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	%
First quarter of Fiscal 2013	**1,286,864**	**34.0**	**56,067**	—	**86,455**	**831.2**	**63,398**	—
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
First quarter of Fiscal 2013	**6.99**	—
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	%
First quarter of Fiscal 2013	**7,010,099**	**3,000,917**	**35.0**
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

	Dividends per share				
Base date	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
Fiscal 2013	—				
Fiscal 2013 (Forecast)		**2.00**	—	—	—

Note: Whether the divided 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

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

Millions of yen

LIABILITIES	March 31, 2013	June 30, 2013
Current liabilities :		
Notes and accounts payable	596,230	**566,067**
Short-term loans and portion of long-term loans 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**
Total current liabilities	1,981,124	**1,865,589**
Long-term liabilities :		
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**
Total long-term liabilities	2,170,090	**2,143,592**
Total liabilities	4,151,215	**4,009,182**
NET ASSETS		
Shareholders' equity :		
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**
Accumulated other comprehensive income:		
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**
Minority interest in consolidated subsidiaries	544,213	**546,010**
Total net assets	2,938,283	**3,000,917**
Total liabilities and net assets	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 fiscal 2012	**First quarter of fiscal 2013**
Operating revenues :		
Net sales	960,684	**1,286,864**
Cost of sales	885,981	**1,121,652**
Gross margin	74,702	**165,212**
Selling, general and administrative expenses	80,971	**109,144**
Operating profit (loss)	(6,268)	**56,067**
Non-operating profit and loss :		
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**
Ordinary profit	9,284	**86,455**
Special profit :		
Gain on sales of investment securities	-	**15,621**
	-	**15,621**
Special loss :		
Loss on valuation of investments in securities	96,329	**-**
	96,329	**-**
Income (loss) before income taxes and minority interest	(87,045)	**102,077**
Income taxes - current and deferred	(1,745)	**35,268**
Income (loss) before minority interest	(85,299)	**66,808**
Minority interest in net income of consolidated subsidiaries	2,231	**3,409**
Net income (loss)	(87,530)	**63,398**

Quarterly Consolidated Statements of Comprehensive Income — Millions of yen

	First quarter of fiscal 2012	**First quarter of 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 <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 <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