Flash Report
Consolidated Basis
Results for the First Quarter of Fiscal 2015
(April 1, 2015—June 30, 2015)
＜under Japanese GAAP＞

July 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:	August 6, 2015
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 2015 (April 1, 2015—June 30, 2015)

(1) Consolidated Operating Results (Accumulated)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of Fiscal 2015	**1,264,933**	**(7.1)**	**52,386**	**(12.1)**	**84,420**	**13.6**	**72,733**	**50.5**
First quarter of Fiscal 2014	1,361,401	5.8	59,631	6.4	74,319	(14.0)	48,340	(23.8)

(For reference) Comprehensive income: First quarter of Fiscal 2015 ¥ 17,585 million (80.0)%
First quarter of Fiscal 2014 ¥ 87,975 million 22.6%

	Earnings per share	Earnings per share after full dilution
	Yen	Yen
First quarter of Fiscal 2015	**7.97**	—
First quarter of Fiscal 2014	5.30	—

(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 2015	**6,961,321**	**3,526,608**	**42.5**
Fiscal 2014	7,157,929	3,547,059	41.6

(For reference) Shareholders' equity: First quarter of Fiscal 2015 ¥ 2,959,746 million
Fiscal 2014 ¥ 2,978,696 million

2. Dividends

Base date	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2014	—	2.00	—	3.50	5.50
Fiscal 2015	—				
Fiscal 2015 (Forecasts)		**3.00**	—	—	—

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

3. Consolidated Financial Forecasts for Fiscal 2015(April 1, 2015—March 31, 2016)

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

	Net sales		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half of Fiscal 2015	2,500,000	(10.0)	150,000	(14.9)	115,000	2.5	12.56
Fiscal 2015	5,100,000	(9.1)	370,000	(18.1)	260,000	21.3	282.85

Notes: 1. Whether the consolidated financial forecasts for fiscal 2015 under review have been revised: Yes

2. For further details, please refer to page 4, "1. Qualitative Information for the First Quarter of Fiscal 2015 (2) Explanation of Information on Future Estimates, Including Consolidated Earnings Forecasts."

3. The Company is planning to carry out a share consolidation at the ratio of 10 shares to 1 share effective on October 1, 2015. If the effect of the share consolidation is not taken into account, earnings per share for fiscal 2015 (forecast) is projected to be ¥28.29.

***** Notes

(1) Changes in significant subsidiaries during the period: None

(2) Adoption of special accounting methods for 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)

First quarter of Fiscal 2015	9,503,214,022 shares
Fiscal 2014	9,503,214,022 shares

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

First quarter of Fiscal 2015	376,050,514 shares
Fiscal 2014	374,600,261 shares

(c) Average number of shares issued during the term

First quarter of Fiscal 2015	9,128,219,199 shares
First quarter of Fiscal 2014	9,124,672,528 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.

(Financial forecasts after the share consolidation)

The Company received the approval for a share consolidation at the General Meeting of Shareholders held on June 24, 2015. The share consolidation at the ratio of 10 shares to 1 share will be effective on October 1, 2015. Accordingly, earnings per share for fiscal 2015 (forecast) is calculated in consideration of the share consolidation.

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1. Qualitative Information for the First Quarter of Fiscal 2015

(1) Explanation of Operating Results

Global and Domestic Economic Conditions in the First Quarter of Fiscal 2015

The global economy continued to expand at a moderate pace overall supported by ongoing steady growth in the United States and improving conditions in Europe while growth slowed and lacked momentum in China and other emerging countries.

The Japanese economy gradually emerged from adjustment phase after the hike in the national consumption tax and continued a gradual recovery with overall steady corporate production activity and capital expenditure.

Operating Results by Business Segment in the First Quarter of Fiscal 2015

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	
	1Q FY2015	**1Q FY2014**	**1Q FY2015**	**1Q FY2014**
Steelmaking and steel fabrication	**1,109.6**	1,218.9	**74.7**	71.0
Engineering and construction	**70.6**	75.4	**1.7**	1.9
Chemicals	**52.2**	52.1	**2.2**	0.8
New materials	**8.8**	9.0	**0.8**	0.4
System solutions	**51.1**	44.7	**4.8**	3.2
Total	**1,292.5**	1,400.3	**84.4**	77.5
Adjustments	**(27.5)**	(38.9)	**(0.0)**	(3.1)
Consolidated total	**1,264.9**	1,361.4	**84.4**	74.3

Steelmaking and Steel Fabrication

Steel demand in Japan remained generally firm overall but decreased from the same period of the previous fiscal year due to inventory adjustments in the automobile sector and other factors. The Company made production adjustments so as to respond to the customers' inventory adjustments and aim at making market inventories at an appropriate level.

Regarding overseas steel demand conditions, China's economic slowdown became more apparent and growth in steel demand continued to decelerate in other emerging countries. In international steel markets, a downtrend continued. In addition to a decline in primary raw materials, supply pressure from Chinese and South Korean steelmakers remained strong.

The steelmaking and steel fabrication segment recorded net sales of ¥1,109.6 billion and ordinary profit of ¥74.7billion.

Engineering and Construction

Nippon Steel & Sumikin Engineering Co., Ltd. continued its pursuit of overseas initiatives, including commencing full-scale operations at facilities established in recent years in Southeast Asia, and took steps to enhance the competitiveness of its existing operations. The segment made steady progress in its business projects and in reducing costs amid increasingly severe business conditions, caused by the impacts from the sluggish oil market and a rise in commodity and construction costs, among other factors. The engineering and construction segment posted net sales of ¥70.6 billion and ordinary profit of ¥1.7 billion.

Chemicals

Nippon Steel & Sumikin Chemical Co., Ltd. experienced the firm market conditions for styrene monomer, which is a general-purpose resin materials market, while the functional materials business, such as sales of circuit board materials and display materials, was favorable on the back of growing demand for smartphones and other electronic goods. These conditions more than offset the persisting severe conditions for the needle coke business caused by the sluggish worldwide demand for electrodes. The chemicals segment recorded net sales of ¥52.2 billion and ordinary profit of ¥2.2 billion.

New Materials

Nippon Steel & Sumikin Materials Co., Ltd. decreased sales but increased profit in the electronic materials field, thanks to an increase in sales of surface-treated copper wire, a material alternative to gold bonding wire. Sales were also robust for carbon fiber reinforcement materials for tunnels and bridges as the company captured growing demand related to aging infrastructure renewal and seismic reinforcement. In the environmental and energy field, the company raised sales of metal substrates by effectively responding to motorcycle exhaust gas emissions regulations in developing countries. The new materials segment posted net sales of ¥8.8 billion and ordinary profit of ¥0.8 billion.

System Solutions

NS Solutions Corporation provides comprehensive solutions in the planning, configuration, operation, and maintenance of IT systems for customers in a wide range of business fields and develops leading-edge solutions services to enhance customer capabilities amid changing business conditions. During the term, the company fortified the segment's development structure and took steps to expand its operations in Asia with the acquisition of shares in an Indonesian IT firm. The system solutions segment recorded net sales of ¥51.1 billion and ordinary profit of ¥4.8 billion.

Sales and Profit for the First Quarter of Fiscal 2015

Nippon Steel & Sumitomo Metal Corporation (NSSMC or the Company) posted first-quarter consolidated net sales of ¥1,264.9 billion, operating profit of ¥52.3 billion, and ordinary profit of ¥84.4 billion. Profit attributable to owners of parent amounted to ¥72.7 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 stay firm and Europe is anticipated to keep recovering, but the business recovery in ASEAN countries is becoming more sluggish and China's slowdown is becoming more pronounced, which require careful monitoring.

The Japanese economy is anticipated to gradually recover, as evidenced by signs of improvement mainly in individual consumption, as the country is gradually moving out of the adjustment phase after the consumption tax hike.

Domestic steel demand is expected to stay strong overall in the first half even as the inventory adjustments for the automotive and other fields are likely extend into the second quarter. The outlook for overseas steel demand is becoming increasingly uncertain as the economic slowdown in China and ASEAN countries become more pronounced and a sharp contraction in energy sector activity, caused by the depressed oil market, is likely to have some effects.

Under such conditions, NSSMC forecasts fiscal 2015 first-half consolidated net sales of ¥2,500.0 billion, ordinary profit of ¥150.0 billion, and profit attributable to owners of parent of ¥115.0 billion.

In full fiscal 2015, the Company expects ongoing uncertainty in the outlooks for China and the ASEAN countries while the overall global economy continues moderate growth, with solid conditions in the United States. Japan's economy is also expected to be firm in general.

In the second half of fiscal 2015, the Company expects inventory adjustments to be completed and recovery in production and shipments in Japan to take place. Globally, the Company expects sluggish demand will continue for steel materials from the energy sector and anticipates deteriorating market conditions in China and East Asia. Under such conditions, the Company will continue vigorously advancing measures to achieve the fiscal 2017 objectives of the Mid-Term Management Plan. Negotiations for raw materials pricing and NSSMC product pricing for the second half are upcoming. The Company intends to apply its utmost management efforts and ask for the understanding of customers as it seeks to maintain appropriate product pricing levels.

Regarding consolidated ordinary profit for fiscal 2015, the Company intends to secure approximately ¥370.0 billion by continuing efforts to improve costs and other initiatives, despite an expected year-on-year profit decline caused mainly by a drop in shipments. The Company is also aiming to raise profit attributable to owners of parent by approximately 20% year on year, to ¥260.0 billion.

Basic Profit Distribution Policy and the First-Half Dividend Distribution

NSSMC'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 both consolidated and non-consolidated bases. The Company has adopted a consolidated payout ratio target of around 20%–30% as the benchmark for the "payment of dividends from distributable funds in consideration of the consolidated operating results." The level of the first-half dividend is set based on consideration of interim performance figures and forecasts for the full fiscal year performance.

In accordance with the basic profit distribution policy described above, the Company plans to distribute a dividend of ¥3.0 per share at the end of the first half, representing a consolidated dividend payout ratio of 24%.

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

(1) Changes in Significant 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 profit before income taxes by a rational estimate of the effective tax rate on consolidated profit before income taxes 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:

1. Application of Revised Accounting Standard for Business Combinations, Etc.

"Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, hereinafter referred to as the "Business Combinations Accounting Standard"), the "Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, hereinafter referred to as the "Consolidated Financial Statements Accounting Standard"), and the "Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, hereinafter referred to as the "Business Divestitures Accounting Standard") have been applied from the first quarter of fiscal 2015. As a result, for subsidiaries the Company continues to control, differences arising due to changes in the equity portion are entered in capital surplus and costs associated with the acquisition of shares are now treated as expenses in the consolidated fiscal year in which they are incurred.

In addition, for business combinations that are implemented after the beginning of the first quarter of fiscal 2015, the allocation of the cost of acquisitions, as determined after review of provisional accounting treatment, is reflected in the quarterly consolidated financial statements for the quarter in which the business combination took place.

Additionally, the Company has changed the method of presenting consolidated quarterly net income and moved "minority interests in consolidated subsidiaries" to "non-controlling interests in consolidated subsidiaries". To reflect these changes, the Company has reclassified its quarterly consolidated financial statements for the first quarter of the prevoius fiscal year and consolidated financial statements for the previous fiscal year.

The Company has applied these standards in accordance with the transitional treatment prescribed in Section 58-2 (4) of the Business Combinations Accounting Standard, Section 44-5 (4) of the Consolidated Financial Statements Accounting Standard, and Section 57-4 (4) of the Business Divestitures Accounting Standard, and will continue to apply these standards from the beginning of the first quarter of fiscal 2015 into the future.

The effect of these changes in accounting standards on the quarterly consolidated financial statements for the first quarter of fiscal 2015 was not material.

2. Application of the "Revised Practical Solution on Accounting for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

At the beginning of the first quarter of fiscal 2015, the Company adopted the "Revised Practical Solution on Accounting for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Professional Issues Task Force Report No. 18)

The application of this practical solution had no effect on the quarterly consolidated financial statements for the first quarter of fiscal 2015.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

Millions of yen

ASSETS	March 31, 2015	June 30, 2015
Current assets :		
Cash and bank deposits	113,822	**153,562**
Notes and accounts receivable	615,429	**518,105**
Inventories	1,254,203	**1,224,745**
Other	351,378	**317,901**
Less: Allowance for doubtful accounts	(1,019)	**(555)**
Total current assets	2,333,813	**2,213,759**
Fixed assets :		
Tangible fixed assets :		
Buildings and structures	714,150	**710,151**
Machinery, equipment and vehicles	1,056,333	**1,043,944**
Other	827,388	**833,863**
	2,597,872	**2,587,959**
Intangible fixed assets :	98,862	**95,251**
Investments and others :		
Investments in securities	768,744	**772,966**
Shares of subsidiaries and affiliates	1,079,523	**1,022,539**
Net defined benefit assets	123,764	**124,004**
Other	159,202	**148,228**
Less: Allowance for doubtful accounts	(3,854)	**(3,388)**
	2,127,380	**2,064,350**
Total fixed assets	4,824,115	**4,747,561**
Total assets	7,157,929	**6,961,321**

Millions of yen

LIABILITIES	March 31, 2015	June 30, 2015
Current liabilities :		
Notes and accounts payable	674,634	**606,347**
Short-term loans payable	363,654	**380,614**
Commercial paper	-	**2,100**
Bonds due within one year	40,000	**50,000**
Income taxes payable	31,003	**11,428**
Provision	1,670	**1,332**
Other	578,833	**520,858**
Total current liabilities	1,689,797	**1,572,681**
Long-term liabilities :		
Bonds and notes	385,676	**365,678**
Long-term loans payable	1,169,840	**1,124,656**
Allowance and reserve	4,968	**4,480**
Net defined benefit liabilities	161,332	**155,530**
Other	199,254	**211,684**
Total long-term liabilities	1,921,073	**1,862,031**
Total liabilities	3,610,870	**3,434,712**
NET ASSETS		
Shareholders' equity :		
Common stock	419,524	**419,524**
Capital surplus	371,471	**371,435**
Retained earnings	1,752,210	**1,792,952**
Less: Treasury stock, at cost	(61,508)	**(61,970)**
	2,481,698	**2,521,942**
Accumulated other comprehensive income:		
Unrealized gains on available-for-sale securities	279,641	**284,937**
Deferred hedge income (loss)	371	**(4,055)**
Unrealized gains on revaluation of land	2,885	**2,874**
Foreign currency translation adjustments	134,732	**73,954**
Remeasurements of defined benefit plans	79,366	**80,093**
	496,997	**437,804**
Non-controlling interests in consolidated subsidiaries	568,362	**566,861**
Total net assets	3,547,059	**3,526,608**
Total liabilities and net assets	7,157,929	**6,961,321**

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

Quarterly Consolidated Statements of Operations — Millions of yen

	First quarter of fiscal 2014	**First quarter of fiscal 2015**
Operating revenues :		
Net sales	1,361,401	**1,264,933**
Cost of sales	1,187,009	**1,098,983**
Gross profit	174,392	**165,949**
Selling, general and administrative expenses	114,760	**113,563**
Operating profit	59,631	**52,386**
Non-operating profit and loss :		
Non-operating profit :		
Interest income	1,237	**1,562**
Dividend income	7,699	**7,514**
Equity in profit of unconsolidated subsidiaries and affiliates	19,405	**18,126**
Other	4,153	**17,221**
	32,496	**44,425**
Non-operating loss :		
Interest expense	5,440	**4,544**
Other	12,367	**7,847**
	17,808	**12,391**
Ordinary profit	74,319	**84,420**
Extraordinary profit :		
Gain on sales of shares of subsidiaries and associates	-	**33,464**
	-	**33,464**
Extraordinary loss :		
Loss on inactive facilities	-	**14,170**
	-	**14,170**
Profit before income taxes	74,319	**103,715**
Income taxes - current and deferred	22,381	**27,217**
Profit	51,938	**76,498**
Profit attributable to non-controlling interests	3,597	**3,764**
Profit attributable to owners of parent	48,340	**72,733**

Quarterly Consolidated Statements of Comprehensive Income — Millions of yen

	First quarter of fiscal 2014	**First quarter of fiscal 2015**
Profit	51,938	**76,498**
Other comprehensive income		
Unrealized gains on available-for-sale securities	29,914	**4,223**
Deferred hedge income (loss)	(485)	**(4,127)**
Unrealized gains on revaluation of land	-	**(11)**
Foreign currency translation adjustments	2,378	**(34,856)**
Remeasurements of defined benefit plans	4,597	**16**
Share of other comprehensive income (loss) of affiliates accounted for using equity method	(367)	**(24,157)**
Total other comprehensive income	36,037	**(58,912)**
Comprehensive income	87,975	**17,585**
attributable to		
Comprehensive income attributable to owners of parent	84,906	**13,539**
Comprehensive income attributable to non-controlling interests	3,069	**4,046**

(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)

First quarter of Fiscal 2014 (April 1, 2014—June 30, 2014)

(Millions of yen)

	Reportable segment					Total	Adjustments	Consolidated Total
	Steelmaking and steel fabrication	Engineering and construction	Chemicals	New materials	System solutions			
Net sales	1,218,976	75,475	52,104	9,024	44,757	1,400,338	(38,937)	1,361,401
Segment profit <Ordinary Profit>	71,026	1,979	815	461	3,236	77,519	(3,199)	74,319

First quarter of Fiscal 2015 (April 1, 2015—June 30, 2015)

(Millions of yen)

	Reportable segment					Total	Adjustments	Consolidated Total
	Steelmaking and steel fabrication	Engineering and construction	Chemicals	New materials	System solutions			
Net sales	1,109,686	70,602	52,252	8,806	51,182	1,292,530	(27,597)	1,264,933
Segment profit <Ordinary Profit>	74,734	1,757	2,276	856	4,873	84,498	(77)	84,420

(Depreciation Information)

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) are as follows:

(Millions of yen)

	For the first quarter of fiscal 2014	For the first quarter of fiscal 2015
Depreciation and amortization	76,242	73,424

(Major Subsequent Events)

(Redemption of Euro-yen denominated bonds (subordinated) and Euro-yen denominated preferred securities issued by the overseas subsidiary, and financing by subordinated loans)

Based on the resolution at the Meeting of the Board of Directors held on May 15, 2015, the Company exercised the right of redemption in full for the securities presented below, the two securities as described in (1) and (2) (collectively, the "Existing Hybrid Securities") , and to raise ¥300 billion, as of the same date and by means of subordinated loans (the "Loans"), to be used for funding this redemption (the redemption of the Existing Hybrid Securities and the procurement of ¥300 billion through the Loans are hereinafter referred to, collectively, as the "Refinancing"). The Existing Hybrid Securities were issued in November 2006 for raising ¥300 billion. Details are as follows.

(1) Euro-yen denominated bonds (subordinated) issued by the Company through allocation to NS Preferred Capital Limited (the "Overseas SPC"), the Company's wholly-owned subsidiary in British Overseas Territory Cayman Islands
(2) Euro-yen denominated preferred securities issued by the Overseas SPC through allocation to the Company's three main banks

(a) Summary of the Loans

(1) Aggregate loan amount: ¥300 billion
(2) Use of proceeds: Redemption of the Existing Hybrid Securities
(3) Drawdown date: July 21, 2015
(4) Maturity date: July 19, 2075

Provided, however, that optional prepayment is permitted after the expiration of five years from the drawdown date.

(5) Lenders: Four main banks
(6) Subordination conditions:

In the event liquidation proceedings are commenced, or the decision to commence bankruptcy proceedings, corporate reorganization, civil rehabilitation, or any other similar proceedings is made with regard to the Company, the principals and interests of the Loans may be paid to the lenders of the Loans after the payment of all receivables in full excluding the Loans and other subordinated receivables which rank equal in point of subordination as the Loans.

(7) Optional deferral of interest payments:

Except where dividends are distributed to its common stock, etc., the Company may, at its discretion, defer payment of all or a portion of the interests on the Loans.

(8) Restrictions on amendments to the terms of the Loans:

No amendment shall be made to the terms and conditions of the Loans that is prejudicial to the creditors of the Company other than the creditors of the subordinated receivables which rank equal in point of subordination as the Loans.

(9) Replacement Restrictions Clause*: None

*A provision under which the Company states its intention to prepay the Loans to the extent that the Company has

raised funds, preceding such prepayment, which have been approved by the rating agencies as having the same or higher equity credit as the Loans.

(10) Equity credit acknowledgment:

(First five years) Moody's 50%, S&P 50%, R&I 30%, JCR 50%

(After the expiry of five years) Moody's 50%, R&I 30%, JCR 25%

(b) Impact on the financial and operating results

The impact of the Refinancing is immaterial with regard to the consolidated financial and operating results of the Company.

The preferred securities issued by the Overseas SPC in the amount of ¥300 billion were recorded as “Non-controlling interests in consolidated subsidiaries” (in the section of Net Assets) on the Company’s consolidated balance sheet. In contrast, after the completion of the Refinancing, the Loans in the amount of ¥300 billion will be recorded as “long-term loans payable” (in the section of Liabilities).

(Additional Information)

(Share consolidation)

The Company resolved to approve a partial amendment to the Articles of Incorporation associated with change of the number of shares in a unit of shares of the Company (from 1,000 shares to 100 shares) at the Meeting of the Board of Directors held on April 28, 2015 and received the approval for a share consolidation at the ratio of 10 shares to 1 share and the total number of authorized shares from 20 billion shares to 2 billion shares at the General Meeting of Shareholders held on June 24, 2015. The approved partial amendment to the Articles of Incorporation and share consolidation will be effective on October 1, 2015.