



NIPPON STEEL & SUMITOMO METAL

The 91st Term Interim Report

April 1, 2015 to September 30, 2015

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NIPPON STEEL & SUMITOMO METAL CORPORATION

Securities Code: 5401

To Our Shareholders



Representative Director and President,

Kosei Shindo

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

The environment surrounding the steel business has been extremely harsh, due to factors such as China's economic slowdown becoming more pronounced in the overseas markets. Under these conditions, Nippon Steel & Sumitomo Metal Corporation ("NSSMC" or "the Company") has been advancing measures to implement the Mid-Term Management Plan since its announcement in March 2015, determined to improve its "technology," "cost," and "being global," to become the "best steelmaker with world-leading capabilities."

(Overview of Business Operations and Performance for the First Half of Fiscal 2015)

We would like to present the overview of business operations during the first half of fiscal 2015 (April 1, 2015 to September 30, 2015).

During the first half of fiscal 2015, the global economy continued its moderate overall recovery supported by ongoing strong economic conditions in the United States and gradually improving conditions in Europe. However, the future outlook is increasingly uncertain as the economic slowdown in China has become more pronounced and the economic improvement in ASEAN countries has slowed.

In Japan, overall private consumption was resilient but its economic recovery remained subdued.

Japan's steel market was supported by signs of pickup in demand for housing construction in the construction sector but was weak overall due to prolonged inventory adjustments in the automobile and other sectors.

Regarding overseas steel markets, China's economic slowdown became more pronounced, which caused delay in recovery in ASEAN countries. In addition, the stagnant oil market led to a sharp drop in steel demand from the energy sector. At the same time, international steel prices fell significantly beginning in the summer due to declining primary raw material prices and ongoing strong supply pressure from Chinese steelmakers.

Under such conditions, NSSMC posted consolidated net sales for the first half of fiscal 2015 of ¥2,507.5 billion, operating profit of ¥98.3 billion, ordinary profit of ¥129.8 billion. As gain on sales of shares of subsidiaries and associates, settlement received, and other items were recorded as extraordinary profit, profit attributable to owners of parent amounted to ¥120.1 billion.

The Company completed implementation of recurrence prevention measures following the September 2014 coke fire accident at Nagoya Works, and commenced successive resumption of operations at the ironworks facilities that were shut down after the incident, from October 19, 2015. We earnestly reflected on the Nagoya Works accidents, including the power failures in 2014, and will continue to do our utmost throughout the Company to ensure safe and stable operations.

(Distribution of Dividend at End of First Half of Fiscal 2015)

In accordance with the basic profit distribution policy described in page 9 of this report, and as disclosed at the time of the first-quarter result announcement (July 29, 2015), the Company has decided to distribute a dividend of ¥3.0* per share at the end of the first half, representing a consolidated dividend payout ratio of 22.9%.

*Note: The Company carried out the share consolidation at the ratio of 10 shares to 1 share effective October 1, 2015. However, the dividend at the end of the first half will be distributed based on the number of shares held before the share consolidation.

(Future Outlook)

Regarding the global economy, the U.S. economy is expected to stay firm and Europe is likely to experience a moderate economic recovery, but the outlook for China and the ASEAN countries is becoming uncertain.

The Japanese economy is expected to continue its gradual recovery supported by steady private consumption and improving capital investment.

Regarding the domestic steel market in the second half of fiscal 2015, the Company expects some recovery in production and shipments, due to public spending and an increase in automobile production. However, in overseas steel markets, the current severe conditions are likely to persist, due in part to concerns over Chinese steelmakers' excess production and export expansion, consequential deterioration in the international steel prices, and the impact of trade actions in many countries.

Regarding consolidated ordinary profit for fiscal 2015, we intend to continue to exert our utmost management efforts but we have revised down our forecast for consolidated ordinary profit to ¥250.0 billion, a decrease of ¥120.0 billion from the ¥370.0 billion disclosed at the time of the first-quarter result announcement (July 29, 2015). This revision reflects the above-stated severe conditions in overseas steel markets and significant impact of sluggish steel demand from the energy sector.

The Company plans to determine the forecast for the year-end dividend distribution amount, with due consideration of full-year outlook of profit attributable to owners of parent, and to announce it at the time of its third-quarter result announcement.

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

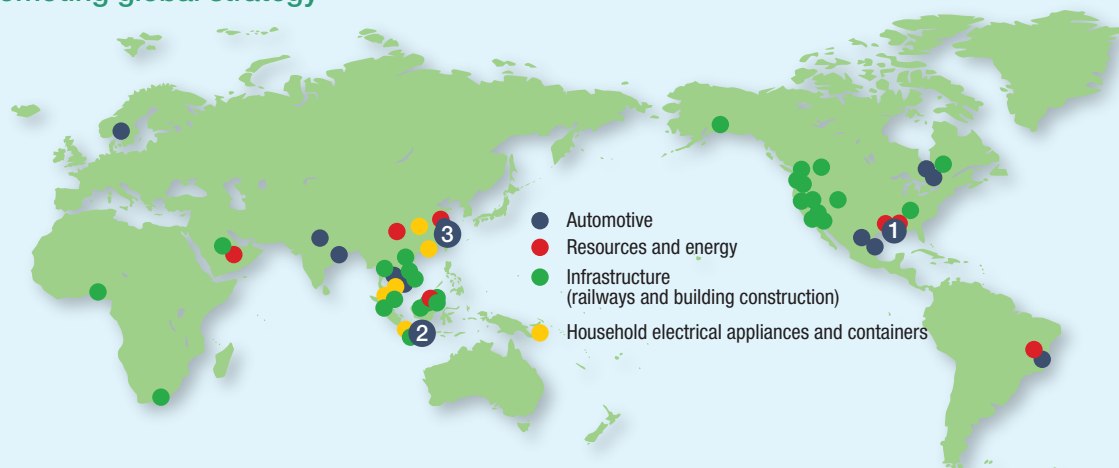
Topics

In this section, we introduce the activities by each business segment in the first half of fiscal 2015.

Steelmaking and Steel Fabrication

We report on the progress of the measures set out in our Mid-Term Management Plan.

Promoting global strategy



① Implementation of measures to produce automotive ultra high tensile strength steels with high formability in North America

The Company will introduce measures into AM/NS Calvert, a joint-venture company in the United States, aiming to produce automotive ultra high tensile strength steels with high formability by the end of 2016.

These measures enable automotive ultra high tensile strength steels with high formability, which the Company produces only in Japan currently, to be produced overseas for the first time. Through this, the Company aims to expand the global supply network of high-end products for automotive customers.



Hot Strip Mill in AM/NS Calvert

② Cornerstone laying ceremony of KNSS, a manufacturer and seller of automotive flat steel products in Indonesia

The cornerstone laying ceremony of KNSS, a joint venture in Indonesia with PT Krakatau Steel (Persero) Tbk was held on August 25, 2015.

We strive to satisfy the needs of Indonesian automakers, which are expected to further increase for the years to come.



The cornerstone laying ceremony

③ New operations of equipment for production of hot-dip galvanized steel sheets in Baosteel-NSC Automotive Steel Sheets Co., Ltd., a manufacturer and seller of automotive steel sheet products in China

BNA, a joint venture of the Company and Baoshan Iron & Steel Co., Ltd., has begun running its No. 4 hot-dip galvanizing line (No. 4 CGL) on September 15, 2015, to capture the growing demand for automotive galvanized steel sheets in China.

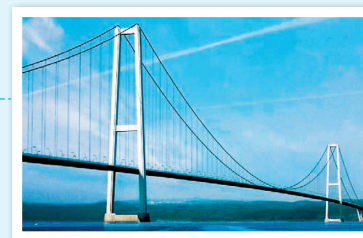


Facility holding No. 4 CGL and its first product

■ Enhancing technological superiority

Received the Ichimura Prize in Industry for Outstanding Achievement for the development of environmental impact reduction-type of ultra-high-strength steel wire rods for bridge cable use

The Company received the 47th (2014) Ichimura Prize in Industry for Outstanding Achievement for the development of its ultra-high-strength steel wire rods for bridge cable use that reduce environmental impact. This traditional and prestigious prize is given to engineers who develop outstanding technologies in Japan and contribute to and show significant performance in the development of their respective industrial fields. This is the second time the Company has received this prize.



The Company's technology employed in a cross-bay bridge in Izmit, Turkey (scheduled for use in 2016) (photo courtesy of IHI Infrastructure Systems Co., Ltd.)

Received the “Invention Award” of the National Invention Award with the “Steering bogie for railway vehicles”

The Company received the “Invention Award” of the 2015 National Invention Award with the “Steering bogie for railway vehicles,” a collaborated invention with Tokyo Metro Co., Ltd. The prestigious and traditional award aims to encourage and cultivate inventors, and to contribute to the advancement of Japan's technology and the development of its industry.



The Company's technology employed in the train series 1000 for the Tokyo Metro Ginza Line (photo courtesy of Tokyo Metro Co., Ltd.)

Titanium foil adopted by the TOYOTA MOTOR's “MIRAI”

The Company has developed a method of manufacturing special rolled titanium foil, which has excellent corrosion resistance against the corrosive environment in key parts inside fuel cells. As a result, this material has been adopted in parts for the fuel cell of the “MIRAI” fuel-cell vehicle produced by TOYOTA MOTOR CORPORATION.

Based on the adoption of this product in the “MIRAI” on this occasion, NSSMC will continue to cultivate new areas of demand and expand applications for titanium products. This includes accelerating the advance into highly innovative business sectors that will play a role in the hydrogen society expected in the future.



TOYOTA MOTOR “MIRAI” fuel-cell vehicle (photo courtesy of TOYOTA MOTOR CORPORATION)

“NSGP™-3,” highly corrosion resistant steel plates that reduce corrosion in cargo holds for coal, has been applied to the first commercial vessel.

The Company has developed “NSGP™-3,” revolutionary highly corrosion resistant steel plates that greatly reduce the corrosion in the cargo holds for coal. The product was adopted in the construction of a bulk carrier by Tadotsu Shipyard Co., Ltd., a company of the Imabari Shipbuilding Group. This was the first time the product is applied on an actual vessel.



“PLAINPALAIS (DWT: 81,600 tons),” the first vessel to employ NSGP™-3
(photo courtesy of Imabari Shipbuilding Co., Ltd.)

Enhancing domestic mother mills’ competitiveness

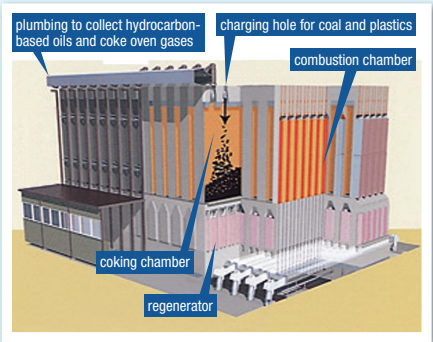
Measures to revitalize coke ovens at Kashima Works

As part of the measures to revitalize coke ovens* at Kashima Works, the Company has decided to increase the number of coke ovens. Most of the coke ovens at Kashima Works have been utilized for over 40 years, and through the aforementioned revitalization measures, the Company plans to recover their productivity, as well as increase their cost-competitiveness.

*Coke ovens are equipment for pre-processing, such as baking coal in order to produce pig iron in blast furnaces efficiently.

<Summary of measures to revitalize coke ovens at Kashima Works>

Coke yield	580,000 tons per year
Date of start of operations	Scheduled in April 2018
Amount of investment	Approx. ¥31.0 billion



Cross-section of the coke oven

Strengthening group companies of the steel business

Nippon Steel & Sumikin Texeng Co., Ltd. and Suzuki Metal Industry Co., Ltd. as wholly owned subsidiaries

Nippon Steel & Sumikin Texeng Co., Ltd. and Suzuki Metal Industry Co., Ltd. became wholly owned subsidiaries of the Company through the share exchange method on August 1, 2015 and September 1, 2015 respectively. The aforementioned restructuring serves to further strengthen the Group’s profitability and competitiveness by enabling the sharing of business strategies. Additionally, on October 1, 2015, Suzuki Metal Industry Co., Ltd. changed its company name to NIPPON STEEL & SUMIKIN SG WIRE CO., LTD.

Engineering and Construction

Nippon Steel & Sumikin Engineering Co., Ltd. has proactively engaged in construction projects of large-scale logistics facilities, and has constructed facilities with a total area of 1,900,000 m² in the recent decade. The company works to provide products and technology that optimize and incorporate steel structure engineering and ironworks know-how.



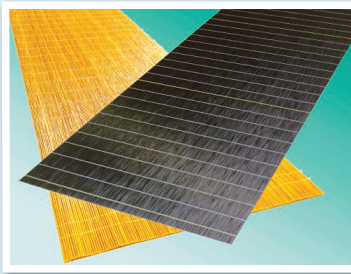
The “Shinkiba Logistics Center (completed in September 2015),”
commissioned by IK Investment III Co., Ltd.

New Materials

By developing methods of repairing and strengthening concrete and steel structures using carbon fiber sheets, Nippon Steel & Sumikin Materials Co., Ltd. has contributed to the repairs and strengthening of public infrastructure, such as bridges and highways, and private ports and factories.



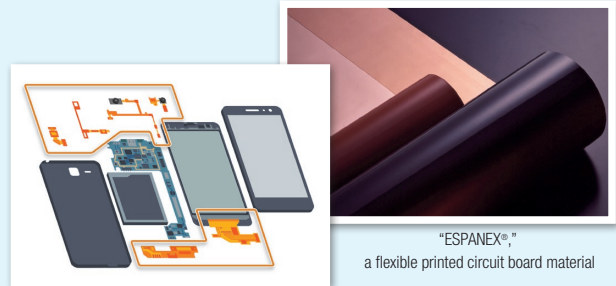
An example of the use of “Towsheet™,”
a repairs and strengthening material
(used as a strengthening material for a concrete structure)



“Strandsheet™,” a next-generation material for repairs
and strengthening

Chemicals

Nippon Steel & Sumikin Chemical Co., Ltd. recorded the highest monthly sales for flexible printed circuit board materials consecutively in June and July, supported by strong demand for smartphones and other electronic devices.



Anatomy of a smartphone
(orange indicates where ESPANEX® is used)

“ESPANEX®,”
a flexible printed circuit board material

System Solutions

NS Solutions Corporation has set up a hub in Kitakyushu for the “absonne” cloud-based IT infrastructure service. The Kitakyushu hub serves as the Western hub along with the Eastern hub in Tokyo, and continues to provide an infrastructure service that has enhanced convenience and reliability.



The “Kitakyushu Data Center,” hub of the absonne service

Summary of Consolidated Financial Statements

■ Consolidated Balance Sheets

(Billions of yen)

Items	September 30, 2015
ASSETS	
Current assets	2,186.3
Fixed assets	4,571.8
Total assets	6,758.2
LIABILITIES	
Current liabilities	1,593.5
Long-term liabilities	2,004.8
Total liabilities	3,598.3
NET ASSETS	
Shareholders' equity	2,597.0
Accumulated other comprehensive income	323.7
Non-controlling interests in consolidated subsidiaries	238.9
Total net assets	3,159.8
Total liabilities and net assets	6,758.2

■ Consolidated Statements of Operations

(Billions of yen)

Items	First half of fiscal 2015
Net sales	2,507.5
Cost of sales	2,177.2
Gross profit	330.3
Selling, general and administrative expenses	231.9
Operating profit	98.3
Non-operating profit	66.4
Non-operating loss	35.0
Ordinary profit	129.8
Extraordinary profit	63.4
Extraordinary loss	15.8
Profit before income taxes	177.4
Income taxes – current and deferred	51.2
Profit	126.1
Profit attributable to non-controlling interests	6.0
Profit attributable to owners of parent	120.1

■ Consolidated Segment Information (April 1, 2015 to September 30, 2015)

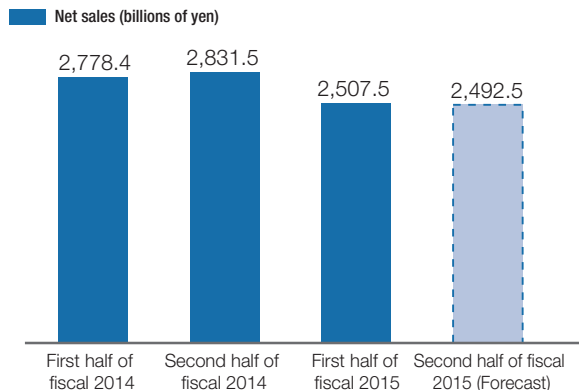
(Billions of yen)

	Reportable segment					Total	Adjustments	Consolidated total
	Steelmaking and steel fabrication	Engineering and construction	Chemicals	New materials	System solutions			
Net sales	2,202.5	140.2	101.3	17.8	106.2	2,568.1	(60.6)	2,507.5
Segment profit <Ordinary profit>	110.7	2.1	3.1	1.6	10.1	127.8	2.0	129.8

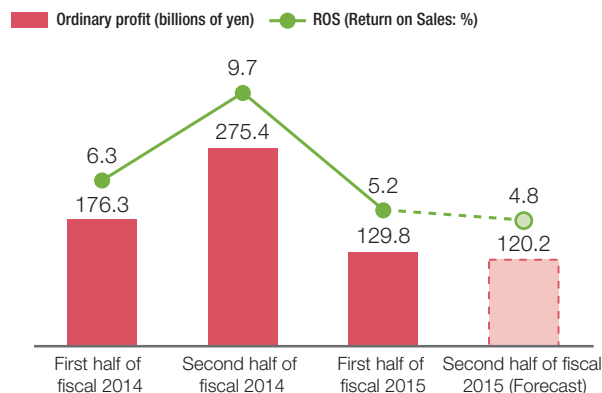
* Figures less than ¥0.1 billion are rounded down to the nearest ¥0.1 billion.

Changes in Consolidated Operating Results

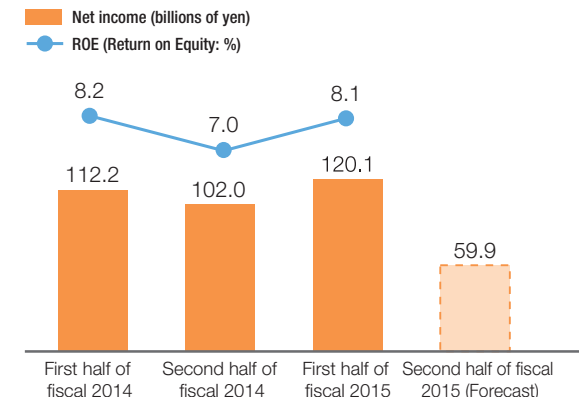
Net sales



Ordinary profit

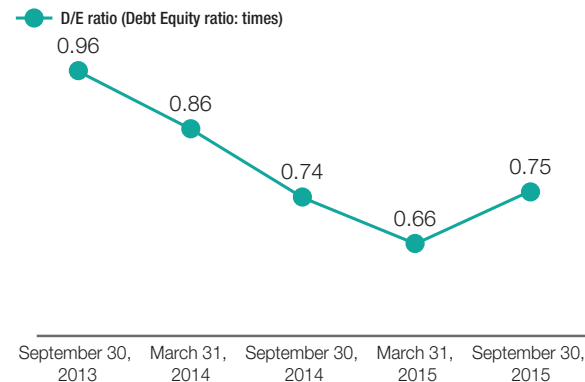


Net income*



* Profit attributable to owners of parent

D/E ratio



< Operating results forecasts for full year of fiscal 2015 >

With regard to full year of fiscal 2015, current severe conditions are likely to persist, due in part to concerns over Chinese steelmakers' excess production and export expansion, consequential deterioration in the international steel prices, and the impact of trade actions in many countries. Regarding consolidated ordinary profit for fiscal 2015, we intend to continue to exert our utmost management efforts but we have revised down our forecast for consolidated ordinary profit to ¥250.0 billion, a decrease of ¥120.0 billion from the ¥370.0 billion disclosed at the time of the first-quarter result announcement (July 29, 2015). This revision reflects the above-stated severe conditions in overseas steel markets and significant impact of sluggish steel demand from the energy sector.

Information about NSSMC Shares

Change to the Number of Shares in a Unit of Shares of the Company and Share Consolidation

On October 1, 2015, NSSMC changed the number of shares in a unit of shares of the Company (from 1,000 shares to 100 shares) and consolidated its shares at the ratio of 10 shares to 1 share.

Basic Dividend Policy

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.

Shareholder Benefits

We have a shareholder benefit program to express our gratitude to shareholders and to facilitate their understanding of our Group activities. The Company will send to applicable shareholders about the details of such events.

■ Plant Tours and Business Briefings

Events	Summary of program	Period of implementation	Applicable shareholders
Plant tours (by lottery)	Shareholders are invited to a tour of our steel works and manufacturing sites.	Twice a year (March-April and October - November)	Shareholders who own 1,000 or more shares as of the end of September and March
Business briefings (by lottery)	Business briefings are conducted in Tokyo, Osaka and other locations.	Twice a year (July-September and February-March)	However, only shareholders who owned 10,000 or more shares as of September 30, 2015 (before the share consolidation) are applicable for plant tours held from March to May 2016 and business briefings in February 2016.

■ Other Shareholder Benefit Programs

Events	Summary of program	Period of implementation	Applicable shareholders
Company calendar	NSSMC's calendar is distributed to shareholders.	Once a year (Late November to early December)	Shareholders who own 500 or more shares as of the end of September However, only shareholders who owned 5,000 or more shares as of September 30, 2015 (before the share consolidation) are applicable for the calendar sent during late November to early December, 2015.
Invitation to football games of Kashima Antlers (by lottery)	Shareholders are invited to J1-League football games (home or away).	Twice a year (April-August and August-December)	Shareholders who own 5,000 or more shares as of the end of September and March However, only shareholders who owned 50,000 or more shares as of September 30, 2015 (before the share consolidation) are applicable for football games of the Kashima Antlers during April to August 2016 and concerts at Kioi Hall during March to July 2016.
Invitation to concerts at Kioi Hall (by lottery)	Shareholders are invited to periodic Kioi Sinfonietta Tokyo concerts and other concerts.	Twice a year (March-July and September-February)	

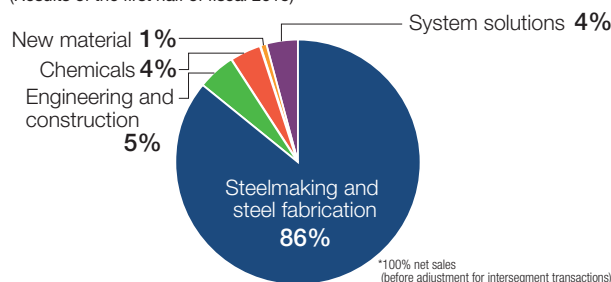
Corporate Profile, etc.

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)	84,447 (as of March 31, 2015)
Stock listings	Tokyo, Nagoya, Fukuoka, Sapporo
Securities code	5401
Total number of shares authorized to be issued	2,000,000,000 shares (as of October 1, 2015)
Total number of shares issued	950,321,402 shares (as of October 1, 2015)
Number of shareholders	523,120 (as of September 30, 2015)

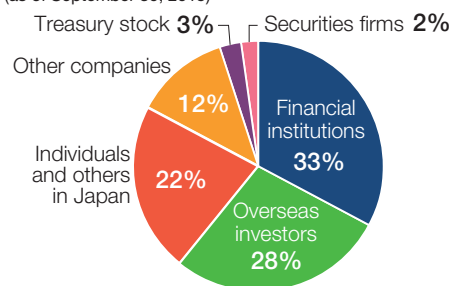
Sales composition by business segment

(Results of the first half of fiscal 2015)



Percentage of ownership by shareholder composition

(as of September 30, 2015)



Principal shareholders (as of September 30, 2015)

Name of shareholder	Shares held (Thousand shares)	Percentage of ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	370,268	3.9
The Master Trust Bank of Japan, Ltd. (Trust Account)	308,389	3.2
Nippon Life Insurance Company	245,324	2.6
Sumitomo Corporation	182,690	1.9
Mizuho Bank, Ltd.	162,998	1.7
Sumitomo Mitsui Banking Corporation	146,470	1.5
Meiji Yasuda Life Insurance Company	139,607	1.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	136,554	1.4
THE BANK OF NEW YORK MELLON SA/NV 10	125,962	1.3
STATE STREET BANK WEST CLIENT – TREATY 505234	115,593	1.2
Total	1,933,860	20.3



NSSMC Group's Guiding Principles

Corporate Philosophy

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
General Meeting of Shareholders	Latter part of June
Record date for the General Meeting of Shareholders	March 31
Record date for dividends	March 31, September 30 and such other date as determined by the Board of Directors
Number of shares in a unit of shares of the Company	100 shares (revised on October 1, 2015)
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 firm in where you have an account.

Shareholders for whom special accounts have been opened due to their lack of an account in a securities firm 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" on the Company's website).

NIPPON STEEL & SUMITOMO METAL CORPORATION

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

Tel.: +81-3-6867-4111

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