

## Sumitomo Metals to Acquire Standard Steel in U.S.

Sumitomo Metal Industries, Ltd. (“Sumitomo Metals”) and Sumitomo Corporation have agreed to acquire Steel Wheel Acquisition Corporation (“SWAC”), the parent company of Standard Steel, Inc. (“Standard Steel”) in the United States.

Standard Steel is one of North America’s leading manufacturers of railway wheels and axles with a history of over 200 years. Sumitomo Metals is one of the world’s top manufacturers of railway wheels and axles, with a strong focus on the Japanese market. With its commitment to, and focus on, safety and unceasing technical innovation, Sumitomo Metals’ high-speed railway wheels have been supplied to Japan’s Shinkansen bullet train as well as the Intercity-Express (ICE) trains in Germany and have been a highly respected supplier of wheels for these and other applications.

The acquisition of SWAC is being implemented as part of Sumitomo Metals’ strategy to expand into overseas growth markets with overseas production bases and concurrently to continue to strengthen its core domestic manufacturing bases (\*1). After this acquisition, we plan to raise our presence in North America and then to expand into Europe, Asia, and other areas.

Following the completion of the acquisition, Sumitomo Metals plans to transfer certain technology, such as its proprietary SIRD pressing facility (\*2), a rotary forging press for wheels, and its ultra clean steel technology, to Standard Steel. The aim of this is to enhance its global competitiveness in the manufacture and sale of railway wheels, including wheels used for locomotives and passenger trains, including high-speed rail. Moreover, both companies aim to enhance their customer services.

In recent years, global demand for railways has grown as it is increasingly viewed as a convenient and eco-friendly means of transportation, and market demand for technological advances and quality improvement in areas such as reliability and safety, high speed, low vibration, and low noise have risen correspondingly. We believe that technology transfer and cooperation between Sumitomo Metals and Standard Steel will make us more globally competitive in terms of quality, technology, and product line-up. The presence of manufacturing bases on both sides of the Pacific will also make Sumitomo Metals more diversified and thus more reliable as a supplier to customers, even in the case of crises.

In pursuing this transaction, Sumitomo Metals is determined to become a truly global railway wheel manufacturers with particular strength in the high-grade, high-speed segment. We will continue to help contribute to the global development of railways.

\*1) An example of strengthening manufacturing bases in Japan:

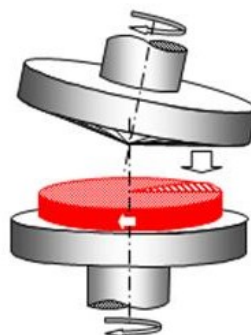
Sumitomo Metals has decided to introduce a new high-precision machining lathes for railway wheels at its Osaka sites in April 2012. This will make us better prepared to contribute to the development of higher-speed Shinkansen in Japan and to satisfy requirements for railway wheel standards around the world.

Amount of investment: Approximately 1 billion  
 Processing capacity: 13,000 railway wheels/year

\*2) SIRD press:

SIRD is an acronym for Sumitomo Inclined Rotary Dishing. This is Sumitomo Metals' proprietary rotary forging press, which enables products to be manufactured with better quality and higher precision than conventional ones.

**SIRD**  
 (Sumitomo Metals' proprietary rotary forging machine)



Principle of SIRD

(1) Overview of the acquisition

Acquisition price: Approximately US\$340 million  
 Shareholder structure after acquisition: Sumitomo Metals 90%; Sumitomo Corporation 10%  
 Date of acquisition: Anticipated to be completed before year end

(2) Profile of Standard Steel

Corporate name	Standard Steel, LLC
Location	Head office: Pittsburgh, Pennsylvania, U.S.A. Plant: Burnham, Pennsylvania, U.S.A.
Establishment	1795
Sales	Sales: \$209 million(2010)
Number of employees	620 (as of February 2011)
Business activities	Manufacture and sale of railway wheels and axles
Major customers	Class I railroads, Freight railcar builder, Railcar & locomotive maintenance shops, Regional transit authorities
Manufacturing capacity	Approximately 300,000 railway wheels/year

(3) Profile of Sumitomo Metals' Railway, Automotive, & Machinery Parts Company

The Railway, Automotive, & Machinery Parts Company has railway wheels and axles, and forged crankshafts for automobiles as its main products. It is the leading supplier of railway wheels and axles in Japan railway and is one of the top manufacturers of railway driving gears, bogie trucks, and couplers in Japan. Its annual manufacturing capacity is 240,000 railway wheels and 20,000 railway axles.

For inquiries: PR Group, Public Relations and IR Department, Sumitomo Metal Industries, Ltd.

TEL: 81-3-4416-6115

Mass Media Relations Team, Corporate Communications Department, Sumitomo Corporation

TEL: 81-3-5166-3100

Disclaimer. This document may contain statements, estimates or projections that reflect the plans or objectives of management for future operations (“forward-looking statements”). Generally the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from historical experience and present expectations or projections. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Except to the extent otherwise required by any applicable securities laws, Sumitomo Metals does not undertake to publicly update or revise any forward-looking statements.

