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Code number: 5405

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Sumitomo Metals Plans to Recover the Damage of Great East Japan Earthquake

Today, Sumitomo Metal Industries, Ltd. (the “Company”) announced its plan to recover the fund of around 100 billion yen needed to restore the facilities at Kashima Steel Works damaged by Great East Japan Earthquake on March 11, 2011.

<Summary of the Recovery Plan>

We make every effort to cut spending in all possible aspects, including revision of investment plans, reduction of costs and expenses. We expect to obtain at least half the funds needed for damage recovery in FY2011 (April 1, 2011 – March 31, 2012).

(Billion yen)

	Recovery details	Portion to be recovered during FY2011
Deferment, etc., of investment in plant and equipment	30.0	9.0
Reduction of costs / expenses	55.0	24.0
Decrease in FY2010 year-end and FY2011 interim dividends	14.0	14.0
Fixed costs, etc.	Exceeding 3.0	Exceeding 3.0
Total	Approx. 100.0	Exceeding 50.0

<Details of funding demand>

(Billion yen)

	Two-year total	FY2010	FY2011 estimate
Effect on ordinary income		2.0	Approx. 5.0
Extraordinary losses		62.0	Approx. 15.0
Effect on income before taxes	Approx. 84.0	64.0	Approx. 20.0
Investment in facility recovery	Approx. 20.0		
Portion of the above which is funding demand	Approx. 100.0		

We aim to have Kashima Steel Works operating at its usual levels of production by the end of May. The figures above do not include the effects on our production and sales as a result of the production trends of our customers.

The above information was originally prepared and published by the Company in Japanese. This English translation is being provided for your convenience only. To the extent there is any discrepancy between the English translation and the original Japanese version, please refer to the Japanese version. The financial information was prepared in accordance with generally accepted accounting principles in Japan.