

ANNUAL REPORT

YEAR ENDED MARCH 31, 2002



Onward, Upward

Under the dark clouds of the lingering economic downturn, major restructuring steps were taken during the year to lay the foundation for improved shareholder value. The plan to virtually remake the Company has so far achieved:

- **A totally new corporate structure**
- **Drastic reduction in employee rolls, along with major curtailments in debt and operating costs**
- **Consolidation and reorganization of our businesses, and collaboration with companies in Japan and overseas**

At every moment and with every decision, as a corporation we have worked to press forward our absolute and total commitment to restore investor confidence and win No. 1 customer evaluations for everything we do.

We're not finished, and the clouds are not yet gone. But the Company's new strengths are manifest and growing. We welcome your continued interest and support, and invite you to review in these pages what has been done, and what still needs to be done, to complete the upward path to sound and stable financial health.

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* The business performance predictions and future forecasts included in this annual report are based on information that was available at the time of publishing as interpreted by Sumitomo Metals. It contains uncertainties and latent risk. For these reasons, the reader must understand that there is a possibility that changes in a variety of factors may result in large differences between the future forecasts here and actual business results.

* The financial settlement data listed in this annual report pertains to the fiscal year ended March 2002 (from April 1, 2001 to March 31, 2002) and the previous fiscal years. Other information listed is the most recent information at the time this annual report was prepared.

Consolidated Financial Highlights

Sumitomo Metal Industries, Ltd., and Consolidated Subsidiaries years ended March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Operating Results (For the year):			
Net Sales	¥ 1,349,529	¥ 1,497,641	\$ 10,127,798
Operating Profit	40,096	90,598	300,910
Net Income (Loss)	(104,720)	5,836	(785,892)
Financial Position (At year-end):			
Total Assets	¥ 2,433,432	¥ 2,733,115	\$ 18,262,151
Total Shareholders' Equity	274,432	368,116	2,059,530
	Yen		U.S. dollars
Per Share Data:			
Net Income (Loss)	¥ (28.83)	¥ 1.61	\$ 0.22
Cash Dividends	—	—	—
Shareholders' Equity	75.56	101.35	0.57
	Millions of yen (except for ROA data)		Thousands of U.S. dollars
Other Data:			
Recurring Profit (Loss)	¥ 748	¥ 23,626	\$ 5,619
Return on Assets (ROA)	1.2%	2.2%	

Note: The United States dollar amounts included herein represent translations using the approximate exchange rate at March 31, 2002 of ¥133.25= U.S.\$1, solely for convenience.

Recurring profit is calculated according to Japanese accounting principles, and does not include any extraordinary gains or losses. It is not listed in the financial statements of this annual report; however, for convenience, recurring profit is used in calculating ROA.

Return on assets is calculated using the following formula: ROA = Recurring profit before interest expense/total assets × 100.

Message from the President



Marked by a continued downturn in the economy and a shake-out of the steel and silicon manufacturing industries, the year was nonetheless a promising one for the Company. Now well into our management plan for “Revolution & Rebirth” announced in April 2001, Sumitomo Metals has carried out functional reform of the head office as well as begun consolidating group operations and improved competitiveness in the steel business. We have greatly reduced our interest-bearing liabilities, and have pared costs to the bone, including making difficult but necessary personnel cuts. We have promoted integration and selection of Group business units, and established new and strengthened existing collaborations and alliances with important domestic and international partners. In each of our main businesses we have achieved new strengths as we become more competitive and responsive.

None of this has been easy this past year. The efforts of managers, employees, and union leaders to achieve the transition to a stronger, leaner, and more agile company in the face of today’s fierce global competitiveness have been nothing less than inspiring. With thanks to all of you, and the understanding of our shareholders, we resolutely expect to be among the winners when these difficult times are behind us.

The rewards shall be shared by each of us — employees, shareholders, and customers alike.

Steady Progress of Our “Revolution & Rebirth” Plan

Introduction of our new internal company system

I am pleased to report to you that the Company has made major progress toward the various targets under our aggressive restructuring plan announced last year. Each internal company maintains an integrated business system within its business area, and bears responsibility for its consolidated business results and cash flows including those of its affiliated group companies. In addition, each internal company is strengthening its customer-response abilities to suit its business characteristics, and is working to develop a dynamic management system.

Reductions in costs

In keeping with our pledge last year to cut overhead expenses, labor costs have been reduced on a massive scale. Based on an agreement with the labor unions, we enacted a far-reaching personnel transfer plan mandating the transfer or retirement of approximately 9,100 employees. This has reduced annual payroll costs by approximately 30.0 billion yen.

Under the plan in the last fiscal year we announced a drastic cut in expenditures by 85.0 billion yen over two years. Together with the reduced personnel expenses, in the first year we were able to slash expenditures by 50.0 billion yen, leaving 35.0 billion yen in targeted cuts for the upcoming year. Yet because of increased market severity, we are considering reducing total costs by another 10.0 billion yen, for total further cuts of 45.0 billion yen. We feel this will leave us in a much improved position.

Reductions in interest-bearing liabilities

A further cost burden is the Company's excessive liabilities that mounted up mainly from earlier capital expenditures. We have addressed this in a similarly aggressive manner, as we consider it to be the single largest issue for the Company. Under last year's plan, our target was to reduce these liabilities to a more-manageable 1.48 trillion yen by March 2004. We now

anticipate being able to achieve that target by one year earlier, or March 2003.

Stronger competitiveness for steel business

Concentrating on Kashima Steel Works

In our main business of steel production, various positive developments occurred during the year, or were a continuation of activities already under way.

In the area of steel sheets, we are considering concentrating production at the Kashima Steel Works, which is our primary production center. Currently, integrated production control for steel sheets is carried out at both Wakayama and Kashima. However, concentrating production at the Kashima Steel Works would not only result in a large reduction in costs, but also in much greater competitiveness in the world market. With the completion in 2004 of our new blast furnace there, now under construction, we will have established a balanced production system of 8 million tons for both upstream and downstream processes.

New steelmaking plant sets world's highest standards at Wakayama Steel Works

As the first step, we have decided to supply 150,000 tons of steel slabs each quarter to China Steel Corp. (CSC) Group, Taiwan. Our new steel production capabilities at Wakayama Steel Works are proceeding well, to the point that it is now the highest quality steel-producing facility in the world. We can be proud of the fact that the de-phosphorizing and de-sulfurizing processes are unmatched by any other company. These advanced processes allow efficient production of high-quality steel slabs and billets.

Collaboration for our stainless steel business

A basic memorandum was concluded between Nippon Steel Corporation and Sumitomo Metals for the purpose of integrating each other's stainless steel businesses, and was expected to be finalized by April of 2003. The two companies have already been actively collaborating for the sourcing of semi-finished stainless steel products. We expect this complete integration of our businesses to result in stronger



performance, both in terms of manufacturing and sales.

Steel Pipe business becoming a key profit source

One major characteristic of Sumitomo Metals is the high proportion of our business that is occupied by steel pipes, primarily seamless pipes. Our steel pipe business contributes greatly to the Company, and now accounts for more than 30% of Sumitomo Metals' steel sales.

In recent years, the supply and demand structure in the world's seamless pipe market has changed. On the demand side, the super major oil companies, formed through mergers and restructuring of major oil companies, have made it possible to proceed with development based on mid- to long-range plans that are unaffected by changes in the price of oil or natural gas. This reduces the margin of fluctuation for seamless pipe demand, stabilizing quantity and prices, and contributing greatly to Sumitomo Metals' establishment of a stable profit system. On the supply side, the 10 suppliers that had been active in this field

have been reduced as the result of mergers and restructuring. Currently the number of global-scale suppliers has been reduced to just three: Sumitomo Metals, the Tenaris Group in South America, and V&M (Vallourec & Mannesman Tubes) in Europe.

In addition, Sumitomo Metals is particularly skilled in the field of high-grade seamless pipes that can withstand harsh environments and conditions. In this field, no other company can compare to us. As part of the effort to prevent global warming, there has been a recent change from the use of oil for energy to the use of natural gas – a source of clean energy. Future growth in natural gas development and excavation is a certainty. Because natural gas requires a higher grade of seamless pipe than oil, these higher-level needs are extremely advantageous to Sumitomo Metals. As a result, we find ourselves in an environment where we can expect increased profits.

A century of experience in the railway, automotive and machinery parts business

One of the key strengths of the Company that is standing us in good stead in these difficult times is our diversified product base. Our railway, automotive and machinery parts products account for 10% of sales of our steel business, making quite a stable contribution to the company's income. In Japan, we produce almost 100% of the wheels and axles for the nation's railways. The superior safety and reliability of these products has garnered highly positive customer evaluations.

In the field of automotive parts as well, Sumitomo Metals is one of the top companies in the world with both experience and a good reputation as a manufacturer of forged steel crankshafts. For production of passenger-vehicle crankshafts, in the fall of 2001 we added a new cutting-edge 5,000-ton press line to our existing 6,500-ton press line. We are certain that in the future we will be able to play a large part in the motor industry's transition to forged steel crankshafts, which reduce vehicle weight and improve the performance of light vehicles. In addition, our U.S. subsidiary ICI (International Crankshaft Inc.), with two press lines (6,000-ton and 7,000-ton), holds the top share of the U.S. market for forged steel crankshafts.

Silicon wafer business aiming at world's top position

In February 2002 we started operation of a new corporation, Sumitomo Mitsubishi Silicon Corporation (SUMCO), integrating all the silicon wafer businesses of Sumitomo Metals and the Mitsubishi Materials Group. This union has created a silicon wafer manufacturer with one of the top market shares, and boasting the highest levels of technology and production facilities. SUMCO has established manufacturing and mass-production technology for 300-mm silicon wafers, which are increasingly demanded by many semiconductor manufacturers. Currently, we are producing 75,000 such wafers each month at our new plant. Based on the trends in the 300-mm silicon wafer market, in which large demand is expected, we are considering further expansion of our production system.

Collaboration and technology transfers with overseas companies

One of the welcome aspects of increased global competition is the accompanying opportunity for cooperation on a global basis with foreign companies who are the leaders in their own areas of business. We seek out these partners where it is clear there will be substantial mutual benefits. In January 2002, we signed a comprehensive agreement for technical collaboration with Corus Group plc, a British company. In addition, we are engaged in technical collaboration with V&M, a European company, and are transferring technology from our group company Sumitomo Metals (Kokura), Ltd. to Timken Co. in the U.S. It is fundamental to this effort, as part of our determination to be rated No. 1 by our customers, that we offer the same quality to our overseas buyers that has long been a matter of faith in Japan.

No. 1 customer ranking is our ultimate goal

We state it over and over again, but there is no real way to over-emphasize the importance of our holding the No. 1 ranking of our customers in each of our product areas. The only way we can achieve that is to find out what our customers really want, and then give it to them using the most efficient and reliable

production and delivery processes available. To this end, we have created a comprehensive customer-service organization, called SMICAT (SMI Center of Application Technology for customers). SMICAT's role is to provide more precise solutions to the technical issues faced by our customers by making use of the steel application technology possessed by the Sumitomo Metals Group. In one notable success, it has been highly praised by customers for the design of higher quality automobile steel wheels. This was accomplished by adapting simulation technology we developed for train wheels to the use of highway vehicles.

By so achieving such a No. 1 ranking, Sumitomo Metals will see constantly improved market evaluations while realizing increased profitability. We will achieve this by becoming more streamlined, more efficient, more competitive globally, and more capable of meeting customer needs whatever – and wherever – they are. As we do, the Company will rise to a higher level of shareholder value, which is the ultimate true measure of our success.

In this light, I wish again to thank each of you for your support, determination and understanding as the Company rises from difficult times on our resolute path onward and upward.

June 27, 2002



Hiroshi Shimoizuma
President and Chief Executive Officer

Business Review

A Stronger Business Structure through Cost Improvements

Business Environment

The Japanese economy remained depressed during the current term due to declining personal consumption, smaller capital investment in the private sector mainly resulting from diminishing IT-related demand, and restraint on public investment. The economic situation was further affected by a slowdown in overseas markets, notably the United States. Under these conditions, the market environment substantially deteriorated for the steel industry, particularly in the sheets/coils market, due to weakened domestic and international demand. Also, the climate surrounding the Company worsened as sales from our electronics-related business dropped owing to the shrinking semiconductor market. Under this harsh management environment, the business results for the fiscal year ended March 31, 2002 are as follows.

Business Results

Consolidated sales totaled ¥1,349.5 billion in the consolidated balance for the fiscal year ended March 31, 2002. For consolidated operating profit, profit of ¥40.1 billion was secured, as a result of the Group's united efforts to boost results. However, compared to the previous period, profit decreased ¥50.5 billion. The current period reported other expenses of ¥233.1 billion, due to loss incurred with business reorganization, and losses on devaluation and sale of investment securities attributable to the sluggish stock market.

However, other income of ¥87.9 billion was reported from the gains realized by transfer of our silicon wafer business and gains on the sale of property, plant and equipment. As a result, consolidated net losses for the fiscal year ended March 31, 2002 were reduced to a total of ¥104.7 billion. The interest-bearing liabilities balance at the end of the current period decreased ¥131.9 billion to ¥1,648.7 billion.

In our steel business, we have worked to cut costs drastically and improve productivity and quality, aiming at strongly improved competitiveness. In the pipe and tube business, we made efforts to raise prices and expand the sale of seamless pipes and large-diameter pipes, and thus were able to increase profits substantially. In the steel sheet and plate business, the construction completed at the end of March 2001 to improve the overall efficiency of steel making at our Kashima Steel Works, has resulted in improved productivity and quality. We also adopted a policy of further reducing production in order to bring the steel products inventory to a proper level and achieve reasonable prices. However, we were forced to lower prices substantially, mainly those of sheets and coils, as domestic demand for steel products dropped. The sales of the steel business amounted to ¥869.6 billion and operating profits were ¥50.7 billion.

In our engineering operations, the business environment deteriorated, particularly in the construction field, because of sluggish private capital investment and the restraint of public investment. Consequently, the Company aggressively sought to win orders mainly from the environment and energy fields. Especially in energy, we worked to receive orders for the construction of LNG processing facilities, LNG satellite facilities, and LNG pipelines, in addition to expanding our promising pipeline business, including in the field of examination and diagnosis, as demand for natural gas grows in response to efforts to reduce carbon dioxide emissions. As a result, the sales of the engineering business were ¥124.1 billion, with operating profits of ¥0.8 billion.

Sales decreased in the electronics and information service business, following a severe slump of the global

Consolidated Sales for Each Segment

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Steel	¥ 869,612	¥ 952,393	\$ 6,526,171
Engineering	124,050	125,962	930,954
Electronics and Information Services	199,467	252,825	1,496,938
Other	156,400	166,461	1,173,735
Total	¥1,349,529	¥1,497,641	\$10,127,798

Consolidated Operating Profit for Each Segment

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Steel	¥ 50,699	¥ 71,344	\$ 380,480
Engineering	761	3,314	5,707
Electronics and Information Services	(14,513)	11,883	(108,913)
Other	2,812	2,954	21,104
Corporate or Eliminations	337	1,103	2,532
Total	¥ 40,096	¥ 90,598	\$ 300,910

semiconductor market. As a result, sales amounted to ¥199.5 billion, with operating profits showing a loss of ¥14.5 billion.

Strengthening the Group Structure

The Company as a group made tremendous efforts to improve cost-competitiveness and strengthen the management constitution of individual business fields to enhance the overall power of the Group and to maximize the efficiency of available resources. In the distribution sector, for example, three existing distribution companies were reorganized and merged into a new corporate entity, Sumitomo Metal Logistics Service Co., Ltd., in October of 2001.

Cash Flow

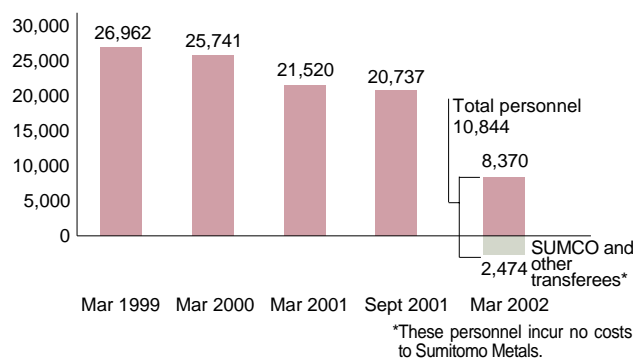
Although Sumitomo Metals faced severe management conditions during the year ending March 2002, earnings from business activities amounted to ¥157.6 billion as a result of the Group's united efforts to secure profits. Including the additional payment of and provision for employee retirement benefits related to converting temporary job transfers into actual as part of the FY 2002 management plan for "Revolution & Rebirth," earnings from business activities for the current year totaled ¥18.4 billion. Earnings from investment activities, such as income on sale of shares, reached ¥39.6 billion, while ¥89.5 billion was used for financial activities, including reducing interest-bearing liabilities. After accounting for the effects of changes in the consolidated companies, the cash balance at the end of the year ending March 2002 fell ¥30.7 billion from the previous year, to ¥70.4 billion.

Outlook for the Fiscal Year Ending March 31, 2003

Although the economy of the United States is expected to

recover, business conditions in Japan are unlikely to improve substantially because of sluggish private-sector investment due to deteriorating corporate earnings, and lagging personal consumption due to the worsening employment and income situation. In addition to these negative business factors, the steel market may face measures by the United States and the European Union to limit imports of steel materials. Thus the harsh business environment is expected to continue. Under such management conditions, our Group will pursue measures to improve competitiveness and achieve the profit goals set in the management plan for "Revolution & Rebirth."

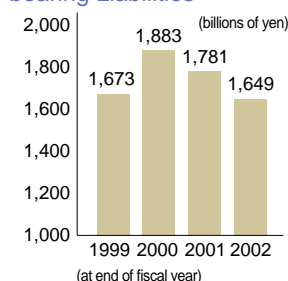
Number of Personnel



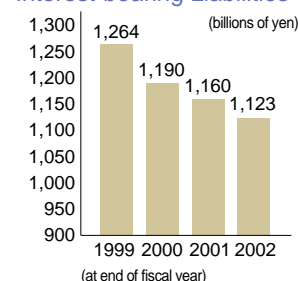
Cash Flow

	Millions of yen	Thousands of U.S. dollars
	2002	2002
Operating activities (excluding "retirement benefits paid for employment transfer")	¥ 157,582	\$ 1,182,605
Retirement benefits paid for employment transfer	(139,104)	(1,043,930)
Investing activities	39,633	297,438
Financing activities	(89,466)	(671,417)
Cash and cash equivalents at end of fiscal year	¥ 70,391	\$ 528,263

Consolidated Interest-bearing Liabilities



Non-Consolidated Interest-bearing Liabilities



Feature 1: Introduction of New Internal Company System

Reforming for rebirth – aiming for creation of a high-profit system through the power to adapt quickly and precisely



Railway, Automotive & Machinery Parts Company
Yasutaka Toya

Steel Sheet, Plate, Titanium & Structural Steel Company
Gashun Amaya

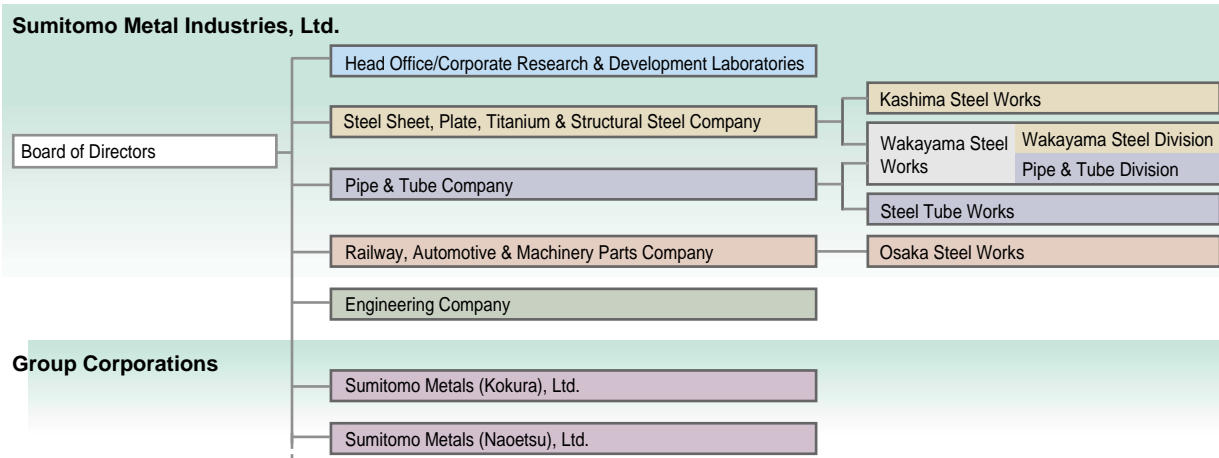
Engineering Company
Eiji Sakuta

Pipe & Tube Company
Tsutomu Ando

As a key facet of our “Revolution & Rebirth” plan, in April 2002 we introduced a new internal company system, reorganizing Sumitomo Metals to create four internal companies. This represents a sharp transition into a strategically positioned organization of separate companies based on their core business characteristics. Each internal company is now able to engage in effective allocation of key resources in a manner that is flexible and adaptable to the changes in the business environment. The prospect is a powerful new corporate system to generate high profits while achieving an unassailable competitive advantage.

The four new internal companies are the Steel Sheet, Plate, Titanium & Structural Steel Co.; Pipe & Tube Co.; Railway, Automotive & Machinery Parts Co.; and Engineering Co. As independent business entities, each company is responsible for its own business performance. The Head Office and Corporate Research & Development Laboratories make up a separate organization, and are independent of these companies. The Head Office is tasked with allocating business resources, optimizing the business portfolio, and other strategic functions. These activities are performed for the entire Sumitomo Metals Group, including the four new companies, Sumitomo Metals (Kokura), Ltd. and Sumitomo Metals (Naoetsu), Ltd. Following their newly revised mission, the Corporate Research & Development Laboratories concentrate researchers, research facilities and other business resources, and engage in extensive R&D for the entire Group.

With the introduction of this new company system, each company is able to put its own initiative, autonomy, and creativity to work, resulting in an ideal vehicle for rapid and strategic business development. In the coming months, all employees in the Sumitomo Metals Group will join together and devote their full efforts to maximizing the value we provide to customers and achieving an unchallengeable position as their No. 1 supplier.



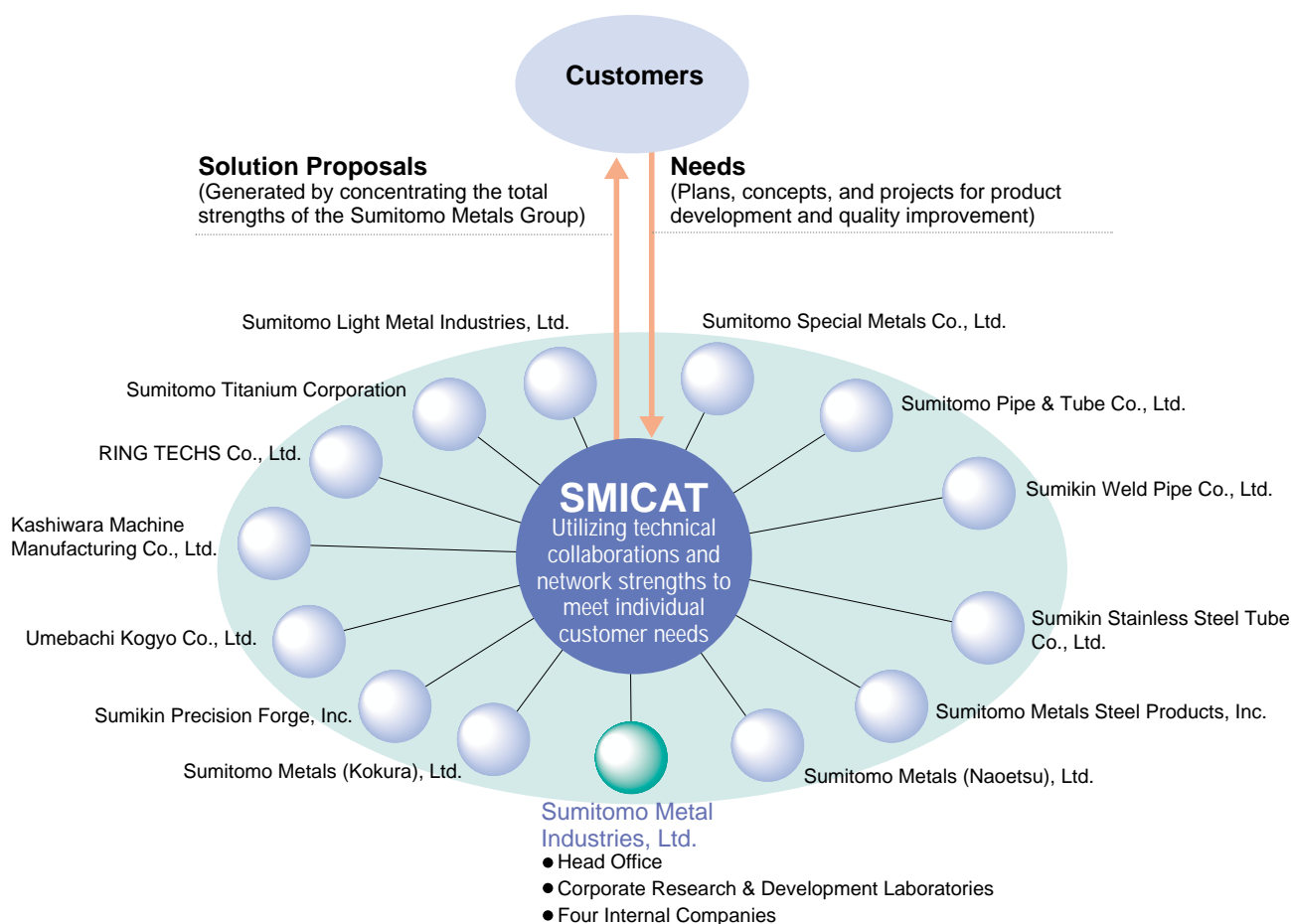
Feature 2: The Crucial Role of SMICAT

Our comprehensive customer service contacts – using a powerful network to provide our valued customers with optimal solutions

In order to be ranked by customers as the No. 1 supplier, which is a fundamental part of our “Revolution & Rebirth” plan, we established SMICAT (SMI Center of Application Technology for customers). We consider this center to be absolutely essential for our customers; in order to create competitive products in today’s market as development accelerates, technology becomes more specialized and integrated, and the pace of service advancement increases. SMICAT was created as a comprehensive organization for Sumitomo Metals Group to adapt to these changing market and technical conditions, and to meet the diversifying needs of our customers. While maintaining a close partnership with customers, SMICAT is engaged in harnessing “knowledge technology” – advanced processing, evaluation, simulation, and environmental recycling – to develop products, improve quality, and generate greater value in the automobile, home appliance, housing, and

construction fields. It makes use of a powerful network, maintaining close links with the Head Office, Corporate Research & Development Laboratories, our four internal companies, and affiliated companies, particularly for development activities that require collective strengths and projects that span multiple fields.

SMICAT has already become highly regarded by our customers for a number of development successes. These include a new type of steel wheel developed for Honda Motor Co., temperature-sensitive clad steel for special kitchen utensils used for IH cooking for Matsushita Electric Industrial Co., and tailored blank welder equipment for manufacturers of automobile parts. As our comprehensive customer service contact, SMICAT is aiming for the No. 1 customer ranking, always working from the customer’s viewpoint, and providing fast, optimal solutions.



Aiming to be the No. 1 supplier in terms of customer evaluation



In the coming year ending March 2003, as the core business area of Sumitomo Metals, this internal company will aim to maximize the total power of the Group, and to establish a system for high profits by obtaining the rank of No. 1 supplier among our customers. To achieve this goal, manufacturing-, technical-, and sales-related organizations shall join together to create a system that will enable overall complementary business development. At the front of this effort are our actions to achieve dynamic reduction in cost by integrating the business operations of the Kashima Steel Works' and Wakayama Steel Works' Steel Sheet Divisions. Construction to improve overall efficiency of steelmaking at the Kashima Steel Works has been completed, and a production system has been created for producing 8 million tons in downstream processes up to the production of steel. With the completion of a new blast furnace in 2004, this system will be capable of 8 million tons' production in upstream processes as well, securing our No. 1 position in the world. In addition, making use of our accumulated knowledge of information systems, we have constructed a new SCM system for steel sheets, which enables real-time sharing of information between customers and distributors, and between the steel works and sales departments. We expect to expand the application of this system. In terms of technical development, we are naturally engaged in product development, and are additionally focusing on development of application technology. We are proceeding with "unique product development" that only this internal company is capable of. The recent introduction of our new internal company system allows each internal company and related Group companies to make the best use of its specialties, technical strengths, and connections. The related Group companies' total competitive strength is put to 120% use in this internal company, for a system that incorporates customer needs, materials, and technology in order to globalize our operations and maximize the value of our business.

Steel Sheets



Rolled steel coils with superior dimensional accuracy and surface quality

Delivery times for steel sheets slashed by 50% with new SCM system

Full-scale operation has begun of the new AUN (Sumitomo Advanced Universal Network) System, the supply chain management system that has been under development for some time. This new system uses the Internet to link our Head Office, branch offices, steel works, distribution centers, end-users, trading companies, and sheet steel processors, making it possible to share information and centrally control steel sheets from order to delivery. This shortens production lead-times to just one month, half the previous lead-time, and can substantially shrink inventories and reduce costs. Over 1,000 users have registered with AUN, and we expect to expand access to overseas customers in the foreseeable future.

RING TECHS Co., Ltd., forges collaboration agreement with Michelin and ArvinMeritor for steel wheel development

RING TECHS, a 100% subsidiary of Sumitomo Metals, has reached agreement with French tire manufacturer Michelin and U.S. automotive parts manufacturer ArvinMeritor for comprehensive collaboration on steel wheel production. This is in response to trends worldwide in which car makers engage in simultaneous production of strategic vehicle models at a number of locations. Included are Sumitomo Metals' customers who are striving to reduce costs through the use of common chassis, and are seeking global supply of automotive parts. To meet this growing demand, RING TECHS, Michelin and ArvinMeritor are collaborating to strengthen our technology and increase our global competitiveness in the steel wheel field, for the purpose of establishing a tri-polar supply system consisting of Asia, Europe, and the Americas.

GM picks us for third time as top supplier, in continuing recognition of high quality products and services

For the second year running, Sumitomo Metals has been honored by General Motors as the "Supplier of the Year" for the excellence of our steel sheets used in automobiles. This is the second year in a row we have garnered this important award, and the third time overall. This time, companies receiving GM awards fell to approximately half the number of previous years. Sumitomo Metals was the only manufacturer in Japan to receive the award. To us, the award signifies the overall strength of our longstanding supply, quality, service, technology, and price in the Asia-Pacific, which is an area of increasing importance to General Motors.



Executive Vice President Kato and GM officials at the presentation ceremony

Development of New BH Hi-Ten series of advanced high-tensile steel sheet for automobile panels

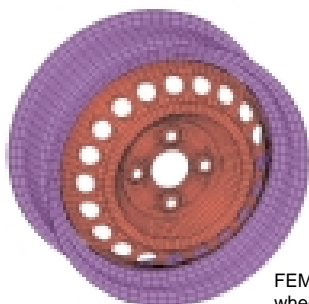
We have developed a mass production system for a new type of high-tensile steel sheet (*Sumident Super™*) for use as automobile panels. This steel sheet is characterized by excellent formability, high work-hardening, and bake-hardening performance. Automobile panel high-tensile steel sheets require a high level of surface quality after press forming, and currently BH steel sheet with tensile strength in the 35 kg class is utilized most often for this purpose. However, this new series is the first advanced steel sheet with tensile strength in the 40 – 50 kg class to be marketed anywhere in the world. It has been well received by automobile manufacturers, and is expected to contribute greatly to reducing the weight of automobiles.

Development of Sumitomo High-Coat Super White, a coated steel sheet with high reflectivity

For some time there has been a market need for reduced energy consumption by increasing reflection efficiency in home and commercial lighting devices. In response, in November 2001 Sumitomo Metals and Sumitomo Metal Steel Products Inc. jointly developed a new product that features excellent reflectivity of visible light and the strength to withstand rigorous forming processes. As the top manufacturer of coated steel sheets for lighting devices in Japan, we will continue to provide high quality products to meet a range of lighting requirements.

Utilizing the most-advanced simulation technology for development and mass production of new steel wheels

By combining Sumitomo Metals' most-advanced FEM vibration simulation technology and the superior forming technology of our subsidiary RING TECHS Co., Ltd., we have successfully developed a steel wheel that is both light-weight and highly rigid. Our product has already been adopted for use by Honda Motor Co., Ltd. in its new compact car *Fit*, contributing to lower noise and improved riding comfort. Through the use of this simulation technology, it is possible to quickly meet demands for continued advances in steel wheel performance.



FEM model diagram of a wheel for the Honda *Fit*

Steel Plates

First use of TMCP high-tensile strength steel in the 60 kg class (Ausformed Bainite steel) for railway bridges in Japan

In contrast to conventionally hardened and tempered steel plates, the heat treatment process can be omitted with Ausformed Bainite steel. In addition, this steel plate features superior strength, impact resistance, and excellent weldability during assembly. In December 2001, for the first time in Japan, this new steel met the rigorous approval process of the Japan Railway Construction Public Corporation, and was used in the construction of the Joban New Line, a train line serving the Tokyo area. The reduced labor resulting from elimination of the heat treatment process, and the energy conservation achieved by eliminating welding preheating, have led to the widespread use of this steel plate in bridges, hydraulic steel piping, and other applications. This steel plate received the highly respected "Ichimura Prizes in Industry" for technology contributing to the advancement of science and the development of industry.

Successful development of high-tensile steel plate with high resistance to fatigue fracture

In April 2001, Sumitomo Metals succeeded in developing a new steel plate for construction use with a low fatigue crack growth rate that is half that of conventional steel. This is the first such steel plate in the world. A steel plate with a microstructure that greatly reduces the fatigue crack growth rate was developed, and we have succeeded in producing it at the Kashima Steel

Works by applying a thermo-mechanical control technology that was already in widespread use. The development of this steel, which is an excellent solution to the problem of metal fatigue, can dramatically improve building safety, and will generate numerous other advantages in terms of inspection and maintenance.

Order received for advanced offshore structure steel plate used in Shell Oil's Na Kika oil development project

This order for steel plate to be used in offshore structures was received from Hyundai Heavy Industries Co., Ltd. of South Korea. Originally, this special type of steel plate was developed in 1994 in response to a request from Shell Oil. Because their requests for "high stability, ease of welding, and short delivery time" were all incorporated, the product was very highly evaluated. This new order, based on the long-standing relationship between Hyundai Heavy Industries Co., Ltd. and Sumitomo Metals, is the result of the high regard given Sumitomo Metals as the largest supplier of steel plates to Shell Oil.



The newest offshore structures for the Na Kika oil development project

Weather-Act Treatment wins Japanese Society of Steel Construction Award

With Sumitomo Metals' Weather-Act Treatment technology, the application of a special treatment agent to the surface of weather-resistant steel generates a protective layer of rust that prevents long-term corrosion. This treatment has been hailed as a breakthrough that helps minimize maintenance of steel structures and expands the range of use for weather-resistant steel. Its use continues to grow rapidly, for it can be used even in salt-corrosive coastal areas as well as for renewal of bridgeworks and construction of large bridges.



Kamanashi River Bridge (Weather-Act treated area: 32,360 m²)

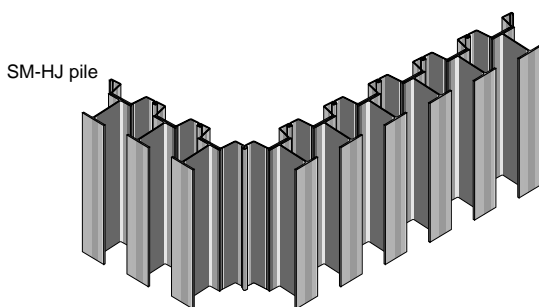
Construction Materials

General approval received from Building Center of Japan for SM-TWH, a new type of rolled H-shapes

In October 2001, our SM-TWH was approved for general construction use. This allows drastic streamlining of the assembly of steel frameworks used in SRC construction. It has gained a strong reputation for conserving labor during welding and processing, improved workability, and a high degree of design freedom. With its approval for general use, we expect sales of this steel to increase.

Development and initial sales of SM-HJ pile, wide-gauge earth-retaining steel

To meet the needs of the diversifying and advancing construction industry, including urban renovation and reduction of environmental burdens, Sumitomo Metals developed and marketed SM-HJ pile in March 2002. This pile makes possible construction with reduced noise and no earth-removal work, as well as construction in close proximity to existing buildings. This material can deliver a cost reduction of 10% or more over conventional methods, through reduced on-site construction labor and a shortening of the construction period.



Operations strong at Shanghai Datong Steel Structure Co., Ltd. as China expansion continues

Shanghai Datong Steel Structure Co., Ltd. is the only company in China that manufactures welded light-weight H-beams. It is operated as a joint venture between Sumitomo Metals and Shanghai BaoSteel Construction Co., Ltd. Growing demand for steel in China has been met by steadily increased production at the plant, reaching a level of 2,000 tons/month in 2001. With technical assistance from Sumitomo Metals, this company has achieved a reliable level of product quality, and is gaining the complete trust of local customers in east-central and southern China.

Stainless Steel and Titanium

Development of 316L-TMCP steel, a high-strength, high corrosion-resistant stainless steel used for first time in chemical tankers

In recent years, demand for transport of highly corrosive chemicals has climbed with the expansion of chemical markets. In order to comply with environmental regulations, the chemical tankers require reductions in weight, as well as increased strength and high corrosion resistance of the ship hulls. In response, Sumitomo Metals and Shin Kurushima Dockyard Co. succeeded in jointly developing this new product, which features superior strength and corrosion resistance. The first ship using this steel was completed in November 2001, and several more tankers are currently under construction. We fully expect demand for this product to continue to increase.

Development of a wide, thin stainless steel plate with superior neutron absorption capability, and establishment of mass production system

The creation of a mass production system for this product was made possible by successful development of new manufacturing technology at the Kashima Steel Works plate mill. Sumitomo Metals (Naoetsu), Ltd. has already manufactured and supplied over 1,200 tons of this boron-added stainless steel, in the form of square tubing and narrow steel sheets. With square tubing, narrow sheets, and now wide, thin steel plates, we have assembled a complete lineup of these products, and are actively working to increase sales primarily to makers of heavy electrical machinery in Japan.

Long-term comprehensive contract concluded with Airbus to supply commercially pure titanium sheets



An Airbus A380 using Sumitomo Metals' commercially pure titanium sheets

Airbus chose Sumitomo Metals for this contract because it highly values our just-in-time delivery system and advanced quality control at all stages of production – from the sponge titanium material to the rolled product. This is our first direct long-term contract with an aircraft manufacturer for the supply of titanium products, and we are expecting steady orders of several hundred tons yearly.

Establishing a rock-solid business base as the most reliable pipe supplier in the world



This internal company has been ranked by many customers as the most reliable pipe company in the world, owing to the wide range and high quality of the materials we are able to supply. In the future, we will further refine this position, and will pursue even greater levels of customer satisfaction through technical development, and far-reaching cost reductions. For this purpose, we must not only create a system that is capable of supplying a wide range of materials, but must also increase our “non-price competitiveness” – the level of quality and development strength represented by our premium joints with superior strength and seal properties, and by our *Super High Alloy* with excellent corrosion resistance. In addition, we must increase our “price competitiveness” by making full use of our seamless pipe mill – the newest and most efficient in the world. The recent changes in the supply & demand structure of the seamless steel pipe market have provided an extra boost to our company. On the demand side, the super major oil companies have begun purchasing based on their mid- and long-term plans. In addition, on the supply side, the consolidation and reorganization of seamless pipe manufacturers have proceeded. As a result, our company’s share has increased, and we have established a firm business base. For the future, we will make use of the identity and speed that come from being a compact organization as strategic tools to increase our position as the most reliable supplier in the world.

Technical Development

Production climbs for *Super High Alloy*, our super-high grade OCTG (Oil Country Tubular Goods)

Our first orders for this product came in 1980, and production at our Steel Tube Works in Amagasaki started in the same year. These pipes are valued for their strength under hostile environments, with high resistance to corrosion and to high temperatures. Trends in world oil and natural gas fields have pushed the demand for it to new heights in recent years. With the current growth in production that is accompanying expanded energy development, we have an estimated 70 to 80% share of the world market. Orders for these super high-grade oil well pipes have grown in the Middle East in particular, thanks to the ability of these pipes to withstand the especially corrosive well conditions there. Production of these pipes for the year ending March 2003 is expected to be twice that of the previous fiscal year. With expansion to even more-hostile environments, there will continue to be a trend toward ever-higher grades of OCTG. Sumitomo Metals maintains a full lineup of products, from general-use to high-grade pipes, and is capable of meeting all needs of customers. With these encouraging prospects, we are redoubling our efforts to develop this important line of business.



Seamless OCTG

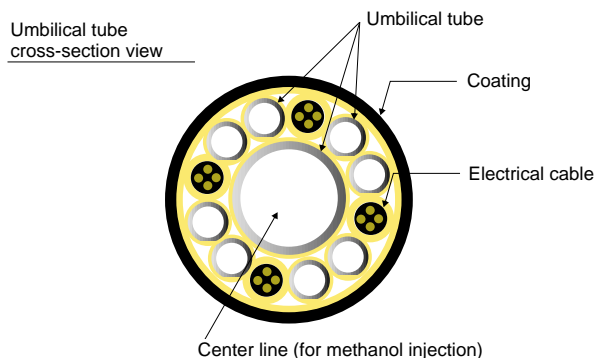
Establishment of manufacturing technology for X-100 high-strength steel tubes used for natural gas transport

In June 2001, we finalized a mass production system for high-strength UO large-diameter steel pipes that meet the X-80 API (American Petroleum Institute) standards. This is the first such system in Japan. At the same time, we have also developed the manufacturing technology for X-100, completed the prototype and sample shipment stages, and are now preparing to start commercial production. Using the high-strength steel pipes of API grade X-80 or higher in pipelines that transport natural gas over long distances makes possible lighter pipes, shorter construction times, lower construction costs, and reduced transport costs for natural gas. As the

world continues the switch to natural gas, with its low CO₂ emissions, the construction of pipelines over extended distances from giant gas fields is being considered in many geographical areas. One such use is the pipeline project that will connect the Sakhalin gas fields with Honshu in Japan.

Umbilical tubes for subsea completion oil & gas development

Duplex-phase stainless steel DP3W is a special-purpose product based on patented technology developed by Sumitomo Metals. It is now widely utilized as the energy industry's standard material for the descriptively named "umbilical tubes" used in subsea completion oil & gas development. This tubing connects oil platforms with subsea wells often located several tens of kilometers distant. The electrical and hydraulic connections and chemicals that pass through the tubes are used to control operation of the wells – thus the name "umbilical." This tubing system has had an enormous impact on the oil development industry, as it minimizes the number of new platforms that must be built and greatly reduces costs. This allows new development of many oil and gas fields which were once considered too expensive. Increasing application of this technology leads to increasing demand for this product. This specialized product represents the combined strengths of Sumitomo Metals' product development technology, manufacturing technology, and quality control technology, all of which must meet strict technical standards.



SG tubes for nuclear power generation provide high safety and reliability

In the PWR (pressurized water reactor) nuclear power generation process, water in the primary system is heated by nuclear fission, and is sent to 4,000 – 15,000 SG (steam generator) tubes. The secondary system water flowing outside these tubes is converted into steam by the heated primary water. This steam is then introduced to turn a generator turbine to produce electricity. High nickel alloy tubes (60% nickel, 30% chrome) are used for the SG tubes. An extremely high and rigorous level of quality is demanded of these tubes because of the effect they have on safety and reliability in the power generation process. Our SG tubes are rated at the top level in the world, and make up a very high share of the market, not only in Japan, but also in the U.S., the largest market in the world.

Overseas development

Strengthening facilities to accommodate growing demand across the globe

Sumitomo Metals has for some time been engaged in the manufacture and sales of steel pipes from our subsidiaries and affiliates around the world. To accommodate rising demand, we plan to establish production centers in many regions, and strengthen existing facilities. Sumitomo Metals' pipe business boasts a system for local production and sales that can meet the needs of countries in every region of the world.

- In Saudi Arabia, National Pipe Company, Ltd. (NPC) manufactures and sells large-diameter steel pipes. In addition to manufacturing the spiral steel pipes, this company has also constructed a plant for producing large-diameter heavy wall steel pipes with straight-seam welding, in order to make mainly line pipes for gas development. This plant started commercial production in September 2001. In recent years, the government of Saudi Arabia has adopted a policy to switch from oil to natural gas as the source of domestic energy. Actually, several international oil companies have decided to proceed with the gas development plan. For this reason, we expect the demand for linepipe steel needed for gas development to remain strong. NPC is also actively working to increase orders for these products.



National Pipe Company, Ltd.

- In December 2000, Sumitomo Metals carried out its first full-scale investment in China, with the establishment of the Baoji-SMI Petroleum Steel Pipe Corporation in Shaanxi Province. This company is engaged in the manufacture and sales of welded steel pipes produced using electrical resistance welding, as well as threading and the manufacture and sales of connectors. The technical assistance by Sumitomo Metals and machinery modifications have proved to be effective, with the production of steel pipes reaching an annualized level of 100,000 tons, and the company showing a profit from the first year. The dramatic economic growth in China has led to a rapid increase in the demand for energy. We will continue to



Sumitomo Metals President Shimozuma delivering an address at the inauguration ceremony of Baoji-SMI Petroleum Steel Pipe Corp.

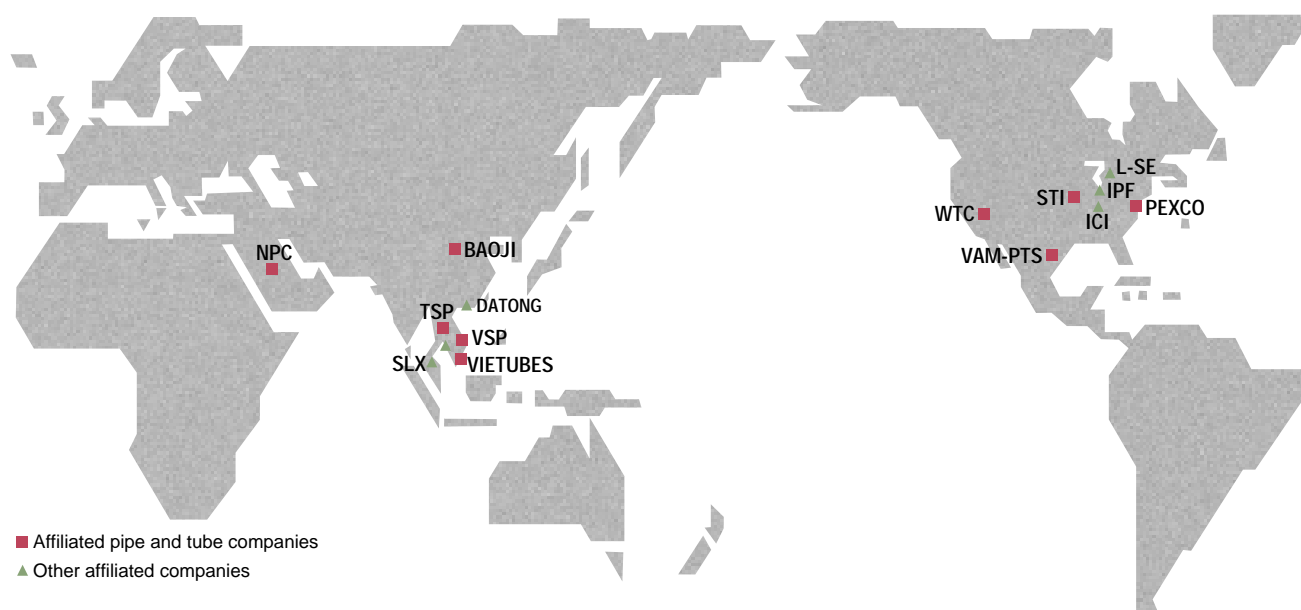
engage in aggressive business activities to increase sales in the future.

- As the No. 1 manufacturer of continuous-weld galvanized steel tubes on the U.S. west coast, California's Western Tube & Conduit Corp. (WTC) manufactures and sells conduits, steel tubes for fencing, and mechanical steel tubes. In recent years, California's burgeoning economy and population have generated demand in construction-related industries. Further growth is expected for the steel tube products that are used in housing, commercial and industrial buildings, and interior/exterior decorating. With the increasing focus on appearance, and the trend toward maintenance-free construction, particular growth is expected in the demand for galvanized and coated steel tubes. In response to these needs, and in order to further strengthen its position as the top manufacturer, Western Tube & Conduit Corp. added a continuous-weld plating line in May 2002. This will significantly increase its yearly production capacity from the current 140,000 tons to 180,000 tons.



Western Tube & Conduit Corp.

Sumitomo Metals steel business overseas



● Seymour Tubing, Inc. (STI) is a U.S. company that manufactures steel tubes for use in automobile parts. In 2001, STI constructed its No. 2 plant (monthly production: 2,050 tons) in Tennessee and began commercial operations, adding to production from its existing Indiana Seymour Plant (monthly production: 4,300 tons). This expansion is intended to meet the recent increase in orders from Japanese and U.S. automobile parts manufacturers.

● In Thailand, Thai Steel Pipe Co. (TSP) added a new electrical resistance-welding tube production facilities to manufacture mechanical steel tubes used for structural components in automobiles and motorcycles. Vietnam Steel Products, Ltd (VSP), a Vietnamese firm that produces parts for motorcycle manufacturers, has transferred and started operation of tube making facilities that had not been in use at TSP. The market for automobiles and motorcycles has been swelling in Vietnam and Thailand in recent years. Thailand now has the largest level of production in Southeast Asia, and the motorcycle market in Vietnam is constantly expanding. Both companies are working strongly to meet these developing needs.

IT Activities

Start of Sumitomo Metals Pipe & Tube Association Network, as strategy to strengthen pipe and tube business

The Sumitomo Metals Pipe & Tube Association Network was started in December 2001 for the purpose of reducing distributors' inventories, reducing distribution costs, and boosting sales. Inventory information for Sumitomo Metals' pipes and tubes is made available to members of this network, and auxiliary distributor inventory functions have been created to streamline sales and distribution. Nationwide application of this system is planned; with joint distribution centers established at several points across Japan, a system will be completed that will allow dealers anywhere, not just in major regions, to engage in speedy distribution. In this way, we have planned for thorough inventory control and expansion of sales. Together with an increase in business efficiency, this system will be a powerful boost to raising profits.

Using advanced technical strength to supply specialty products and further boost our position in the marketplace



Under the slogan, “Best quality, Best price,” we will work to further increase customer satisfaction and supply the best-quality products at the most competitive prices. Because this internal company’s products are used in traffic and transport devices that protect people’s lives, an extraordinarily high level of reliability and safety is demanded of them. In this field, we are highly regarded for our technical strengths, which we have developed over many years of involvement in the production of critical safety parts. We can boast a high market share for train-car products such as wheels, axles, and bogie trucks, as well as for automobile crankshafts and other die-forged parts. Based on these advanced technical and development strengths, we are continuing to introduce specialty products such as noise damped wheels and newly-developed products such as high-speed bogie trucks for the Japanese Shinkansen “bullet” train. We are continuing to update our facilities, and last autumn installed a cutting-edge 5,000-ton press line. This line has successfully started production of high-quality forged steel crankshafts for use with compact passenger vehicles, and features cost competitiveness on the same level as cast steel products. We are also involved in the design process of automotive manufacturers from the initial stages, allowing us to shorten development time and work for even higher value in our business operations. For the future, we are planning for steady growth as a stable business entity. With our superior technical strength, quality, and cost performance, we will further cement our superior position in the marketplace.

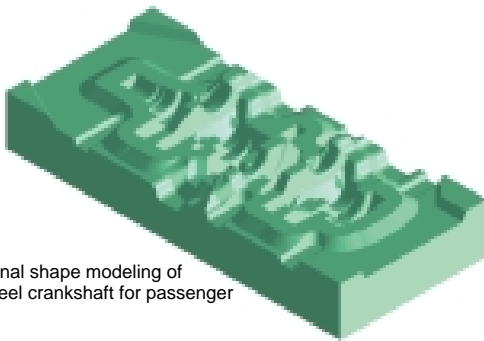
Automobile-related Products



5,000-ton press line

Operation of a highly advanced 5,000-ton press line begins full-scale production of crankshafts

Demand is increasing worldwide for high-performance compact engines in cars to lower vehicle weight, increase fuel efficiency, and comply with exhaust-gas restrictions. The use of forged-steel crankshafts, which are valued for their fatigue resistance and rigidity, is showing a rapid rise. Sumitomo Metals recognized these needs several years ago, and has now constructed a cutting-edge 5,000-ton press line at our Osaka Steel Works to increase production capacity while reducing overall costs. This press line was completed in September 2001, and this year began full-scale operation. Together with the existing 6,500-ton press line (operation start: 1991), we have constructed a system for production of automotive crankshafts that is the unequalled in the world.



3-dimensional shape modeling of a forged-steel crankshaft for passenger vehicles

Complete update of CAD/CAM/CAE system for forged-steel crankshafts

Earlier we updated our CAD/CAM/CAE system used for design and manufacture of dies and for product design and evaluation of forged-steel crankshafts. In November 2001, we completed an update of the entire system. We now have a powerful 3-D design system that is compatible with 3-D digital engineering being increasingly used in the automobile industry. This technical power for product design and evaluation allows us to produce high-performance, light-weight crankshafts by participating in development from the initial stages of design at automobile manufacturers, and by incorporating the newest manufacturing technologies

into our die forging. It also contributes to shortening the development period while lowering development costs.

Development of new Pb-free free-cutting steel

For conventional free-cutting steel, Pb is added to improve the machinability of high-strength automobile parts, including crankshafts. This Pb free-cutting steel has been widely used, but for environmental reasons, governments have been placing restrictions on its use. This has resulted in intensifying the need for Pb-free free-cutting steel among automobile manufacturers. In response, Sumitomo Metals successfully developed and commercialized an environmentally-friendly Pb-free free-cutting steel that can replace Pb-containing steel with no loss in machinability. This product was awarded the "2001 Nikkei Superior Products and Services Award" in January 2002.

Machinery Parts Business

Development and commercialization of nitride-case removal equipment for forging dies

Recently in the die-forging field, manufacturers have sought not only higher die accuracy, but also reduced costs through longer die lifetimes and recycling. Sumitomo Metals is the first in Japan to develop and commercialize equipment that uses chemical reactions to remove the nitride case from nitrided forging dies. We sold the first installation of this equipment in February 2002. With it, the lifetime of die-cutting tools is extended by 4 to 7 times, and cutting speed is increased by 30%. It has been receiving much attention as a breakthrough product that allows efficient recycling of forging dies.

Creation of SD18, a specialty material for tougher, more-durable housing and appliance molds

To lower mold costs and production times, Sumitomo Metals earlier developed SD10, a material for plastic molds with a level of machinability twice as high as ordinary mold material. This product also features superior weldability and surface treatment performance, and has been rated highly by our customers. To expand the possible applications, in April 2002 we developed SD18, a further progression in the durability of the original material. SD18 is a specialty product that achieves especially high levels of machinability, strength and toughness, which are mold properties that usually conflict with each other. With the new material, we expect to increase our market share of molds used for housings and home appliances, a field with exceedingly stringent requirements on die lifetimes and mirror surfaces.

Distinctive business development based on our advanced technology and wealth of know-how gained through experience in the steel industry



The Engineering Company is focused on three main business areas: construction, energy, and the environment. We consider it our company's mission to make a lasting contribution to community living. This we do through development and sales of revolutionary engineering products that are based on the steel materials application technology we developed in the steel industry, and on the technology we developed in the steel industry through construction and operation of plants. In the construction field, we use our advanced materials application technology and plentiful expertise to meet the infrastructure needs of the next generation, including all kinds of construction, civil engineering, marine structures, and bridges. In the energy field, we are promoting products such as our pipeline engineering, LNG processing facilities, and LNG satellite facilities in order to make efficient use of energy resources and to create a comfortable environment. In the environmental field, we are engaged in developing and commercializing technology and equipment for recycling and processing of garbage and waste for a sustainable society. In particular, we are commercializing the shaft furnace-type gasification and smelting furnace as the ultimate zero-emission system, which can be used with a broad range of waste materials. We are focused on the rapidly changing market, and are putting our efforts into developing new products and customizing existing ones. We are boldly proceeding with the distinctive engineering business of Sumitomo Metals.

Construction Engineering

Super-strong, cost-effective composite segments used for Kyoto subway tunnel, in world's first application

A tunnel-lining technique that combines steel and concrete segments to form a large, strong shielding structure has been used to create a double-track rectangular shield for the new Tozai Line of the Kyoto, Japan, municipal subway. These sandwich-type composite segments consist of steel shells filled with concrete, and feature high rigidity, strength, and superior load capacity, as well as excellent ease of assembly and watertightness. Previously, double-track shields at crossover sections were constructed using a round structure. However, these new sandwich-type composite segments have made possible the construction of a double-track rectangular shield for the first time in the world, greatly streamlining construction and reducing costs.



Assembling composite segments

Development of snowy region specifications for the Sumi frame pack *Tio*

The Sumi frame pack *Tio* – a standardized system construction for plants, warehouses, and shops – was previously limited to use in regions where less than 100 cm of snow accumulates. Approximately 50 such units have been sold so far, and have been highly evaluated. With the new specifications, its use has been expanded to enable construction in regions where up to 200 cm of snow accumulates. This product is composed of five integrated systems – foundation, framework, roof, exterior, and temporary facilities – and reduces construction costs by 25%, while taking less construction time compared with conventional methods.

Energy Facilities Engineering

Completion of long-distance high-pressure gas conduit with no excavation, using Sumitomo Metals' embedding method

A long-distance high-pressure gas pipeline with no excavation using the "Kanshukongo (mixed lubricant) jacking method" (KJM) and "pipecarry installation method" (PIM) was completed in the Chita area, Nagoya, Japan (Toho Gas Co., Ltd.). KJM is a non-excavation type pipe jacking method that reduces friction resistance of the pipe casing during jacking. With this method, jacking can be accomplished with greater efficiency and economy compared to other approaches. For this particular installation, the diameter and length of the casing pipes were 1500A and 748m, respectively.

PIM is a pipeline installation method into casing pipes using the "pipecarry" method, resulting in less pulling force being exerted on the pipeline during construc-



Equipment for injecting lubricating substance

tion. This method utilizes a newly developed pipe transport system made of high-strength plastic resin with low-resistance bearing wheels.

Also for this particular installation, camera monitoring equipment was utilized to check the surface coating of the gas pipeline.

Order received for natural gas receiving facilities from POWERGAS Ltd., Singapore

The Energy Facilities Engineering Division has been involved in the construction of natural gas facilities in Japan for some time. However, with the increase in natural gas projects overseas, particularly in Southeast Asia, it has also begun concentrating on overseas orders, recently landing an order for natural gas receiving/metering facilities from POWERGAS Ltd. of Singapore. This important order is the result of the high regard in which our technical capability for construction of natural gas facilities is held overseas. We will continue to focus on overseas projects where our original technology can be utilized to a greater extent.



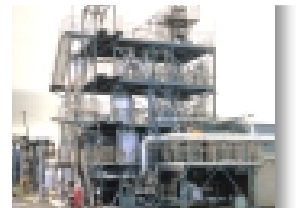
Signing ceremony with PowerGas Ltd.

Environment Regenerating and Plant Engineering

First order for a gasification and smelting furnace

A new, high-efficiency gasification and smelting furnace was recently developed by Sumitomo Metals, and has obtained a technical inspection certificate from the Japanese Waste Management Association.

Based on our steel production technology, this furnace reduces dioxin emissions to extremely low levels, creates high-quality slag, and generates high-energy gas, contributing greatly to the material and energy recycling of industrial waste. The order for the first furnace was received from the Tosu and West-Miyaki Environmental Facility Association, and is encouraging our further sales efforts.



Demonstration plant for the gasification and smelting system

Continuous orders for tailored blank welders

Tailored blank welders developed and marketed by the company are receiving much attention, particularly in the field of flat rolled products. We have received continuous orders for these welders from major automobile manufacturers, and had sold a total of 11 machines by the end of 2001. The tailored blank technology involves press-molding to match the intended purpose after parts of different material types and thicknesses have been welded together. This has a number of advantages over conventional methods, including lower die and assembly costs, lighter weight, and a greater amount of design freedom that leads to better safety in case of impact. The uses of this technology are expanding, particularly in fields related to automobile parts.

We are strengthening the competitiveness through selection and concentration of achieve the rank of No. 1 supplier in

Sumitomo Metals (Kokura), Ltd.



The special steel bars and wire rods produced by Sumitomo Metals (Kokura) are highly regarded in a wide range of fields, including parts for automobiles, construction machinery, and electrical appliances, and also in fields related to construction and civil engineering. In April 2002, a new cutting-edge blast furnace was completed. This has further solidified our business base as a specialist manufacturer of special steels with high functionality. For this manufacturing process, we use a high-efficiency, integrated blast furnace and production system. We have also developed a broad range of new products, including environmentally friendly steel such as our Pb-free free-cutting steel. In addition, we are strengthening our global supply capability by adding production capacity to our overseas manufacturing facilities and providing technology to overseas companies.

Entry into production and sale of cold-finished steel bars in Thailand

Sumitomo Metals (Kokura) makes steel wires for cold forging at Steel Processing Co., Ltd. in

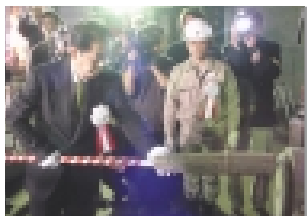


Steel Processing (Thailand) Co., Ltd.

Thailand's Rayong Province. This firm is our new base for secondary processing designed to expand the sales of specialty steel products in the ASEAN region. Because steady growth is projected for the ASEAN automobile and electrical device markets, there is increasing demand for local production of cold-finished steel bars, more than half of which was previously imported from Japan. In August 2001 we decided to enter into production and marketing of cold-finished steel bars, and after constructing facilities at Steel Processing Co., Ltd., we started business operations in August 2002.

Lead-free free-cutting steel requiring no normalization awarded "SUPPLIER AWARD" from Honda Motors

Free-cutting steel containing added Pb is widely used to improve machinability of high-strength parts, such as crankshafts for automobiles and motorcycles. Because of environmental concerns, there has been increasing need in recent years for Pb-free free-cutting steel. Sumitomo Metals (Kokura) has proceeded with R&D aimed at meeting this need, with this award as a much-valued result. The technology for the environmentally friendly Pb-free free-cutting steel has been transferred to the major U.S. steel manufacturer Timken Inc., for the purpose of reinforcing our global support capabilities.



Kindling of the new blast furnace

Kindling of new top-class blast furnace

The new blast furnace at Sumitomo Metals (Kokura) has been completed, with kindling successfully carried out in April 2002. This new blast furnace represents the first instance in Japan in which new and existing parts have been effectively utilized, so construction costs could be reduced dramatically. Because this furnace incorporates the latest technologies for extending lifetimes, it boasts a design lifetime of 25 years – among the top level of any similar furnace in the world. The kindling further solidifies our position as a specialist manufacturer of steel bars and wire rods, primarily of special steels using our integrated blast furnace and production system. With this furnace, we have constructed a system for meeting customer needs related to clean steel.

of the entire Sumitomo Metals Group management resources, in order to the materials fields, centered on steel

Sumitomo Metals (Naoetsu), Ltd.



Since it began the manufacture of stainless steel in 1934, Sumitomo Metals (Naoetsu) has remained the unrivaled leader of the Japanese stainless steel industry. In particular it focuses on increasing the added-value of products and on developing new business areas. It utilizes the strengths of its integrated production system, incorporating all stages from steel production to final products, in order to rapidly and precisely meet diversifying customer needs. Sumitomo Metals (Naoetsu) produces a broad range of products, centered around stainless steel and titanium, and includes plates, sheets, shaped steel, and special metal products. It also produces a large number of world-leading products in the fields of precision rolled products and clad steel plates.

Initial orders and first shipments of tank liners for LNG tankers

Shipments of invar steel ordered by Mitsubishi Heavy Industries, Ltd. for LNG tankers began in September 2001. With a thermal expansion coefficient that is approximately one-tenth that of stainless steel, this material is ideal as the inner lining for LNG tankers, which transport liquids at minus 162°C. This series of orders is the result of our reputation for superior technology that improves weldability and corrosion resistance, as well as our original technology for measuring coil linearity.

World's first integrated production of magnesium alloy thin sheets

Magnesium alloy is widely considered a "next-generation metal" because it is far lighter than titanium or aluminum, has excellent electrical and thermal conductivity, and absorbs vibration. However, until now the only commercial products have been cast products and cut plates. If no system is in place that allows recycling as with other metals, no strong demand can be expected. Consequently, we are aiming for an integrated melting and production process, and have established rolling technology for mass production of narrow coils, welding technology for wide coils, and hot press technology for manufacturing slabs. Samples are currently being supplied to home electrical appliance manufacturers for quality tests. We are proceeding with development of applications, including automobile seat frames and wheels, cellular telephones, and sports equipment.



Sample products made from magnesium alloy thin sheets

Development and commercialization of mass-production technology for temperature-sensitive clad steel used in IH cooking heaters

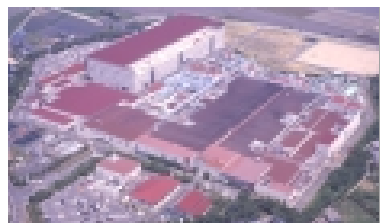
Sumitomo Metals (Naoetsu) has successfully developed manufacturing technology for temperature-sensitive clad steel using a magnetic shunt alloy that, when subjected to induction heating, will not heat up above a certain temperature. First applications of this product are in the form of special material for temperature-sensitive frying and tempura pans for use exclusively with the IH cooking units sold by Matsushita Electric Industrial Co. The material used is three-layer clad steel using a magnetic shunt alloy that will not heat above 300°C. Development was carried out in cooperation with the design engineers of our customers, and involved simulated calculations of heat distribution and heat deformation. Many prototypes were produced, and stringent evaluation tests were performed. Only then was the optimal clad steel chosen for development and commercialization.

Sumitomo Metals Group

Sumitomo Mitsubishi Silicon Corp. (SUMCO)

Operation of new plant for mass production of 300-mm silicon wafers for next wave of IC products

Compared to the 200-mm silicon wafers that are the current mainstay of the industry, 300-mm wafers can hold approximately 2.5 times as many IC chips on a single wafer. This allows semiconductor manufacturers to greatly lower their costs. The larger size requires not only the development of new wafer manufacturing technology, but also high-precision quality that can withstand the manufacture of large-scale and complex ICs. SUMCO has used its accumulated technical and development



New plant for production of 300-mm silicon wafers

strengths to establish these mass-production technologies. Currently, the new plant is operating with a monthly production of 75,000 wafers.

Sumitomo Precision Products Co., Ltd.

Construction of No. 2 gyroscopic sensor plant in England

Silicon Sensing Systems, a 50-50 joint venture between Sumitomo Precision Products Co., Ltd. and BAE Systems, is constructing the second gyroscopic sensor plant in England. Operations will commence in 2003. The sensors are primarily used in automobile stabilization systems to prevent lateral skidding. They are already being produced at Sumitomo Precision Products' main plant. However, because expanded orders are anticipated in Europe, an additional production center was felt to be needed there. The new British plant adds 2 million units to the 3 million-unit capacity in Japan. Silicon Sensing Systems has already started to supply these sensors for the Segway HT, the first self-balancing, electric-powered personal transporter made by the U.S. corporation Segway LLC which has begun production this year.



BSA sensor assembly used for control of Segway HT

Sumitomo Special Metals Co., Ltd.

Successful development of the NEOMAX series, the world's most powerful magnets

Sumitomo Special Metals developed the NEOMAX-52 series, and began mass production in May 2001. These magnets have a magnetic strength that is 90% or more of the theoretical value. The new series features a 4% increase in magnetic strength over the best current materials. Heat resistance of approximately 60° to 120°C can also be specified. The

NEOMAX series is used in the IT industry, as energy-saving technology in home appliances, and in electric and hybrid vehicles. These products deliver many advantages, including lower weight, improved function, and reduced power consumption.

Sumitomo Titanium Corp.

Sumitomo Titanium joins Tokyo Stock Exchange

In March 2002, Sumitomo Titanium was listed on the Second Section of the Tokyo Stock Exchange. This company's main product is sponge titanium. Especially for aircraft applications of titanium, there are only three producers worldwide. Of these, Sumitomo Titanium Corp. boasts the largest production capacity. Applications of titanium are now expanding from aircraft use to chemical plants, and also to such medical use as artificial bone. In 2001, the shipping amounts of sponge titanium were the highest ever, and manufacturers are continuing production at full capacity. To meet this strong demand, Sumitomo Titanium completed three new reduction furnaces in February 2002, increasing the production capacity of sponge titanium by 20%, to reach a yearly production capacity of 18,000 tons. A multi-story automated warehouse was additionally constructed within the plant, which concentrates all warehouses at one location. Future growth is expected, generated by the high regard given titanium's excellent characteristics – light weight, strength, corrosion resistance, and "bio-friendliness" – and by the development of new uses.

Sumitomo Pipe & Tube Co.

Opening of Sumitomo Pipe & Tube Kashima Works – the world's largest-capacity pipe plant

In June 2002 a new mill was completed and test operation began at the Kashima Works, where the Tokyo Works of Sumitomo Pipe & Tube Co. was moved. This new location spans 133,000 square meters, just under three times the size of the previous location in Ichikawa City, near Tokyo. The welded pipe plant, with competitiveness unequalled in the world, and a clean-weld pipe plant unequalled in the industry, spans 56,000 square meters. A just-in-time delivery system is in place for the automobile industry, which accounts for 50 to 60% of sales. This plant is noted for its clean room to create high-quality pipes with no flaws or fouling to meet the quality needs of the increasingly demanding automobile industry. The production facilities include seven production lines of seam-welded pipe mills, four lines of drawn steel pipe machines, and one line of a conduit tube mill. The total monthly production capacity is 12,000 tons. The environment is also an important concept at this plant. Waste materials are processed and reused, aiming for a zero-emission level.



Sumitomo Pipe & Tube Kashima Works

Environmental Initiatives

In recognition of the importance of global environmental protection in our business activities and in order to make contributions to society, Sumitomo Metals established the “Action Guidelines for the Global Environment” (1993). We are working to harmonize environmental protection with economic and social development, and are engaged in the programs described here in order to “construct a society in harmony with the environment” and to “protect the environment on a global scale.”



Programs for the Prevention of Global Warming

One of the most important issues in programs for preventing global warming is energy conservation, which is directly linked to reducing CO₂ from energy sources. We are therefore actively promoting energy-saving measures in line with the “Voluntary Action program of the Steel Industry.”

Specifically, we have succeeded in reducing our energy consumption rate by over 20% from 1973 to the present. This is the result of thorough energy-saving measures for all facilities (including recovery of waste energy), and by serializing processes and improving operations. In addition, we are involved in measures to protect the ozone layer. We have proceeded with the replacement of CFCs and the development and introduction of new cleaning methods. In fact, we completely eliminated all CFCs by the end of 1995.

Programs for Protection of the Atmosphere and Water Quality

We were among the first to install exhaust gas desulfurization equipment and low NO_x burners to reduce the sulfur oxides and nitrogen oxides that are present in exhaust during the steelmaking process. As a result, we have succeeded in greatly reducing the amounts of these substances being discharged. Waste water at all facilities is purified and recycled by high-performance water purification equipment, and the amount of waste water is reduced to the lowest level possible.

Programs for Creation of a Sustainable Society

Through reductions and recycling of the slag, dust, and sludge that are generated in large quantities during the steelmaking process, we have achieved a recycling rate of 98%. These by-products are put to

use, with slag effectively used as raw material for cement, roadbeds, rock wool, and in civil engineering. Dust and sludge are reduced and melted, before being reused as raw materials for steel within the steelmaking process.

Offering High-Performance Products

The steel products offered by Sumitomo Metals reduce environmental burdens, both when they are used and when they are disposed of. We offer a broad range of products that produce energy savings during their lifetimes, and products which make it possible to streamline secondary working processes. These products make a large contribution to energy conservation in a broad range of industries and product fields.

Environmental Plant Business

By developing the technology we have acquired through the steelmaking business, we have made our waste recycling plants, refuse derived fuel (RDF) systems, and Recycle Plazas available to a broad range of society. In addition, we have made available the shaft furnace-type gasification and smelting furnace developed solely by Sumitomo Metals.

ISO14001 Environmental Audit

Sumitomo Metals has constructed and operates a comprehensive environmental management system. By 1998, all steel works had obtained ISO14001 certification. In addition to regular auditing by outside agencies, we conduct internal auditing by qualified company personnel, and are working to further increase the level of our environmental management.

Board of Directors

(As of June 27, 2002)



Hiroshi Shimozuma
*President and Chief
Executive Officer*



Mikio Kato
*Director of the Board
(Executive Vice President)*



Toshihiko Takeda
*Director of the Board
(Executive Vice President)*



Masaaki Tachibana
*Director of the Board
(Executive Vice President)*



Kunihiro Suemitsu
*Director of the Board
(Executive Vice President)*



Eiji Sakuta
Director of the Board



Yasutaka Toya
Director of the Board



Gashun Amaya
Director of the Board

Executive Officers

(As of June 27, 2002)

President and CEO

Hiroshi Shimozuma

Vice Presidents

Hiroshi Tomono

Executive Vice Presidents

Mikio Kato
Toshihiko Takeda
Masaaki Tachibana
Kunihiro Suemitsu

Kaoru Goto
Yasuyuki Tozaki
Nobusato Suzuki
Osamu Iimura
Shozo Nishizawa
Katsuhiko Yagi
Fumio Hombe
Minoru Tawara
Ryo Someya
Mitsuru Maruo
Ichiro Miyasaka
Syuichiro Kozuka

Senior Vice Presidents

Eiji Sakuta
Yasutaka Toya
Gashun Amaya
Tsutomu Ando
Kenjiro Shigematsu
Tsutomu Nagahata

Auditors

(As of June 27, 2002)

Standing Auditor

Soichiro Yoshii
Shigeru Sakurai

Auditor

Nobukatsu Kojima
Hiroaki Udou

Financial Section



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Consolidated Five-Year Financial Summary

Sumitomo Metal Industries, Ltd., and Consolidated Subsidiaries Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2002	2001	2000	1999	1998	2002
Operating Results (For the year):						
Net sales	¥ 1,349,529	¥ 1,497,641	¥ 1,424,104	¥ 1,347,005	¥ 1,469,418	\$10,127,798
Operating profit.....	40,096	90,598	9,301	12,426	97,168	300,910
Net income (loss)	(104,720)	5,836	(145,124)	(69,469)	4,014	(785,892)
Financial Position (At year-end):						
Total assets.....	¥ 2,433,432	¥ 2,733,115	¥ 2,774,497	¥ 2,720,513	¥ 2,493,344	\$18,262,151
Total shareholders' equity.....	274,432	368,116	341,598	502,249	535,987	2,059,530
Per Share Data:						
	Yen					U.S. dollars
Net income (loss)	¥ (28.83)	¥ 1.61	¥ (39.95)	¥ (20.59)	¥ 1.28	0.22
Cash dividends.....	—	—	—	—	3.00	—
Shareholders' equity.....	75.56	101.35	94.05	138.27	170.40	0.57
Other Data:						
	Millions of yen					Thousands of U.S. dollars
Recurring profit (loss)	¥ 748	¥ 23,626	¥ (63,791)	¥ (64,951)	¥ 40,727	5,619
	Percent					
Return on assets (ROA)	1.2%	2.2%	— 0.9%	— 1.0%	3.1%	

Note: The United States dollar amounts included herein represent translations using the approximate exchange rate at March 31, 2002, of ¥133.25 = U.S.\$1, solely for convenience.

Recurring profit is calculated according to Japanese accounting principles, and does not include any extraordinary gains or losses. It is not listed in the financial statements of this annual report; however, for convenience, recurring profit is used in calculating ROA.

Return on assets is calculated using the following formula: ROA = Recurring profit before interest expense/total assets ×100.

Merged with Sumitomo Sitix Corporation in October 1998.

Segment Information

Sumitomo Metal Industries, Ltd., and Consolidated Subsidiaries Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2002	2001	2000	1999	1998	2002
Sales to Customers:						
Steel.....	¥ 869,612	¥ 952,393	¥ 898,021	¥ 930,683	¥ 1,050,902	\$ 6,526,171
Engineering.....	124,050	125,962	131,218	144,899	130,773	930,954
Electronics and Information Services.....	199,467	252,825	225,767	135,091	128,706	1,496,938
Other.....	156,400	166,461	169,098	136,332	159,037	1,173,735
Operating Profit:						
Steel.....	¥ 50,699	¥ 71,344	¥ 18,691	¥ 30,276	¥ 93,758	\$ 380,480
Engineering.....	761	3,314	1,497	(970)	2,320	5,707
Electronics and Information Services.....	(14,513)	11,883	(12,407)	(15,594)	(874)	(108,913)
Other.....	2,812	2,954	427	(2,160)	1,177	21,104
Assets:						
Steel.....	¥1,616,661	¥1,698,233	¥1,655,837	¥1,545,535	¥ 1,655,167	\$12,132,544
Engineering.....	134,839	134,730	142,549	139,864	135,690	1,011,923
Electronics and Information Services.....	202,878	268,674	303,967	372,702	227,935	1,522,534
Other.....	532,118	559,948	577,743	281,551	317,443	3,993,381
	Millions of yen					Thousands of U.S. dollars
	2002	2001	2000	1999	1998	2002
Depreciation:						
Steel.....	¥ 85,816	¥ 96,470	¥ 99,532	¥ 92,704	¥ 97,482	\$ 644,025
Engineering.....	1,833	2,232	2,471	1,369	1,461	13,759
Electronics and Information Services.....	27,428	31,098	32,055	15,113	10,060	205,840
Other.....	8,225	10,134	13,937	10,572	10,470	61,721
Capital Expenditures:						
Steel.....	¥ 54,782	¥ 58,991	¥ 82,068	¥ 92,114	¥ 102,771	\$ 411,123
Engineering.....	453	811	1,515	5,606	2,857	3,403
Electronics and Information Services.....	15,382	15,314	14,763	33,770	14,517	115,434
Other.....	6,167	6,943	9,670	5,841	9,712	46,284

Note: The United States dollar amounts included herein represent translations using the approximate exchange rate at March 31, 2002, of ¥133.25= U.S.\$1, solely for convenience.
The industry segments were reclassified from three to four in fiscal 1998.

Independent Auditors' Report

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**Deloitte
Touche
Tohmatsu**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Sumitomo Metal Industries, Ltd.:

We have examined the consolidated balance sheets of Sumitomo Metal Industries, Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Sumitomo Metal Industries, Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 27, 2002

Consolidated Balance Sheets

Sumitomo Metal Industries, Ltd., and Consolidated Subsidiaries March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
Assets			
Current assets:			
Cash and time deposits (Notes 3 and 7)	¥ 67,785	¥ 93,599	\$ 508,706
Marketable securities (Notes 3 and 4)	3,174	8,598	23,817
Notes and accounts receivable (Note 7) -			
Trade	275,362	349,280	2,066,504
Other	61,570	48,150	462,064
	336,932	397,430	2,528,568
Allowance for doubtful accounts	(1,172)	(696)	(8,794)
	335,760	396,734	2,519,774
Inventories (Note 5)	329,004	355,343	2,469,074
Deferred tax assets (Note 11)	14,090	17,535	105,739
Prepaid expenses and other	18,087	23,767	135,738
Total current assets	767,900	895,576	5,762,848
Property, plant and equipment, at cost (Note 7):			
Land (Note 6)	357,983	322,159	2,686,553
Buildings and structures	783,267	853,901	5,878,175
Machinery and equipment	2,185,957	2,376,069	16,404,928
Construction in progress	55,807	44,875	418,818
Total	3,383,014	3,597,004	25,388,474
Accumulated depreciation	(2,159,370)	(2,267,741)	(16,205,401)
Net property, plant and equipment	1,223,644	1,329,263	9,183,073
Investments and other assets:			
Investment securities (Notes 4 and 7)	134,244	257,057	1,007,459
Investments in unconsolidated subsidiaries and associated companies (Note 7)	131,236	75,265	984,889
Software		16,323	
Deferred tax assets (Note 11)	88,621	74,932	665,070
Other assets (Note 7)	87,787	84,699	658,812
Total investments and other assets	441,888	508,276	3,316,230
Total	¥ 2,433,432	¥ 2,733,115	\$ 18,262,151

See Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
Liabilities and Shareholders' equity			
Current liabilities:			
Short-term bank loans (Note 7)	¥ 452,400	¥ 513,557	\$ 3,395,120
Current portion of long-term debt (Note 7)	293,725	193,770	2,204,316
Notes and accounts payable (Note 7) -			
Trade	185,303	238,110	1,390,641
Other	83,517	49,286	626,767
	268,820	287,396	2,017,408
Deferred tax liabilities (Note 11)	331	21	2,485
Other current liabilities	80,267	82,318	602,383
Total current liabilities	1,095,543	1,077,062	8,221,712
Long-term liabilities and reserves:			
Long-term debt (Note 7)	902,654	1,073,367	6,774,142
Liability for employees' retirement benefits (Note 8)	22,095	72,129	165,814
Reserve for rebuilding furnaces	10,791	37,661	80,983
Deferred tax liabilities (Note 11)	11,012	11,893	82,638
Deferred tax liabilities on land revaluation	10,562		79,268
Other long-term liabilities	54,857	45,409	411,681
Total long-term liabilities and reserves	1,011,971	1,240,459	7,594,526
Minority interests	51,486	47,478	386,383
Contingencies (Notes 13, 14 and 16)			
Shareholders' equity (Note 9):			
Common stock , authorized 4,940,864,000 shares in 2002 and 2001;			
issued, 3,632,272,511 shares in 2002 and 2001	237,922	237,922	1,785,535
Additional paid-in capital	139,421	139,421	1,046,310
Land revaluation surplus	21,680	4,804	162,701
Accumulated deficit	(127,581)	(22,006)	(957,452)
Unrealized gain on available-for-sale securities	930	9,611	6,978
Foreign currency translation adjustments	2,066	(1,609)	15,507
Total	274,438	368,143	2,059,579
Treasury stock, at cost			
140,237 shares in 2002 and 3,228 shares in 2001	(6)	(27)	(49)
Total shareholders' equity	274,432	368,116	2,059,530
Total	¥ 2,433,432	¥ 2,733,115	\$ 18,262,151

Consolidated Statements of Operations

Sumitomo Metal Industries, Ltd., and Consolidated Subsidiaries Years ended March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
Net sales (Note 17)	¥ 1,349,529	¥ 1,497,641	\$ 10,127,798
Cost of sales (Note 12)	1,143,815	1,222,159	8,583,979
Gross profit	205,714	275,482	1,543,819
Selling, general and administrative expenses (Note 12)	165,618	184,884	1,242,909
Operating profit (Note 17)	40,096	90,598	300,910
Other income (expenses):			
Interest and dividend income	5,498	7,700	41,258
Interest expense	(28,185)	(36,794)	(211,520)
Equity in earnings of unconsolidated subsidiaries and associated companies	541	494	4,061
Expenses for employees loaned to other companies, net of reimbursements of ¥7,125 million (2002) and ¥19,176 million (2001)	(11,045)	(30,699)	(82,892)
Gain on sales of property, plant and equipment	17,171	37,291	128,866
Gain on securities contributed to employees' retirement benefit trusts		22,940	
Gain on sales of investment securities	12,955	20,501	97,225
Loss incurred with business reorganization (Note 10)	(121,508)		(911,880)
Charge for transitional obligations for employees' retirement benefits (Note 8)	(24,768)	(43,777)	(185,880)
Loss on disposal of property, plant and equipment and other assets		(12,258)	
Provision for special account to defer gain from sale of land for tax purposes		(18,289)	
Loss on devaluation of investment securities	(17,169)	(7,618)	(128,850)
Loss on sales of investment securities	(25,112)		(188,456)
Reversal of reserve for rebuilding furnaces	26,866		201,622
Gain on sale of silicon wafer business (Note 15)	24,854		186,522
Other, net	(5,362)	(9,312)	(40,237)
Other income (expenses), net	(145,264)	(69,821)	(1,090,161)
(Loss) income before income taxes and minority interests	(105,168)	20,777	(789,251)
Income taxes (Note 11):			
Current	(4,896)	7,079	(36,741)
Deferred	5,368	2,414	40,285
Total	472	9,493	3,544
Minority interests	(24)	5,448	(185)
Net (loss) income	¥ (104,720)	¥ 5,836	\$ (785,892)

	Yen		U.S. dollars (Note 1)
	2002	2001	2002
Per share of common stock (Note 2(r)):			
Net (loss) income	¥ (28.83)	¥ 1.61	\$ (0.22)
Cash dividends	-	-	-

See Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

Sumitomo Metal Industries, Ltd., and Consolidated Subsidiaries Years ended March 31, 2002 and 2001

	Thousands		Millions of yen					
	Outstanding number of shares of common stock	Common stock	Additional paid-in capital	Land revaluation surplus	Retained earnings (deficit)	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Treasury stock
Balance, April 1, 2000	3,632,273	¥ 237,922	¥ 139,421	¥ 8,182	¥ (43,927)			¥ (0)
Net income.....					5,836			
Bonuses to directors and corporate auditors					(15)			
Decrease due to the application of new accounting standard for financial instruments ...					2,979			
Revaluation surplus				(1,006)	1,006			
Increase (decrease) due to exclusion of certain subsidiaries from consolidation and certain associated companies				(2,372)	12,115			
Unrealized gain on available-for-sale securities						¥ 9,611		
Foreign currency translation adjustments							¥ (1,609)	
Net increase in treasury stock								(27)
Balance, March 31, 2001	3,632,273	237,922	139,421	4,804	(22,006)	9,611	(1,609)	(27)
Net loss.....					(104,720)			
Land revaluation				16,602				
Increase due to share increase of certain associated companies				274				
Bonuses to directors and corporate auditors					(15)			
Decrease due to exclusion of certain subsidiaries from consolidation and certain associated companies					(840)			
Net decrease in unrealized gain on available-for-sale securities ..						(8,681)		
Net increase in foreign currency translation adjustments.....							3,675	
Net decrease in treasury stock								21
Balance, March 31, 2002	3,632,273	¥ 237,922	¥ 139,421	¥ 21,680	¥(127,581)	¥ 930	¥ 2,066	¥ (6)

	Thousands		Thousands of U.S. dollars (Note 1)					
	Outstanding number of shares of common stock	Common stock	Additional paid-in capital	Land revaluation surplus	Retained earnings (deficit)	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Treasury stock
Balance, March 31, 2001	3,632,273	\$1,785,535	\$1,046,310	\$ 36,050	\$(165,150)	\$ 72,130	\$ (12,078)	\$ (197)
Net loss.....					(785,892)			
Land revaluation				124,595				
Increase due to share increase of certain associated companies				2,056				
Bonuses to directors and corporate auditors					(112)			
Decrease due to exclusion of certain subsidiaries from consolidation and certain associated companies					(6,298)			
Net decrease in unrealized gain on available-for-sale securities ..						(65,152)		
Net increase in foreign currency translation adjustments.....							27,585	
Net decrease in treasury stock								148
Balance, March 31, 2002	3,632,273	\$1,785,535	\$1,046,310	\$ 162,701	\$(957,452)	\$ 6,978	\$ 15,507	\$ (49)

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Sumitomo Metal Industries, Ltd., and Consolidated Subsidiaries Year ended March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2002	2001	2002
Operating activities:			
(Loss) income before income taxes and minority interests	¥ (105,168)	¥ 20,777	\$ (789,251)
Adjustments for:			
Income taxes paid.....	(5,985)	(1,242)	(44,919)
Depreciation and amortization	123,302	138,740	925,346
Provision for allowance for doubtful accounts, net.....	12,590	122	94,482
(Reversal of) provision for employees' retirement benefits, net	(49,946)	1,968	(374,833)
(Reversal of) provision for reserve for rebuilding furnaces, net.....	(26,866)	463	(201,621)
Interest and dividend income.....	(5,498)	(7,700)	(41,258)
Interest expense	28,185	36,794	211,520
Equity in earnings of unconsolidated subsidiaries and associated companies.....	(541)	(494)	(4,061)
Loss on employees' retirement benefit trusts, net		9,007	
Gain on sales of property, plant and equipment.....	(17,171)	(37,291)	(128,866)
Gain on sales of investment securities.....	(12,955)	(20,501)	(97,225)
Loss on disposal of property, plant and equipment and other assets		12,258	
Provision for special account to defer gain from sale of land for tax purpose		18,289	
Loss on devaluation of investment securities	17,169	7,618	128,850
Loss on sales of investment securities	25,112		188,456
Loss incurred with business reorganization.....	105,256		789,918
Gain on sale of silicon wafer business	(24,854)		(186,522)
Retirement benefits paid for employment transfer.....	(139,104)		(1,043,930)
Changes in assets and liabilities-			
Decrease (increase) in receivables	49,777	(24,830)	373,564
Decrease (increase) in inventories	5,448	(15,616)	40,887
(Decrease) increase in payables.....	(21,175)	15,361	(158,915)
Other, net	60,902	4,998	457,053
Net cash provided by operating activities	18,478	158,721	138,675
Investing activities:			
Acquisition of property, plant and equipment and software and other assets	(75,982)	(80,987)	(570,224)
Proceeds from sales of property, plant and equipment and other assets	26,446	41,320	198,470
Purchase of marketable and investment securities.....	(87,897)	(11,573)	(659,637)
Proceeds from sales of marketable and investment securities	112,477	59,621	844,109
Loans made.....	(79,391)	(15,159)	(595,806)
Collections of loans	65,347	9,535	490,411
Interest and dividends received	5,850	9,703	43,904
Proceeds from sale of silicon wafer business.....	75,600		567,355
Other, net	(2,817)	(2,477)	(21,144)
Net cash provided by investing activities	39,633	9,983	297,438
Financing activities:			
Decrease in short-term bank loans, net	(8,506)	(1,027)	(63,834)
Proceeds from long-term debt	162,722	132,674	1,221,178
Repayments of long-term debt.....	(212,333)	(235,725)	(1,593,491)
Interest paid	(30,435)	(38,185)	(228,407)
Other, net	(914)	(340)	(6,863)
Net cash used in financing activities.....	(89,466)	(142,603)	(671,417)
Foreign currency translation adjustments on cash and cash equivalents	946	1,373	7,096
Net (decrease) increase in cash and cash equivalents	(30,409)	27,474	(228,208)
Cash and cash equivalents decreased by elimination of consolidated subsidiaries	(293)	(5,656)	(2,200)
Cash and cash equivalents at beginning of year (Note 3)	101,093	79,275	758,671
Cash and cash equivalents at end of year (Note 3).....	¥ 70,391	¥ 101,093	\$ 528,263
Non cash investing and financing activities:			
Decrease in assets and liabilities due to unconsolidation of subsidiaries previously consolidated:			
Assets (primarily inventory and property)	¥ 32,850		\$ 246,526
Liabilities (primarily current portion of long-term debt and short-term bank loans)	¥ 30,709		\$ 230,462
Decrease in assets and liabilities due to transfer of silicon wafer business			
Assets (primarily property)	¥ 103,987		\$ 780,390
Liabilities (primarily current portion of long-term debt and short-term bank loans)	¥ 77,642		\$ 582,679

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Sumitomo Metal Industries, Ltd., and Consolidated Subsidiaries Years ended March 31, 2002 and 2001

1 Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Sumitomo Metal Industries, Ltd. (the "Company") have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain

reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.25 to \$1, the exchange rate at March 31, 2002. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements as of March 31, 2002 include the accounts of the Company and its significant 86 (110 in 2001) subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Parent, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 3 (2 in 2001) unconsolidated subsidiaries and 37 (32 in 2001) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost, except that appropriate write-downs are recorded for investments in unconsolidated subsidiaries and associated companies which have incurred substantial losses deemed to be of a permanent nature. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits and losses included in assets resulting from transactions within the Group is eliminated.

(b) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificate of deposits, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

(c) Inventories

Inventories are stated principally at cost, determined by the average method.

(d) Marketable and Investment Securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and ii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method at rates based on the usage of the assets over the estimated useful lives of the assets, while the straight-line method is applied to the buildings of the Company and its domestic subsidiaries, and all property, plant and equipment of consolidated overseas subsidiaries. The range of useful lives is principally 31 years for buildings and structures and 14 years for machinery and equipment.

(f) Software

Software is amortized by the straight-line method using on estimated useful life.

(g) Stock and bond issue expenses and bond discounts

Stock and bond issue costs are charged to income as incurred. Bond discounts are amortized over the terms of the related bonds.

(h) Employees' retirement benefits

Effective April 1, 2001, the Company and its domestic subsidiaries adopted a new accounting standard for employees' retirement benefits and accounted for the liability for employees' retirement benefits based on the projected benefit obligations and plan assets at the

balance sheet date. The transitional obligation of ¥59,149 million (\$443,895 thousand), which was reduced from ¥91,095 million (\$683,640 thousand) determined as of April 1, 2001, by the contributions of securities discussed hereunder, is being amortized over five years and the annual amortization is included in charge for transitional obligations for employees' retirement benefits as other expenses in the statement of operations. The Company and a domestic subsidiary contributed certain available-for-sale securities with a fair value of ¥31,947 million (\$239,752 thousand) to employees' retirement benefit trusts for their companies' non-contributory pension plans during the first half of the current year. The securities held in these trusts are qualified as plan assets.

(i) Reserve for rebuilding furnaces

Blast furnaces and hot blast stoves, including related machinery and equipment, require periodic repairs and replacement of substantial components. A reserve for rebuilding furnaces is provided for the estimated future costs of such work based on past experience.

(j) Revenue recognition for long-term construction contracts

Sales and related costs of long-term construction contracts (for which the term is longer than one year and the contract amount is over ¥1 billion) were accounted for by the percentage-of-completion method.

(k) Research and development costs

Research and development costs are charged to expenses as incurred.

(l) Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

(m) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(n) Appropriations of retained earnings

Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

(o) Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance-sheet date. The foreign exchange gains and losses from translation are recognized in the statement of operations to the extent that they are not hedged by forward exchange contracts.

(p) Foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for shareholders' equity, which is translated at the historical exchange rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of shareholders' equity.

Revenue and expense accounts of the consolidated foreign subsidiaries are translated into yen at the current exchange rates as of the balance sheet date.

(q) Derivatives and hedging activities

The Group uses derivative financial instruments to manage their exposures to fluctuations in interest rates and foreign exchange rates. Foreign exchange forward contracts, interest rate swaps and currency swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not hold derivatives for trading or speculation purposes.

Effective April 1, 2000, the Group adopted a new accounting standard for derivative financial instruments and a revised accounting standard for foreign currency transaction. These standards require that: i) all derivatives be recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statement of operations and ii) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign exchange forward contracts employed to hedge foreign exchange exposures for export sales are measured at the fair value and the unrealized gains/losses are recognized in income. Forward contracts applied for forecasted (or committed) transactions are also measured at the fair value but the unrealized gains/losses are deferred until the underlying transactions are completed.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

(r) Per share amounts

The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. No retroactive adjustment for subsequent stock splits is reflected in computing net income per share. The average number of common shares used in the computation was 3,632,272,511 shares for 2002 and 2001.

Diluted net income per share is not disclosed because the Company was in net loss position for 2002 and it is antidilutive for 2001.

Cash dividends per share represent actual cash dividends applicable to each year.

3 Reconciliation to Cash and Cash Equivalents

The reconciliation of cash and time deposits in the balance sheets to cash and cash equivalents in the statements of cash flows at March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cash and time deposits in the balance sheets	¥ 67,785	¥ 93,599	\$ 508,706
Time deposits with original maturities of more than 3 months	(567)	(1,074)	(4,253)
Money management funds in marketable securities.....	3,173	8,568	23,810
Cash and cash equivalents in the statements of cash flows	¥ 70,391	¥ 101,093	\$ 528,263

4 Marketable and Investment Securities

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2002 and 2001 were as follows:

Millions of yen				
March 31, 2002	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 81,808	¥ 13,026	¥ 9,094	¥ 85,740
Debt securities	39	20	1	58
Other	2,608	3	249	2,362
Held-to-maturity	0	0		0

Millions of yen				
March 31, 2001	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 190,374	¥ 31,972	¥ 13,950	¥ 208,396
Debt securities	54	30	0	84
Other	5,200	5	895	4,310
Held-to-maturity	0	0		0

Thousands of U.S. dollars				
March 31, 2002	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 613,943	\$ 97,757	\$ 68,249	\$ 643,451
Debt securities	293	149	5	437
Other	19,574	24	1,869	17,729
Held-to-maturity	4	0		4

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2002, and 2001 were as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Available-for-sale:			
Equity securities.....	¥ 45,861	¥ 43,864	\$ 344,173
Money management funds.....	3,014	8,568	22,616

Proceeds from sales of available-for-sale securities for the year ended March 31, 2002 and 2001, were ¥77,982 million (\$585,232 thousand) and ¥53,939 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥11,629

million (\$87,275 thousand) and ¥25,076 million (\$188,189 thousand), respectively for the year ended March 31, 2002 and ¥20,501 million gains for the year ended March 31 2001.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2002, were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Held-to-Maturity	Held-to-Maturity	Held-to-Maturity	Held-to-Maturity
Due in one year or less		¥ 0		\$ 8
Due after one year through five years	¥ 68		\$ 515	
Due after five years through ten years				
Due after ten years	10		73	
Total	¥ 78	¥ 0	\$ 588	\$ 8

5 INVENTORIES

Inventories at March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Finished products	¥ 46,448	¥ 56,593	\$ 348,580
Others	282,556	298,750	2,120,494
Total	¥ 329,004	¥ 355,343	\$ 2,469,074

6 Land Revaluation

Under the "Law of Land Revaluation", promulgated on March 31, 1998 and revised on March 31, 1999 and 2001, certain consolidated subsidiaries and a unconsolidated subsidiary accounted for by the equity method elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of shareholders' equity. There is no effect on the statements of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities. The details of the one-time revaluation as of March 31, 2002 were as follows:

Land before revaluation:	¥35,425 million
Land after revaluation:	¥63,159 million
Land revaluation excess:	¥16,602 million
(net of income taxes of ¥ 569 million)	
Increase in minority interests	¥569 million

Also under the "Law of Land Revaluation", certain associated companies accounted for by the equity method had elected a one-time revaluation of its own-use land to a value based on real estate appraisal information for the year March 31, 2000.

7 Short-term Bank Loans and Long-term Debt

Short-term bank loans bore interest principally at 1.0% at March 31, 2002 (1.3% at March 31, 2001) .

Long-term debt at March 31, 2002 and 2001, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Loans, principally from banks and insurance companies, with interest principally at 2.0%, due through 2013	¥ 814,427	¥ 829,685	\$ 6,112,026
0.94% to 3.07% yen bonds, due 2002 to 2019	281,500	330,500	2,112,571
0.75% to 2.5% yen convertible debentures, due 2002 to 2004	86,952	86,952	652,548
Floating rate yen bonds, due 2003 to 2008	13,500	20,000	101,313
	1,196,379	1,267,137	8,978,458
Less current portion	(293,725)	(193,770)	(2,204,316)
Long-term debt, less current portion	¥ 902,654	¥ 1,073,367	\$ 6,774,142

At March 31, 2002, the conversion price per share and number of shares convertible were as follows:

	Conversion price per share (yen)	Number of shares convertible (thousands)
2.5% yen convertible debentures, due 2002	¥ 148.1	1,958
0.9% yen convertible debentures, due 2003	202.5	23,985
0.75% yen convertible debentures, due 2003 (issued by Sumitomo Seimitsu Kogyo, Ltd)	1,015.0	6,861
1.1% yen convertible debentures, due 2003 (issued by Sumitomo Kokan, Ltd)	696.0	1,957
1.6% yen convertible debentures, due 2004	825.3	89,033

The conversion prices of the convertible debentures are subject to adjustments in certain circumstances.

The annual maturities of long-term debt as of March 31, 2002, were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥ 293,725	\$ 2,204,316
2004	251,323	1,886,102
2005	185,833	1,394,620
2006	187,737	1,408,909
2007	126,505	949,381
2008 and thereafter	151,256	1,135,130
Total	¥ 1,196,379	\$ 8,978,458

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥18,241 million (\$136,891 thousand), long-term debt of ¥19,954 million (\$149,748 thousand) and notes and accounts payable of ¥376 million (\$2,821 thousand) at March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
Time deposits	¥ 276	\$ 2,071
Notes and accounts receivable	249	1,869
Investment securities and investments in unconsolidated subsidiaries and associated companies	2,369	17,775
Property, plant and equipment	69,963	525,051
Other assets	570	4,279
Total	¥ 73,427	\$ 551,045

8 Employees' Retirement Benefits

Employees whose service with the Company and its consolidated subsidiaries is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service, and conditions under which the termination occurs.

The Company's employees who retire at the age of 45 years or older are entitled to receive approximately 50% of their benefits in the form of an annuity and the balance in a lump-sum payment upon retirement. The

funds for the annuity payments are entrusted to an outside trustee.

The Company had been encouraging employees who were on loan to other companies to transfer to those companies and made special lump-sum payments to such transferred employees in addition to regular retirement benefits during the year ended March 31, 2002. These lump-sum payments of ¥89,512 million in total were charged to income for the year ended March 31, 2002.

The liability for employees' retirement benefits at March 31, 2002 and 2001 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Projected benefit obligation	¥ 237,361	¥ 317,651	\$ 1,781,320
Fair value of plan assets	(157,799)	(180,524)	(1,184,236)
Unrecognized transitional obligation	(22,450)	(47,319)	(168,478)
Unrecognized actuarial loss	(51,464)	(26,510)	(386,224)
Unrecognized prior service cost	17	56	131
Net liability	5,665	63,354	42,513
Prepaid pension costs	16,430	8,775	123,301
Liability for employees' retirement benefits	¥ 22,095	¥ 72,129	\$ 165,814

The components of net periodic benefit costs for the year ended March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Service cost.....	¥ 11,838	¥ 13,128	\$ 88,837
Interest cost	10,621	10,923	79,710
Expected return on plan assets.....	(5,020)	(5,531)	(37,674)
Amortization of transitional obligation.....	24,769	43,777	185,880
Recognized actuarial loss.....	24,029	56	180,334
Amortization of prior service cost.....	(15,463)	18	(116,047)
Net periodic benefit costs.....	¥ 50,774	¥ 62,371	\$ 381,040

The Company and a domestic subsidiary contributed certain available-for-sale securities with a fair value of ¥31,947 million to employees' retirement benefit trusts for their companies' non-contributory pension plans during the first half of the fiscal year ended March 31, 2001, and

recognized a non-cash gain of ¥22,940 million.

The above amortization of transitional obligation in 2001 included the expense of ¥31,947 million representing the fair value of certain available-for-sale securities contributed to employees' retirement benefits.

Assumptions used for the year ended March 31, 2002 and 2001 were mainly set forth as follows:

	2002	2001
Discount rate.....	2.5%	3.5%
Expected rate of return on plan assets	3.5%	3.5%
Amortization period of prior service cost	1 years	10 years
Recognition period of actuarial gain/loss	11 years	11 years
Amortization period of transitional obligation	5 years	5 years

9 Shareholders' Equity

Japanese companies are subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code required at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to additional paid-in capital. Effective October 1, 2001, the Code was revised and common stock par values were eliminated resulting in all shares being recorded with no par value.

Prior to October 1, 2001, the Code also provided that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 25% of stated capital. Effective October 1, 2001, the revised Code allows for such appropriations to be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 25% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 25% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Company's legal reserve amount, which is included in retained earnings, totals ¥ 38,375 million (\$ 309,476 thousand) as of March 31, 2002 and 2001, respectively. Under the Code, companies may issue new common shares

to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. Prior to October 1, 2001, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split could not be less than ¥50. The revised Code eliminated this restriction.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the Code eliminated these restrictions allowing companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders' meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of stated capital, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders' meeting.

The Code permits companies to transfer a portion of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Code also permits companies to transfer a portion of unappropriated retained earnings, available for dividends, to stated capital by resolution of the shareholders.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

10 Loss Incurred with Business Reorganization

Loss incurred with business reorganization for the year ended March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
	2002	2002
Retirement benefits for employment transfer	¥ 89,512	\$ 671,756
Loss on disposal of property, plant and equipment	9,830	73,773
Loss on disposal of software	11,166	83,799
Provision for doubtful accounts	11,000	82,552
Total	¥ 121,508	\$ 911,880

11 Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 42% for the years ended March 31, 2002 and 2001.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Deferred tax assets:			
Tax loss carryforwards	¥ 80,686	¥ 37,216	\$ 605,524
Employees' retirement benefits	14,372	33,285	107,860
Fixed assets, inventories and other assets	41,042	31,683	308,008
Investments in consolidated subsidiaries and associated companies accounted for by the equity method	10,083	8,067	75,668
Other	31,264	24,427	234,623
Valuation allowance	(62,458)	(19,842)	(468,725)
Deferred tax assets	¥ 114,989	¥ 114,836	\$ 862,958
Deferred tax liabilities:			
Reserve of the Special Taxation Measures Law of Japan	¥ (11,548)	¥ (17,556)	\$ (86,669)
Employees' retirement benefit trusts	(9,635)	(9,635)	(72,306)
Other	(2,438)	(7,092)	(18,296)
Deferred tax liabilities	¥ (23,621)	¥ (34,283)	\$ (177,271)
Net deferred tax assets	¥ 91,368	¥ 80,553	\$ 685,687

The reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the years ended March 31, 2002 and 2001, were as follows:

	2002	2001
Normal effective statutory tax rate	(42.0)%	42.0%
Valuation allowance	40.5	
Expenses not deductible for income tax purposes		0.3
Other, net	1.1	3.4
Actual effective tax rate	(0.4)%	45.7%

12 Research and Development Costs

Research and development costs charged to expenses were ¥18,647 million (\$139,938 thousand) and ¥20,980 million for the years ended March 31, 2002 and 2001, respectively.

13 Leases

a) Finance leases as lessee

Pro forma information of leased property, which principally consists of equipment, on an "as if capitalized" basis for the years ended March 31, 2002 and 2001, was as follows:

	Millions of yen						Thousands of U.S. dollars		
	2002			2001			2002		
	Equipment	Other	Total	Equipment	Other	Total	Equipment	Other	Total
Acquisition cost	¥ 11,677	¥ 2,959	¥ 14,636	¥ 17,843	¥ 5,995	¥ 23,838	\$ 87,630	\$ 22,207	\$ 109,837
Less accumulated depreciation	7,471	2,029	9,500	10,779	4,533	15,312	56,065	15,230	71,295
Net leased property	¥ 4,206	¥ 930	¥ 5,136	¥ 7,064	¥ 1,462	¥ 8,526	\$ 31,565	\$ 6,977	\$ 38,542
Depreciation expenses			¥ 3,951			¥ 5,423			\$ 29,653

The total lease payment and obligation under finance leases for the years ended March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Total lease payment	¥ 3,951	¥ 5,423	\$ 29,653
Obligation at March 31,			
Due within one year	¥ 2,350	¥ 3,785	\$ 17,634
Due after one year	2,786	4,741	20,908
Total obligation	¥ 5,136	¥ 8,526	\$ 38,542

The imputed interest expense portion is included in the above pro forma information. Depreciation expense which is not reflected in the accompanying consolidated statements of operations is computed by the straight-line method.

b) Finance leases as lessor

Information of leasing property as of March 31, 2002 and 2001, was as follows:

	Millions of yen						Thousands of U.S. dollars		
	2002			2001			2002		
	Equipment	Other	Total	Equipment	Other	Total	Equipment	Other	Total
Acquisition cost	¥ 6,383	¥ 3,311	¥ 9,694	¥ 6,560	¥ 3,446	¥ 10,006	\$ 47,899	\$ 24,851	\$ 72,750
Less accumulated depreciation	4,473	2,051	6,524	4,614	2,100	6,714	33,566	15,393	48,959
Net carrying value	¥ 1,910	¥ 1,260	¥ 3,170	¥ 1,946	¥ 1,346	¥ 3,292	\$ 14,333	\$ 9,458	\$ 23,791
Depreciation expenses			¥ 1,387			¥ 1,292			\$ 10,406

The total lease income and contract receivable under finance lease agreements for the years ended March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Total lease income	¥ 1,572	¥ 1,495	\$ 11,800
Contract receivable at March 31,			
Due within one year	¥ 1,425	¥ 1,401	\$ 10,691
Due after one year	2,486	2,655	18,655
Total contract receivable	¥ 3,911	¥ 4,056	\$ 29,346

The imputed interest income portion is included in the above information.

c) Operating leases as lessee

The minimum rental commitments under noncancellable operating leases at March 31, 2002 and 2001, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Obligation at March 31,			
Due within one year	¥ 380	¥ 933	\$ 2,854
Due after one year	1,593	3,243	11,957
Total obligation	¥ 1,973	¥ 4,176	\$ 14,811

14 Derivatives

The Company and its consolidated subsidiaries enter into derivatives financial instruments including foreign exchange forward contracts, interest rate swaps and currency swaps. The purposes of using those derivatives are to minimize interest payments on financing activities and to hedge market risks associated with interest rate and foreign exchange rate fluctuations.

The Company and its consolidated subsidiaries do not hold derivatives for trading or speculation purposes. Derivatives are subject to market and credit risks. Since the Company and its consolidated subsidiaries restrict

their application of derivatives within its monetary assets and liabilities, the Company and its consolidated subsidiaries do not anticipate any losses arising from market risks. The Company and its consolidated subsidiaries also do not anticipate any credit risks because the counterparties of their derivatives are limited to major financial institutions with high credibility.

Derivatives transactions are made in accordance with internal regulations which determine the authorization and credit limit amount.

The Company and its consolidated subsidiaries had the following derivatives contracts outstanding at March 31, 2002 and 2001:

	Millions of yen					
	2002			2001		
	Contract or notional principal	Fair value	Net unrealized gain (loss)	Contract or notional principal	Fair value	Net unrealized gain (loss)
Foreign currency forward contracts:						
Selling US\$	¥ 1,906	¥ 1,972	¥ (66)	¥ 2,037	¥ 2,044	¥ (7)
Currency swaps:						
Australian \$				5,000	140	140
US\$				5,519	1,310	1,310
Interest rate swaps:						
Fixed-rate receipt, floating-rate payment				2,000	84	84
Floating-rate receipt, fixed-rate payment	5,211	(195)	(195)	7,500	(304)	(304)
Floating-rate receipt and payment	3,000	14	14	3,000	20	20

	Thousands of U.S. dollars		
	2002		
	Contract or notional principal	Fair value	Net unrealized gain (loss)
Foreign currency forward contracts:			
Selling US\$	\$ 14,302	\$ 14,800	\$ (498)
Currency swaps:			
Australian \$			
US\$			
Interest rate swaps:			
Fixed-rate receipt, floating-rate payment			
Floating-rate receipt, fixed-rate payment	39,109	(1,462)	(1,462)
Floating-rate receipt and payment	22,514	106	106

The contract or notional principals of derivatives, which are shown in the above table, do not represent the amounts exchanged by the parties and do not measure the Company and its consolidated subsidiaries' exposure to credit or market risk.

Derivatives which qualify for hedge accounting for the year ended March 31, 2002, are excluded from the disclosure of fair value information.

15 Related Party Transactions

The company unified its silicon wafer and related business with Mitsubishi Material Corporation on February 1, 2002 and Sumitomo Mitsubishi Silicon, Ltd. ("SUMCO") has been succeeding both companies silicon wafer business. The Company owns 50.0% of shares of SUMCO

and a director of SUMCO concurrently serves both the Company and SUMCO. The significant transactions with SUMCO for the year ended March 31, 2002 were as follows:

	Millions of yen
Guarantees	¥68,459
Proceeds from sale of silicon wafer business.....	75,600
Gain on sale of silicon wafer business.....	24,854

There were no significant related party transactions during the year ended March 31, 2001.

16 Contingencies

Contingent liabilities at March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
Notes receivable discounted.....	¥ 66	\$ 495
Guarantees and items of a similar nature:		
Unconsolidated subsidiaries and associated companies.....	100,589	754,886
Other customers and suppliers	4,465	33,505
Debt assumptions	20,000	150,094

17 Segment Information

Information about industry segments and sales to foreign customers for the years ended March 31, 2002 and 2001, was as follows, (geographic segments information is not provided due to the fact that more than 90% of sales are transacted in Japan):

(a) Industry segments

	Millions of yen					
	2002					
	Steel	Engineering	Electronics and Information Services	Other	Corporate or Eliminations	Consolidated
Sales to customers.....	¥ 869,612	¥ 124,050	¥ 199,467	¥ 156,400		¥1,349,529
Intersegment sales	7,762	42,738	8,808	72,580	¥ (131,888)	
Total sales	877,374	166,788	208,275	228,980	(131,888)	1,349,529
Cost of sales and operating expenses.....	826,675	166,027	222,788	226,168	(132,225)	1,309,433
Operating profit (loss)	¥ 50,699	¥ 761	¥ (14,513)	¥ 2,812	¥ 337	¥ 40,096
Assets.....	¥1,616,661	¥ 134,839	¥ 202,878	¥ 532,118	¥ (53,064)	¥2,433,432
Depreciation	85,816	1,833	27,428	8,225		123,302
Capital expenditures	54,782	453	15,382	6,167		76,784

	Millions of yen					
	2001					
	Steel	Engineering	Electronics and Information Services	Other	Corporate or Eliminations	Consolidated
Sales to customers.....	¥ 952,393	¥ 125,962	¥ 252,825	¥ 166,461		¥1,497,641
Intersegment sales	7,811	43,537	7,943	79,348	¥ (138,639)	
Total sales	960,204	169,499	260,768	245,809	(138,639)	1,497,641
Cost of sales and operating expenses.....	888,860	166,185	248,885	242,855	(139,742)	1,407,043
Operating profit	¥ 71,344	¥ 3,314	¥ 11,883	¥ 2,954	¥ 1,103	¥ 90,598
Assets.....	¥1,698,233	¥ 134,730	¥ 268,674	¥ 559,948	¥ 71,530	¥2,733,115
Depreciation	96,470	2,232	31,098	10,134	(1,194)	138,740
Capital expenditures	58,991	811	15,314	6,943	(164)	81,895

Thousands of U.S. dollars

	2002					Consolidated
	Steel	Engineering	Electronics and Information Services	Other	Corporate or Eliminations	
Sales to customers	\$ 6,526,171	\$ 930,954	\$1,496,938	\$1,173,735		\$10,127,798
Intersegment sales	58,253	320,737	66,102	544,690	\$ (989,782)	
Total sales	6,584,424	1,251,691	1,563,040	1,718,425	(989,782)	10,127,798
Cost of sales and operating expenses	6,203,944	1,245,984	1,671,953	1,697,321	(992,314)	9,826,888
Operating profit (loss)	\$ 380,480	\$ 5,707	\$ (108,913)	\$ 21,104	\$ 2,532	\$ 300,910
Assets	\$12,132,544	\$1,011,923	\$1,522,534	\$3,993,381	\$ (398,231)	\$18,262,151
Depreciation	644,025	13,759	205,840	61,721		925,345
Capital expenditures	411,123	3,403	115,434	46,284		576,244

Note: The Steel segment consists of steel products.

The Engineering segment consists of construction engineering, plant engineering, regional development and other.

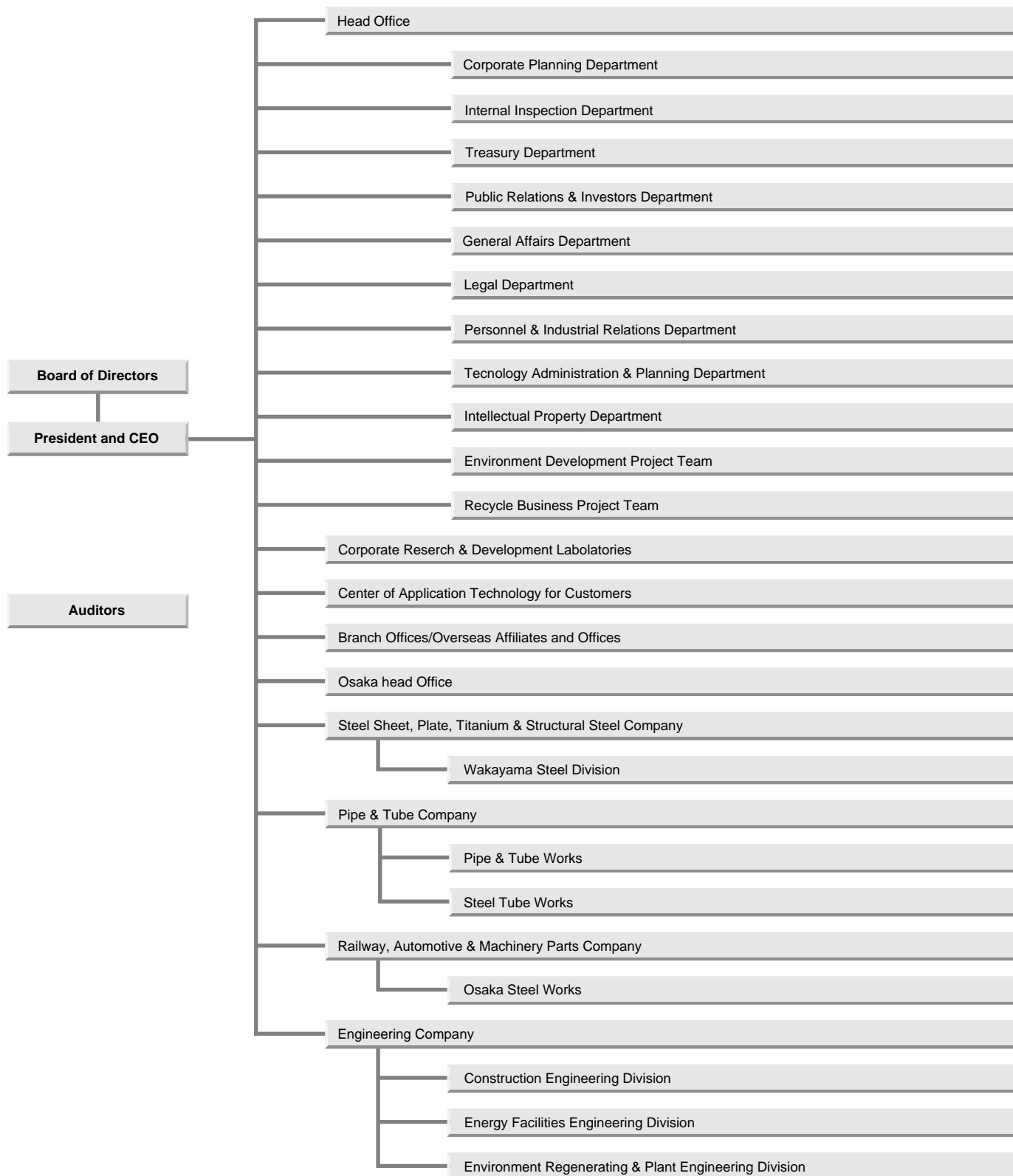
The Electronics and Information Services segment consists of silicon wafers used for semiconductor, electronic materials and components, computer systems, and other.

The Other segment consists of aerospace hydraulics, logistics and other.

(b) Sales to foreign customers

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Asia	¥ 197,102	¥ 168,204	\$ 1,479,194
Other	158,428	133,706	1,188,951
	¥ 355,530	¥ 301,910	\$ 2,668,145

Organization Chart (As of June 27, 2002)



Principal Subsidiaries and Associated Companies (As of June 27, 2002)

Name

Issued Capital (million yen)/Percentage of Equity Owned
Lines of Business

Steel

Sumitomo Metals (Kokura), Ltd.

¥27,000/100%
Formerly the Kokura Steel Works; production and sales of steel bars and wire rods

Sumitomo Titanium Corporation

¥6,583/57.3%
Production and sales of metallic titanium, titanium ingots, semiconductor-grade polycrystalline silicon, and silicon wafers for solar cells

Sumitomo Metals (Naoetsu), Ltd.

¥5,500/100%
Formerly the Naoetsu Works; production and sales of stainless precision rolling products, stainless shaped steel

Sumitomo Pipe & Tube Co., Ltd.

¥4,801/57.5%
Production and sales of conduit tubes, welded pipes, and mechanical tubes and pipes

Sumitomo Metal Steel Products, Inc.

¥4,497/93.5%
Production and sales of a wide range of steel products primarily used in construction applications

Sumikin Steel & Shapes, Inc.

¥3,000/100%
Production and sales of H-shapes

RING TECHS Co., Ltd.

¥2,020/100.0%
Production and sales of wheels for automobiles

Sumikin Stainless Steel Tube Co., Ltd.

¥916/75.0%
Production and sales of stainless steel tubes

Sumikin Weld Pipe Co., Ltd.

¥912/93.2%
Production and sales of large welded pipes

Kyoei Steel, Ltd.

¥10,273/30.2%
Production and sales of bars, shapes, and flat bars for reinforced concrete and general structures

Kanto Special Steel Works, Ltd.

¥6,180/31.9%
Production and sales of rolls

Sumikin Bussan Corporation

¥8,077/43.7%
Trading

Western Tube & Conduit Corporation (U.S.A.)

US\$17 million/96.7%
Production and sales of steel conduit tubes and mechanical tubes

Seymour Tubing, Inc. (U.S.A.)

US\$10 million/80.0%
Production and sales of cold-drawn tubes and welded tubes for automobiles

L-S Electro-Galvanizing Co. (U.S.A.)

US\$4 million/40.0%
Production and sales of electrogalvanized steel sheets and coils for automobiles

National Pipe Co., Ltd. (Saudi Arabia)

200 (million SRIs)/33.0%
Production and sales of large welded pipes

Thai Steel Pipe Industries Co., Ltd. (Thailand)

366 (million bahts)/50.0%
Production and sales of steel pipe for mechanical structures

Engineering

Sumikin Kansai Industries, Ltd.

¥310/100.0%
Design, improvement, assembly, and maintenance of machinery and facilities

Sumitomo Metal Plantec Co., Ltd.

¥300/100.0%
Engineering of pipelines and pipe structures

Kashima Plant Engineering, Ltd.

¥300/100.0%
Design, improvement, assembly, and maintenance of machinery and facilities

Sumikin Wakayama Plant Co., Ltd.

¥300/100.0%
Design, improvement, assembly, and maintenance of machinery and facilities

Electronics and Information Services

Sumitomo Metal (SMI) Electronics Devices, Inc.

¥10,091/100.0%
Production and sales of IC packages

Sumitomo Metal System Solutions Co., Ltd.

¥3,617/98.6%
System integration and service, network business and service, sales of SMIsoft products

Sumikin Chemical Co., Ltd.

¥3,000/99.4%
Production and sales of coal tar chemicals and plastics

Sumikin Ceramics & Quartz Co., Ltd.

¥490/95.7%
Production and sales of fine ceramics, machinable ceramics for semi-conductors and LCDs, thin-film transistor substrates for LCDs and other high-quality quartz products

Sumitomo Mitsubishi Silicon Corporation (SUMCO)

¥45,000/50.0%
Production and sales of silicon wafers

SUMCO USA Corporation (U.S.A.)

US\$188.3 million/50.0%
Holding company of SUMCO's US operations

Sumitomo Special Metals Co., Ltd.

¥26,741/35.5%
Production and sales of permanent magnets, ceramic materials, magnetic assemblies, and special alloys

SUMCO Phoenix Corporation (U.S.A.)

US\$404 million/50.0%
Production and sales of silicon wafers

SUMCO Southwest Corporation (U.S.A.)

US\$222 million/50.0%
Production and sales of silicon wafers

SUMCO Europe Sales Plc. (U.K.)

BG £10,200 thousand/100.0%
Sales of silicon wafers

Other

Sumitomo Precision Products Co., Ltd.

¥10,309/40.4%
Production and sales of aircraft components, heat exchangers, hydraulic controls, and environmental equipment

Kokura Enterprise Co., Ltd.

¥4,409/58.6%
Sales of oil and real estate

Sumimetal Mining Co., Ltd.

¥2,000/70.0%
Production and sales of limestone

Sumitomo Metals Logistics Service Co., Ltd.

¥1,515/71.8%
Marine and land transportation and warehousing

Narumi China Corporation

¥540/100.0%
Production and sales of pottery

Sumitomo Metal Technology, Inc.

¥100/100.0%
General research and testing center specializing in materials analysis and evaluation

Kashima Kyodo Electric Power Company

¥22,000/50.0%
Supplying of electricity

Daiichi Chuo Kisen Kaisha

¥13.258/20.1%
Marine transportation, shipping agency

Chuo Denki Kogyo Co., Ltd.

¥3,630/29.3%
Production and sales of ferroalloys, electrolytic manganese metal

Sumikin FRC Co., Ltd.

¥200/50.0%
Production of fiber-reinforced cement (FRC) for building materials

Sumitomo Metal USA Corp. (U.S.A.)

US\$237 million/100.0%
Coordination and administration of Sumitomo Metals' U.S. operations

Head Offices, Works, and Laboratories

Head Offices

- **Osaka**
5-33, Kitahama 4-chome,
Chuo-ku, Osaka 541-0041, Japan
Tel: 81-6-6220-5111
Fax: 81-6-6223-0305
- **Tokyo**
8-11, Harumi 1-chome,
Chuo-ku, Tokyo 104-6111, Japan
Tel: 81-3-4416-6111

Works

Kashima Steel Works
Ibaraki, Japan

Wakayama Steel Works
Wakayama, Japan

Steel Tube Works,
Hyogo, Japan

Osaka Steel Works,
Osaka, Japan

Sumitomo Metals (Kokura), Ltd.
Fukuoka, Japan

Sumitomo Metals (Naoetsu), Ltd.
Niigata, Japan

Laboratories

Corporate Research &
Development Laboratories
Hyogo, Japan
Ibaraki, Japan

Overseas Affiliates

Sumitomo Metal USA Corp.

- **Chicago**
8750 West Bryn Mawr Avenue, Suite 1000,
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Tel: 1-773-714-8130
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Fax: 61-2-9247-0888

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Fax: 66-2-263-2970
- **ASEAN (Singapore)**
5 Shenton Way #25-07,
UIC Building, Singapore 068808
Tel: 65-6-220-9193
Fax: 65-6-224-0386
- **Shanghai**
Room 305, Golden Bridge Mansion,
2077 Yan An Road (W), Shanghai, China
Tel: 86-21-6219-3868
Fax: 86-21-6219-3866

Investor Information

Incorporated: July 1949
 Employees: 8,370 (as of March 31, 2002)
 Fiscal Year: April 1 – March 31
 Stock Listings: Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

American Depository Receipts
 Depository: The Bank of New York
 101 Barclay Street,
 New York, NY 10286, U.S.A.
 Tel: 1-212-815-2293

Annual Shareholders' Meeting: June
 Shareholder Registration Date
 for the year: March 31
 for the interim period: September 30
 Stocks: 1,000 per unit

Paid-in Capital: ¥237,922,474,221
 Shares Authorized: 4,940,864,000 shares
 Shares Issued and Outstanding: 3,632,272,511 shares

Transfer Agent and Registrar: The Sumitomo Trust and Banking Co., Ltd.
 5-33, Kitahama 4-chome, Chuo-ku, Osaka 540-0041, Japan

For further information: Public Relations & Investor Relations Department
 8-11, Harumi 1-chome, Chuo-ku, Tokyo 104-6111, Japan
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