



NIPPON STEEL & SUMITOMO METAL

The 89th Term
Interim Report

April 1, 2013 to September 30, 2013

Index

To Our Shareholders	1
Topics	3
Summary of Consolidated Financial Statements ...	7
Changes in Consolidated Operating Results ...	8
Information about NSSMC shares	9
Corporate Profile, etc.	10

NIPPON STEEL & SUMITOMO METAL CORPORATION

Securities Code: 5401

To Our Shareholders

We would like to thank you for your continued understanding and support.

This October, Nippon Steel & Sumitomo Metal Corporation (“NSSMC” or the “Company”) marked the first anniversary since our business integration. During this period, NSSMC have focused tremendous efforts on early realization of maximum integration effects, amid increasingly tough global competition in the steel business. We continue advancing various measures set out in our Mid-Term Management Plan in March of this year, and quickly realizing our goal of being “Best Steelmaker with World-Leading Capabilities.”



Chairman, Muneoka (middle) and President, Tomono (right) tour the Kashima Works

(Overview of Business Operations and Performance for the First Half of Fiscal 2013)

We would like to present the overview of business operations during the first half of fiscal 2013 (April 1, 2013 to September 30, 2013).

The overall global economy continued to expand gradually during the first half of fiscal 2013, supported by factors including the slower but continuing economic growth in China and the ASEAN countries and the ongoing recovery trend in the United States, despite persistent stagnant economic conditions in Europe. The Japanese economy also showed apparent signs of recovery, supported by strong public-sector investment and increasing capital investment accompanying an upturn in corporate earnings and recovering production activity along with improving consumer sentiment and spending.

Domestic steel demand was supported by sustained strong demand for civil engineering and construction projects underpinned by ongoing reconstruction demand and the effects of economic policies. Demand from the manufacturing industry also increased due to the recovery in capital investment, improving business confidence, and other factors. While steel exports showed some signs of recovery, the global prices remained sluggish due to the ongoing stagnant demand for steel materials caused by persistent strong supply pressure from Chinese steelmakers.

In this business environment, NSSMC strived to maximize cost improvements, including realizing integration effects, and sought to revise product prices with the understanding and cooperation of its customers.

As a result, NSSMC posted consolidated net sales for the first half of fiscal 2013 of ¥2,674.5 billion, operating profit of ¥139.2 billion, and ordinary profit of ¥173.6 billion. Net income amounted to ¥115.5 billion due to the incorporation of a gain on sales of investments in securities and a loss on inactive facilities.

(Distribution of Dividend at End of First Half (Interim) of Fiscal 2013)

In accordance with the basic dividend policy described in page 9 of this report, NSSMC has decided to distribute a dividend at the end of first half quarter (interim) of ¥2.0 per share.

(Future Outlook)

Overall, NSSMC anticipates a gradual expansion of the global economy. The Japanese economy continues to gain traction for a self-sustaining recovery fueled by the correction of the strong yen, a surge in demand before the scheduled increase in the consumption tax rate, increasing capital investment, and recovering consumer sentiment and spending.

We expect the first-half growth in domestic steel demand in the civil engineering and construction sectors to continue in the second half and demand to continue growing in the manufacturing industry supported by ongoing recovery in capital investment, improving business confidence, and other factors. We expect that steel exports will remain strong but Chinese steelmakers are maintaining high production output. We will continue to carefully monitor steel material supply and demand, market trends in Asia, and other developments.

In this business environment, NSSMC will continue advancing the Mid-Term Management Plan and maximizing management efforts, while seeking to maintain appropriate product pricing levels with the understanding of customers.

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. During the term, we plan to steadily implement cost improvements, including from integration effects, and to improve revenue across the Group with the aim of maintaining consolidated ordinary profit of ¥170.0 billion, the same level as the first half, as we seek to secure consolidated ordinary profit of ¥340.0 billion for full-year fiscal 2013.

The Company plans to determine and announce the forecast of the year-end dividend distribution amount at the third-quarter result briefing.

NSSMC wishes to take this opportunity to ask our shareholders for your understanding of the aforementioned circumstances and for your continued support.

Representative Director, Chairman and CEO, **Shoji Muneoka**

Representative Director, President and COO, **Hiroshi Tomono**

Topics

In this section, we report on progress with the measures set out in our Mid-Term Management Plan, starting with promoting the global strategy.

Steelmaking and Steel Fabrication

Promoting the global strategy

Enhancing the capabilities of our joint venture for automotive steel sheets in China

The Shanghai Municipal Government has approved plans by Baosteel-NSC Automotive Steel Sheets Co., Ltd., which was jointly founded in China by NSSMC and Baoshan Iron & Steel Co., Ltd., to build its No. 4 hot-dip galvanizing line adjacent to its existing lines. The new line is scheduled to start operation in 2015.

Joint-venture company for steel sheets has begun operations in Vietnam

CSVC, a Vietnamese joint-venture company between NSSMC and China Steel Corporation in Taiwan for the making and marketing of flat products, began operation in November of this year.

Hot-dip galvanized steel sheets company has begun operations in Thailand

NSSMC founded NSGT in Thailand for the making and marketing of hot-dip galvanized sheets. NSGT began operations in October of this year.

Automotive steel pipes and tubes company has begun full-scale operations in India

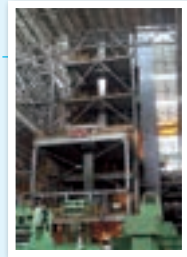
SNP, a consolidated subsidiary of NIPPON STEEL & SUMIKIN Pipe Co., Ltd., invests in NS Pipe India. In June of this year, NS Pipe India began full-scale operations after building an end-to-end manufacturing system encompassing processes from making pipes to drawing, heat treatment, and processing.

Automotive steel pipes and tubes company has begun operations in Mexico

NS Pipe Mexico, a consolidated subsidiary of NIPPON STEEL & SUMIKIN Pipe Co., Ltd., began operations in May of this year.

Joint-venture company for automotive steel sheets has begun operations in Mexico

TENIGAL is a joint-venture company in Mexico between NSSMC and TERNIUM for the making and marketing of hot-dip galvanized steel sheets. TENIGAL began operations in August of this year, and in September held an opening ceremony for its local plant, to which the president of Mexico was invited.



Hot-dip galvanizing line at CSVC



Outer appearance of NSGT



Executive Vice President, Higuchi of NSSMC gives a speech at the opening ceremony

■ Enhancing the Company's technological superiority

More contribution for automobile weight reductions and collision safety

SUZUKI MOTOR CORPORATION has adopted the high-tensile galvanized steel sheet with a tension strength 1.2 GPa developed by NSSMC in the main frame parts of its new light automobile "Spacia." This is the first time a Japanese automaker has used this material for such an application.

Promoting greater use of low-grade metallurgical coal and massive energy savings

Following the completion of No. 5 coke oven at the Oita Works, in June of this year, we began construction of No. 5 coke oven at the Nagoya Works, which introduces the next-generation coke manufacturing technology "SCOPE 21." The SCOPE 21 technology was developed as a national project supervised by the Ministry of Economy, Trade, and Industry for the purpose of increasing the ability to overcome resources and energy issues in the steel business.

Development of steel sheets for LNG tanks that achieve both resource efficiency and high performance

Our newly developed product after half a century, 7% nickel steel sheet for LNG tanks, is being used for the world's largest LNG tank, currently under construction. This product has the same high safety and strength of conventional products, while using about 20% less nickel.

Developing new railway car products that contribute to the development of safe and comfortable railways

We have developed an active suspension for railway cars that reduces the roll of railway cars. It was adopted by Kyushu Railway Company for luxury sleeper cruise train, "SEVEN STARS IN KYUSHU," which started its operation in October of this year.

Venerable and prestigious awards for contributions to improvement of science and technology in Japan

At the Japan Institute of Invention and Innovation's National Invention Award for 2013, we won two awards: the 21st Century Invention Award for our invention of high-strength non-oriented electrical steel of resource-saving design, and the Patent Office Commissioner's Award for our invention of new type of high-performance copper bonding wire for LSI. We also won the Special Prize at the 5th Monodzukuri Nippon Grand Award for our development of a new high-quality, highly efficient process for steelmaking that also has lower environmental impact.



No. 5 coke oven at the Nagoya Works



Senboku No. 1 Works No. 5 Tank of Osaka Gas Co., Ltd., currently under construction, is using 7% nickel steel sheets. With a capacity of 230,000 m³, this is among the world's largest LNG tanks. It will use about 3,800 tons of steel sheets.



Cruise train "SEVEN STARS IN KYUSHU"
Photo courtesy of Kyushu Railway Company

■ Building the world-leading cost competitiveness

We will aim to realize integration effects of ¥200.0 billion per year or more in approximately three years.

Up until the first half of fiscal 2013, we have achieved an integration effect of ¥50.0 billion at an annual rate through business integration, and reduced our total assets by ¥140.0 billion (for a cumulative total of ¥240 billion).

■ Establishment of the optimal production network

We will achieve high productivity in our upstream processes by reducing fixed costs and lower costs. We will also consolidate our rolling lines into more competitive lines, and allocate them in the optimum locations to respond to demand.

In the first half of fiscal 2013, we shut down No. 4 continuous hot-dip galvanizing plant at the Nagoya Works, and shifted down rolling facilities at the plates plants of Kashima and Kimitsu Works.

■ Strengthening the Group companies for steelmaking

We are accelerating and implementing plans to strengthen the Group.

Field	Merged companies	New company	Schedule
Logistics	Nippon Steel Logistics Co., Ltd. and Sumitomo Metal Logistics Service Co., Ltd.	NIPPON STEEL & SUMIKIN LOGISTICS CO., LTD.	April 2013
Steel pipes/tubes (electric resistance-welded pipes/tubes)	Sumitomo Pipe & Tube Co., Ltd. and Nittetsu Steel Pipe Co., Ltd.	NIPPON STEEL & SUMIKIN Pipe Co., Ltd.	October 2013
Trading	Sumikin Bussan Corporation and Nippon Steel Trading Co., Ltd.	NIPPON STEEL & SUMIKIN BUSSAN CORPORATION	October 2013
Comprehensive engineering	Taihei Kogyo Co., Ltd. and Nittetsu Elex Co., Ltd.	Nippon Steel & Sumikin Tex Engineering Co., Ltd.	October 2013

■ Promoting organizational and business management

We will integrate and reorganize organizations to further strengthen our steel business.

Organizations to be integrated/reorganized	New organization	Schedule
Yawata Works and Bar & Wire Rod Unit, Kokura Works	Yawata Works	April 2014
Wakayama Works and Construction Products Unit, Sakai Works	Wakayama Works	April 2014
Kimitsu Works and Pipe & Tube Unit, Tokyo Works	Kimitsu Works	April 2014

Engineering and Construction

Nippon Steel & Sumikin Engineering Co., Ltd. is actively seeking to raise its overseas sales ratio.



Platform for petroleum and natural gas extraction off coast of Thailand

Chemicals

Nippon Steel & Sumikin Chemical Co., Ltd. is committed to enhancing cost competitiveness in the field of styrene monomers. In July of this year, it completed renovations on No. 2 manufacturing facility at the Oita Works.



No. 2 styrene monomer manufacturing facility at the Oita Works

New Materials

In order to meet rapidly increasing demand, Nippon Steel Sumikin Materials Co., Ltd. has expanded its operations in the field of metal substrates for exhaust purification into China, Indonesia, and India (the world's largest three markets for two-wheel vehicles). The company is currently building a supply network in these countries.



Metal substrates for exhaust purification and sample use

System Solutions

NS Solutions Corporation has begun offering a comprehensive IT outsourcing service called NSFITOS, which is based on data centers and cloud infrastructure.



NSFITOS logo



Next-generation No. 5 data center

Summary of Consolidated Financial Statements

Consolidated Balance Sheets (billion yen)

Items	September 30, 2013
ASSETS	
Current assets	21,276
Fixed assets	49,012
Total assets	70,289
LIABILITIES	
Current liabilities	18,639
Long-term liabilities	20,922
Total liabilities	39,561
NET ASSETS	
Shareholders' equity	22,666
Accumulated other comprehensive income	2,570
Minority interest in consolidated subsidiaries	5,491
Total net assets	30,727
Total liabilities and net assets	70,289

Consolidated Statements of Operations (billion yen)

Items	First half of fiscal 2013
Net sales	26,745
Cost of sales	23,125
Gross margin	3,620
Selling, general and administrative expenses	2,227
Operating profit	1,392
Non-operating profit	754
Non-operating loss	410
Ordinary profit	1,736
Special profit	311
Special loss	145
Income before income taxes and minority interest	1,902
Income taxes - current and deferred	666
Minority interest in net income of consolidated subsidiaries	79
Net income	1,155

Consolidated Segment Information (April 1, 2013 to September 30, 2013) (billion yen)

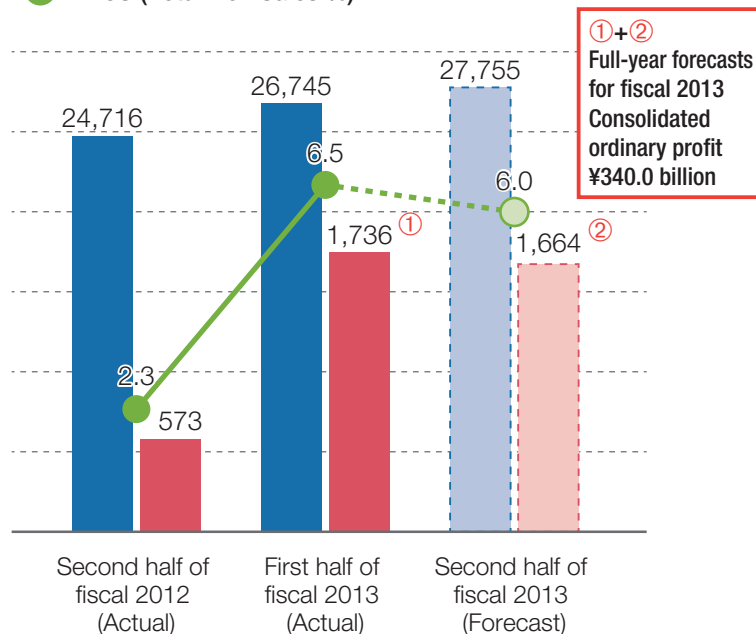
	Reportable segment						Adjustment	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Chemicals	New materials	System solutions	Total		
Net sales	23,836	1,343	1,150	192	814	27,336	(590)	26,745
Segment profit	1,582	36	70	6	48	1,743	(7)	1,736

* Figures less than ¥0.1 billion are rounded down to the nearest ¥0.1 billion.

Changes in Consolidated Operating Results

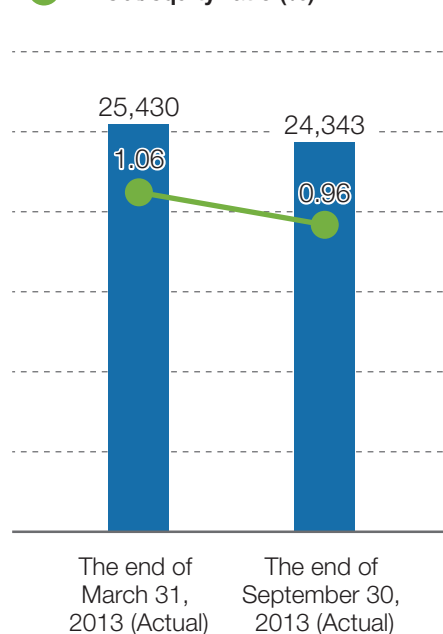
Operating results

■ Net sales (billion yen)
 ■ Ordinary profit (billion yen)
 ● ROS (Return on Sales %)



Financial structure

■ Interest-bearing debt (billion yen)
 ● Debt/equity ratio (%)



Operating results forecasts for second half and full year of fiscal 2013

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. During the term, we plan to steadily implement cost improvements, including from integration effects, and to improve revenue across the Group with the aim of maintaining consolidated ordinary profit of ¥170.0 billion, the same level as the first half, as we seek to secure consolidated ordinary profit of ¥340.0 billion for full-year fiscal 2013.

Information about NSSMC shares

Basic Dividend Policy

Our basic dividend 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 nonconsolidated basis. We have set a consolidated dividend 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.

Shareholder Benefits

NSSMC conduct various programs for shareholders such as plant tours and business briefings.

The Company will send to applicable shareholders about the details of such events.

■ Plant Tours and Business Briefings

Event	Summary of program	Number of times (Period)	Applicable shareholders
Invitation to plant tours (by random ballot)	We invite shareholders to a tour of our steel works and manufacturing sites. (Each tour will be held semi-annually (spring and fall). Please apply by selecting one steel work or manufacturing site from four to five locations.)	Semi-annually (March to April and October to November)	Shareholders who own 10,000 or more shares as of the end of September and March
Invitation to business briefings (by random ballot)	We are planning to conduct business briefings at Tokyo, Osaka and other locations.	Semi-annually (July to September and February to March)	

■ Other Events

Event	Summary of program	Number of times (Period)	Applicable shareholders
Invitation to football games of the Kashima Antlers soccer team (by random ballot)	We will invite our shareholders to J1-League football games (home and away).	Semi-annually (April to August and August to December)	Shareholders who own 5,000 or more shares as of the end of September and March
Sending the Company calendar	We will send to shareholders our Company calendar.	Annually (Late November to early December)	Shareholders who own 7,000 or more shares as of the end of September
Invitation to concerts at Kioi Hall (by random ballot)	We will invite our shareholders to concerts such as the periodic "Kioi Sinfonietta Tokyo" concerts.	Semi-annually (March to July and September to February)	Shareholders who own 50,000 or more shares as of the end of September and March

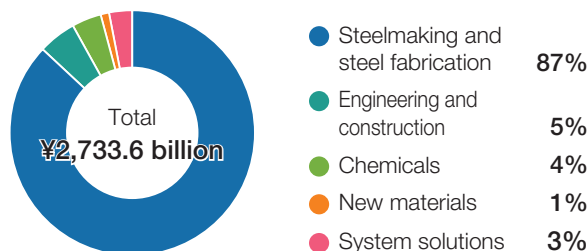
Corporate Profile, etc.

Corporate profile

Company name	Nippon Steel & Sumitomo Metal Corporation
Head office	6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8071, Japan
Paid-in capital	¥419.5 billion
Business	Steelmaking and steel fabrication / Engineering and construction / Chemicals / New materials / System solutions
Number of employees (consolidated)	83,187 (as of March 31, 2013)
Stock listings	Tokyo, Nagoya, Fukuoka, Sapporo
Securities code	5401
Total number of shares authorized to be issued	20,000,000,000 shares
Total number of shares issued	9,503,214,022 shares (as of September 30, 2013)
Number of shareholders	555,709 (as of September 30, 2013)

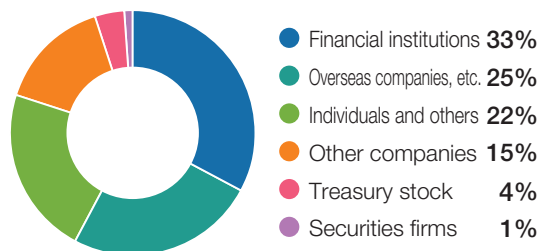
Sales composition by business segment

(Results of the first half of fiscal 2013)



Percentage of ownership by shareholder composition

(as of September 30, 2013)



Principal Shareholders (as of September 30, 2013)

Name of shareholder	Shares held (Thousand shares)	Percentage of ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	425,718	4.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	340,444	3.6
Sumitomo Corporation	312,690	3.3
Nippon Life Insurance Company	266,825	2.8
Mizuho Bank, Ltd.	182,600	1.9
Sumitomo Mitsui Banking Corporation	146,470	1.5
Meiji Yasuda Life Insurance Company	138,977	1.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	136,356	1.4
Kobe Steel, Ltd.	134,882	1.4
Japan Trustee Services Bank, Ltd. (Trust Account 9)	131,812	1.4
Total	2,216,777	23.3

NSSMC Group's Corporate Philosophy

Our Values

Nippon Steel & Sumitomo Metal Corporation Group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services.

Management Principles

1. We continue to emphasize the importance of integrity and reliability in our actions.
2. We provide products and services that benefit society, and grow in partnership with our customers.
3. We pursue world-leading technologies and manufacturing capabilities.
4. We continually anticipate and address future changes, innovative from within, and pursue unending progress.
5. We develop and bring out the best in our people to make our Group rich with energy and enthusiasm.

Shareholder Reference Information

Fiscal year	April 1 to March 31
Annual Meeting of Shareholders	Latter part of June
Record date for the Annual Meeting of Shareholders	March 31
Record date for dividends	March 31, September 30 and such other date as determined by the Board of Directors
Share trading unit	1,000 shares
Website for electronic public notices	The Company's website http://www.nssmc.com/en/index.html/
Articles of Incorporation and Regulations Relating to Shares	Posted on "Investor Relations" of the Company's website
Registration agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Place of business of registration agent	Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department (Mailing address) 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063, Japan (Telephone enquiries) Telephone number designated for the Company's shareholders: 0120-785-401 (toll free within Japan) Main number of transfer agent: 0120-782-031 (toll free within Japan)

●Change of address, and request for sale and purchase of shares less than one unit

Please contact and consult with the securities firms in which you have an account.

Shareholders for whom special accounts have been opened due to their lack of an account in a securities firms should contact Sumitomo Mitsui Trust Bank, Limited, our administrator of the special accounts.

●Payment of accrued dividends

Please contact Sumitomo Mitsui Trust Bank, Limited, our registration agent.

●Fees concerning sale and purchase of less than one unit of shares

Charged at the amount specified separately.

(Please refer to "Investor Relations" of the Company's website.)

NIPPON STEEL & SUMITOMO METAL CORPORATION

6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8071, Japan

Tel. +81-3-6867-4111

<http://www.nssmc.com/en/index.html/>