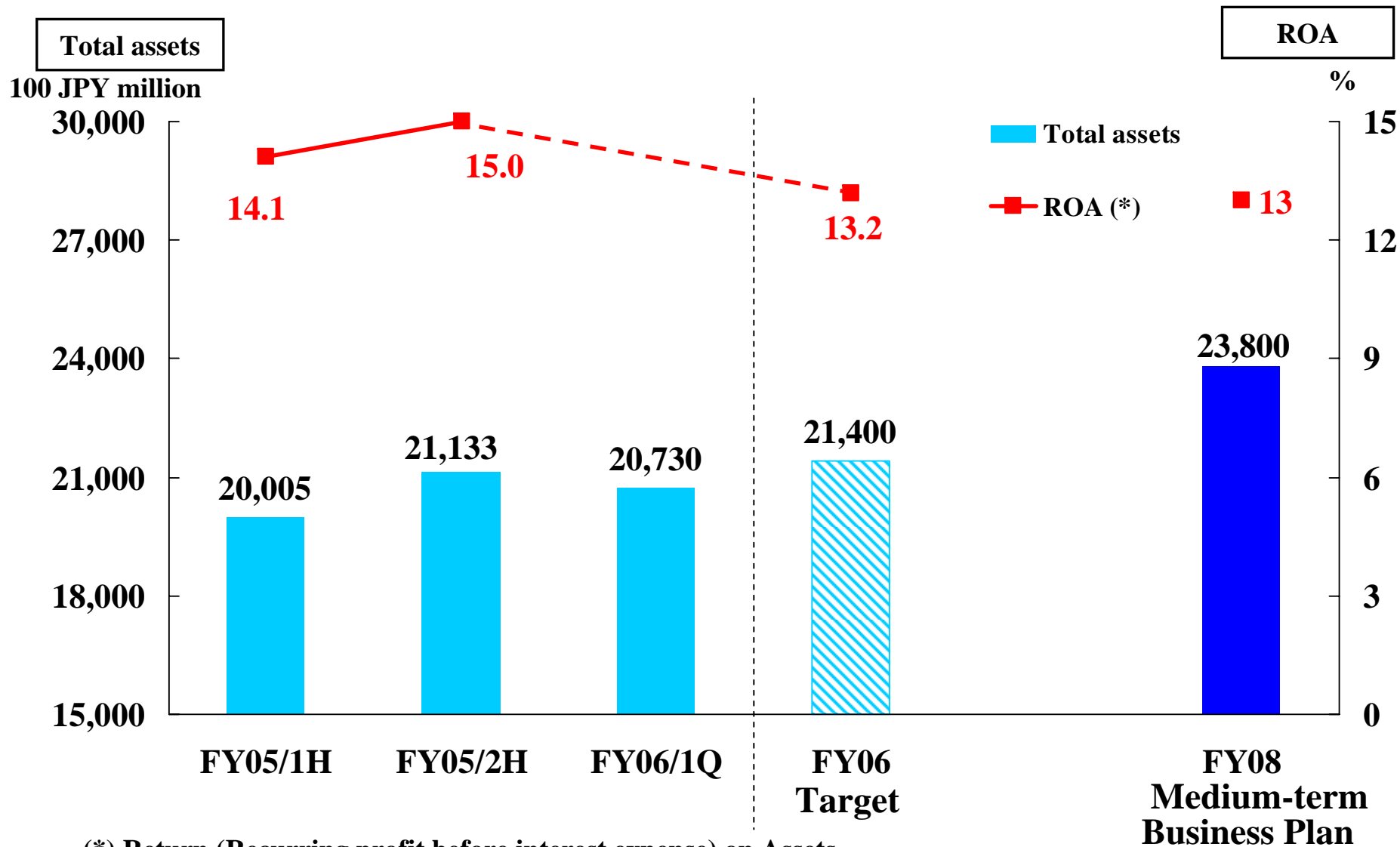
Consolidated Capital Investment and Depreciation Expenses for FY06

100 JPY million



[Reference]

Consolidated Total Assets and ROA



(*) Return (Recurring profit before interest expense) on Assets

[Reference]

Consolidated Equity Ratio and D/E Ratio

