

Flash Report
Consolidated Basis
Results for Fiscal 2008
(April 1, 2008—March 31, 2009)

April 28, 2009

Company name: Nippon Steel Corporation
Stock listing: Tokyo, Osaka, Nagoya, Sapporo, Fukuoka stock exchanges
Code number: 5401
URL: <http://www.nsc.co.jp/en/index.html>
Representative: Shoji Muneoka, Representative Director and President
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Scheduled date to Ordinary General Meeting of Shareholders: June 24, 2009
Scheduled date to payment of dividends: June 25, 2009
Scheduled date to submit Securities Report: June 24, 2009

(Figures of less than ¥1 million have been omitted.)

1. Consolidated Financial and Operating Results through Fiscal 2008

(April 1, 2008—March 31, 2009)

(1) Consolidated Operating Results

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2008	4,769,821	(1.2)	342,930	(37.1)	336,140	(40.4)	155,077	(56.3)
Fiscal 2007	4,826,974	12.2	545,580	(6.0)	564,119	(5.6)	354,989	1.1

	Net income per share	Net income per share after full dilution	Return on Equity	Return on Assets	Return on Sales
	Yen	Yen	%	%	%
Fiscal 2008	24.61	23.71	8.7	6.7	7.2
Fiscal 2007	56.33	53.52	18.7	10.7	11.3

(For reference) Minority interest in net income of consolidated subsidiaries: Fiscal 2008 ¥58,876 million
Fiscal 2007 ¥52,507 million

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2008	4,870,680	2,174,809	34.3	265.24
Fiscal 2007	5,193,498	2,413,954	36.8	303.34

(For reference) Shareholders' equity: Fiscal 2008 ¥1,668,682 million
Fiscal 2007 ¥1,908,777 million

(3) Consolidated Statements of Cash-Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2008	127,540	(306,603)	170,209	128,390
Fiscal 2007	525,777	(438,121)	(200,604)	160,313

2. Dividends

Base date	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2007	—	5.00	—	6.00	11.00
Fiscal 2008	—	5.00	—	1.00	6.00
Fiscal 2009 (Forecast)	—	—	—	—	—

	Cash dividends	Ratio of cash dividends to net income	Ratio of cash dividends to net assets
	Millions of yen	%	%
Fiscal 2007	69,337	19.5	3.7
Fiscal 2008	37,818	24.4	2.1
Fiscal 2009 (Forecast)	—	—	—

Note: The dividend forecast is not decided since the level of that is set based on the consideration of the forecast for performance. The Company has decided to propose to give notice of dividend policy of end of second quarter when announcing the financial results for the first quarter of fiscal 2009, and that of end of fiscal year when announcing the financial results for the third quarter of fiscal 2009.

3. Consolidated Financial Forecasts for Fiscal 2009 (April 1, 2009—March 31, 2010)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of fiscal 2009	1,500,000	(42.4)	(100,000)	—	(100,000)	—
Fiscal 2009	3,500,000	(26.6)	0	(100.0)	0	(100.0)

	Net income		Net income per share
	Millions of yen	%	Yen
First half of fiscal 2009	(60,000)	—	(9.54)
Fiscal 2009	0	(100.0)	0.00

Note: The forecasts are presented as tentative figures, since negotiations for product prices and materials prices are currently in progress, and it is still impossible to predict with any certainty when the economy will recover.

4. Others

- (1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None

Newly included: —

Excluded: —

- (2) Changes in principles, procedures, methods of presentation, etc., related to the consolidated financial statements (Changes in material items that form the basis for the preparation and presentation of the consolidated financial statements)

(a) Changes accompanying revisions in accounting principles: Yes

(b) Changes other than those in (a) above: Yes

Note: For further details, please refer to the item “(7) Change in the Basic Material Items for the Preparation of the Consolidated Financial Statements” on page 22-23.

- (3) Number of shares issued (common shares)

- (a) Number of shares issued at the end of the period (including treasury stock)

Fiscal 2008 6,806,980,977 shares

Fiscal 2007 6,806,980,977 shares

- (b) Number of treasury stock at the end of the period

Fiscal 2008 516,602,427 shares

Fiscal 2007 514,477,120 shares

(For Reference) A Summary of Non-Consolidated Financial and Operating Results

1. Non-Consolidated Financial and Operating Results through Fiscal 2008

(April 1, 2008—March 31, 2009)

(1) Non-Consolidated Operating Results

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2008	3,128,694	12.4	252,965	(32.7)	203,661	(42.3)	108,986	(53.8)
Fiscal 2007	2,782,944	8.6	376,128	(6.5)	353,144	(9.4)	235,897	(5.2)

	Net income per share	Net income per share after full dilution
	Yen	Yen
Fiscal 2008	17.29	16.84
Fiscal 2007	37.38	35.71

(2) Non-Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2008	3,374,010	1,208,835	35.8	191.78
Fiscal 2007	3,548,498	1,369,206	38.6	217.22

(For reference) Shareholders' equity: Fiscal 2008 ¥1,208,835 million
Fiscal 2007 ¥1,369,206 million

2. Non-Consolidated Financial Forecasts for Fiscal 2009 (April 1, 2009—March 31, 2010)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of fiscal 2009	900,000	(48.3)	(105,000)	—	(95,000)	—
Fiscal 2009	2,100,000	(32.9)	(40,000)	—	(50,000)	—

	Net income		Net income per share
	Millions of yen	%	Yen
First half of fiscal 2009	(50,000)	—	(7.93)
Fiscal 2009	(30,000)	—	(4.76)

Note: The forecasts are presented as tentative figures, since negotiations for product prices and materials prices are currently in progress, and it is still impossible to predict with any certainty when the economy will recover.

* Explanation of the appropriate use of performance forecasts and other related items

The forward-looking statements included in this flash report are based on the assumptions, forecasts, and plans of the Company as of the date on which this document is made public. The Company's actual results may differ substantially from such statements due to various risks and uncertainties. For further details, please refer to the item "Fiscal 2009 Forecast" on page 10-11.

1. Consolidated Operating Results

(1) Operating Results Analysis

Operating Highlights for Fiscal 2008

Overview of Conditions in Fiscal 2008

The global economy exhibited characteristics of a simultaneous worldwide recession in fiscal 2008, as the financial crisis in the United States seemed to worsen almost daily following the insolvency of Lehman Brothers Holdings, Inc. (United States), in September last year. The repercussions appeared in the real economies around the world in the second half of the year with sharp price drops in the stock and commodities markets, fluctuating currency exchange rates, and constrained corporate capital spending and reserved private consumption.

The sense of an economic slowdown also grew in Japan as slowing export growth, ongoing sharp rises in resource prices in the first half, and other factors put pressure on corporate earnings. As the global economy slipped deeper into recession, conditions in the Japanese economy started deteriorated in the second half. Production activity quickly decelerated, capital investment receded in major industries, and companies even implemented employment adjustments.

The repercussions became increasingly evident in the steel industry in the second half with business slowing in all the key demand segments as overall steel demand evaporated more rapidly and on a wider basis than ever before.

The result was nationwide steel production volume falling an unprecedented 13.2% year on year to 105.5 million tons, marking the lowest level in seven years since reaching 102.0 million tons in Fiscal 2001 and setting a new record for the largest single-year drop and following the previous year when production was at the highest level in 34 years.

In the extremely severe economic conditions, the Nippon Steel Group worked to ensure a steady flow of revenue and overcome the challenges in the management environment. The Group's steelmaking and steel fabrication business and five non-steel businesses—engineering and construction, urban development, chemicals, new materials, and system solutions—all worked to respond rapidly to the changing environment and develop business operations through autonomous management initiatives in their respective fields.

Performance Review by Business Area Fiscal 2008

The highlights of performance by business area were as follows:

Fiscal Year	(Billions of yen)			
	Net Sales		Operating Profit (Loss)	
	FY08	FY07	FY08	FY07
Steelmaking and steel fabrication	4,038.6	3,994.5	307.0	475.9
Engineering and construction	386.6	359.8	24.6	21.4
Urban development	70.1	93.8	3.9	12.6
Chemicals	212.1	289.0	0.8	21.0
New materials	59.9	76.1	(2.3)	0.5
System solutions	161.5	165.3	11.4	14.7
Total	4,929.1	4,978.7	345.6	546.4
Elimination of intersegment transactions	(159.2)	(151.8)	(2.6)	(0.8)
Consolidated total	4,769.8	4,826.9	342.9	545.5

Steelmaking and Steel Fabrication

Steel demand in the steelmaking and steel fabrication business remained strong overall through the first half of the fiscal year both in Japan and overseas despite a slowing construction industry in Japan and declining real demand in the United States as well as decelerating economic growth in the BRICs (Brazil, Russia, India, and China).

At the same time, prices continued rising for steelmaking raw materials. The tight supply and demand conditions worldwide made to major increases in iron ore and coking coal prices unavoidable and brought higher price levels in the markets for scrap, crude oil, and other materials.

In these conditions, the Company aimed to improve its revenue structure by continuing to rigorously cut costs and enforcing other measures aimed at alleviating the underlying pressure to raise prices while seeking the understanding of customers for revisions to its steel product prices.

When the business conditions in major demand areas deteriorated further in the second half, decelerating corporate production activity and inventory adjustments in all the main demand segments led to sharp and wide-ranging drops in demand in the general merchandise segments as well as in the Company's core segment of high-grade steel.

In these conditions, to cope with the decline in demand, the Company took measures in the third quarter by reducing output by one million tons from the previous year's level and in the fourth quarter by reducing the operating rates of its blast furnaces to unprecedentedly low levels. In addition, also in the fourth quarter, the Company extended the periods of suspended blowing operations and implemented intermittent schedules for steel-rolling operations. In the fourth quarter, the Company moved up the scheduled blowoff (suspension of operations) to renovate the No. 1 blast furnace at the Oita Works, carried out the banking* of the No. 2 blast furnace at the Kimitsu Works, and implemented various additional measures that results in a major reduction in steel production by nearly four million tons from the previous year. The result was the lowest fourth-quarter steel production and shipment volumes in the Company's history.

* Banking means stopping the air blast flow to temporarily halt production while maintaining furnace conditions to restart production in the future

In alliances and joint ventures, the Company and partner ArcelorMittal, of Luxembourg, are partially revising plans, including postponements, for a continuous galvanized line that is being expanded at I/N Kote in the United States to take into account the current sizeable contraction of the North American automotive market.

While carefully monitoring the changes in the economic environment and reviewing its business strategies, the Company continued to deepen and expand its global supply network while taking steps to ensure the long-term stable procurement of materials in anticipation of global economic growth and recovery in steel demand in the medium and long terms. Specific initiatives included partially financing the acquisition by Suzuki Metal Industry Co., Ltd. (a key Nippon Steel Group manufacturer conducting secondary processing of the Company's special wire rod products) of Haldex Garphyttan AB, (Sweden), a leading producer of valve spring wires, and also committing to participation with POSCO (South Korea), in a cold-rolling mill in Vietnam.

In addition, with the aims of strengthening relations with USIMINAS (Brazil), an alliance partner and equity-method affiliate in South America, and of better responding to the needs of customers in Brazil and throughout South America, Nippon Steel and major resource provider Vale reached an agreement for the Company to acquire Vale's voting stock in USIMINAS.

To ensure a stable supply of resources, together with other domestic steel manufacturers, general trading companies, and POSCO, the Company has committed to acquiring an equity interest in NAMISA (of Brazil), which is a producer and marketer of iron ore and a subsidiary of the leading steel company CSN (Brazil).

As part of its ongoing environmental activities and the Company's strategic alliance with POSCO, a Nippon Steel-POSCO joint venture commenced the construction of rotary hearth furnace-type reduction furnaces at POSCO's Pohang and Gwangyang works to support the companies' allied operations supplying recycled steel dust and reduced iron. This plant construction is proceeding with a schedule for going into operation this year.

We regret the concerns which may have been caused in the local community and among other parties by the accidental fire that occurred on July 29 last year in the coal belt conveyor and coke gas pipe facilities of the coke furnace at the Company's Yahata Works. After repair work and extensive measures to prevent recurrence, the No. 4 coke furnace resumed operation on September 22 last year and the No. 5 coke furnace resumed operation on December 12 last year.

In addition, in the Company's subsidiaries, facts were made clear last May that part of work was not conducted according to standards and contract specifications and this caused serious concern among clients and related parties. Thereafter, a thorough review was conducted of the Group's quality control systems, especially as regards Group companies and OEM outsourcing companies, with the aims of putting measures in place to prevent recurrences of such issues and recover confidence.

Despite the active implementation of a wide range of improvements and changes during the year, the operating profit of the steelmaking and steel fabrication business recorded declines from the previous year, however, its net sales increased year on year.

Engineering and Construction

In the engineering and construction business, Nippon Steel Engineering Co., Ltd., is focusing on developing its solutions-based operations in Japan in the areas of steel production plants, large-scale distribution facility construction projects, and waste treatment facilities. Outside Japan, the company is concentrating on securing orders for energy development related projects in Southeast Asia. The company's meticulous risk management and efforts to improve earnings on the project orders it

undertakes resulted in year-on-year increases for both net sales and operating profit. At the same time, the worsening economic conditions resulted in a decline in orders received during the year due primarily to project cancellations and postponements.

Urban Development

In the urban development business, Nippon Steel City Produce, Inc., the Group's real estate development company, recorded a low contract rate level in the condominium market, reflecting the weak desire customers have to purchase during the current period of deteriorating economic and employment conditions. Demand is also down in the rental building market for corporate office space, and vacancy rates are rising. In this severe environment, the Company made every effort to enhance its selectivity when acquiring new properties and to accelerate the completion of the sale of its inventory of properties. Nevertheless, urban development business net sales and operating profit both declined year on year.

Chemicals

In the chemicals business, Nippon Steel Chemical Co., Ltd., had a solid first half of the year supported by buoyant demand in the coal tar and carbon materials fields and growing sales for circuit board materials for mobile phone applications. In the second half, the sharp price fluctuations for crude oil and naphtha and the extreme deterioration in product markets as demand disappeared worldwide strongly impacted the performance of the chemicals business. Companies implemented inventory adjustments in all product markets, including in the electronics materials business segment, and the markets all but came to a standstill. The company ultimately posted declines in both net sales and operating profit for year.

New Materials

Net sales plummeted for Nippon Steel Materials Co., Ltd., as results were strongly impacted by a sharp drop in demand in the second half in the core markets of semiconductors and electronic materials and a virtual freezing of capital investment by major manufacturers. The company is enhancing its production capabilities for carbon fiber and polysilicon for solar cells, which are giving indications of developing a medium-term growth trend although some weakness in demand appeared in the second half as economic conditions worsened. Amid these difficult conditions, the segment is working on thoroughgoing cost reductions and improving profitability through optimization of production scale. The segment is also undertaking new initiatives, such as deciding to begin manufacturing and sales of silicon carbide wafer for use in power devices. Despite these efforts, net sales declined substantially from the previous year, and the company was ultimately forced to record an operating loss.

System Solutions

In the system solutions business, NS Solutions Corporation develops comprehensive system life-cycle (SLC) solutions encompassing the planning, configuration, operation, and maintenance of IT systems for a wide range of customers in the manufacturing, distribution, financial, public-sector, and other industries. The company has also begun providing services incorporating cloud computing* to improve customer investment efficiency and accelerate responsiveness to changes in the business climate. Net sales and operating profit declined year on year, primarily owing to the deteriorating business environments for its corporate clients and the accompanying decline in systems investment.

* Cloud computing is a new Internet-based computer usage configuration enabling services that allow users to access dynamically scalable resources via the Internet.

Sales and Earnings

In fiscal 2008, declines in both sales and income were reported, with consolidated net sales declining ¥57.1 billion year on year, to ¥4,769.8 billion; operating profit decreasing ¥202.6 billion, to ¥342.9 billion; ordinary profit falling ¥227.9 billion, to ¥336.1 billion; and net income declining ¥199.9 billion, to ¥155.0 billion. The results were significantly affected by the steep cuts in production and shipment volumes, primarily in the fourth quarter, and the substantial increases in raw materials procurement costs.

On a non-consolidated basis, net sales increased ¥345.7 billion year on year, to ¥3,128.6 billion; operating profit declined ¥123.1 billion, to ¥252.9 billion; operating profit fell ¥149.4 billion, to ¥203.6 billion; and net income decreased ¥126.9 billion, to ¥108.9 billion

Fund Procurement

The Company conducted six issues of unsecured corporate bonds during fiscal 2008: issues No. 56 and No. 57 each valued at ¥29.9 billion and ¥29.9 billion on May 23; issues No. 58 and No. 59 valued at ¥30.0 billion and ¥10.0 billion, respectively, on September 2; and No. 60 and No. 61 valued at ¥30.0 billion and ¥15.0 billion, respectively, on December 2.

Fiscal 2009 Forecast

In fiscal 2009, the Company expects the worldwide economic and business conditions to continue deteriorating and the extremely severe conditions for steel demand to persist. At the same time, signs of improvement are beginning to appear, including the record high for monthly automobile unit sales in

China in March this year. Some countries have also begun implementing economic stimulus measures, and governments around the world are expected to take similar steps to improve the economic conditions in their countries.

The Japanese economy is also showing some signs of revival. While the construction industry remains stagnant, indications are appearing in some areas that suggest that conditions are beginning to improve. Inventory adjustments are reaching an end in the automobile, electric machinery, and other industries, and some industries where production output levels had been reduced are starting to receive support from the continuing growth in export demand from China.

Regarding conditions in the steel industry, steel materials inventory levels started declining in January 2009, particularly inventories of the three sheet products (hot-rolled, cold-rolled, and coated sheets). However, inventory levels remain high, and the Company believes that all of the first quarter of fiscal 2009 will likely be required to return to appropriate levels. On the other hand, from the second quarter onward real demand is expected to start recovering with an accompanying rebound in production output volume supported by the progress made in inventory adjustments in the main demand segments. The economic stimulus measures undertaken in various countries are also expected to have a positive effect.

Real demand for the Company's products is expected to continue to be sluggish in the first quarter. Production output levels are also likely to remain low as steel material inventory levels settle back to appropriate levels. Due to the progress of the renovation of the No. 1 blast furnace at the Oita Works, the blowing-in date has been rescheduled from the first half to the second half or later. These developments are expected to hold production and shipment levels to the levels recorded in the fourth quarter of fiscal 2008.

The operating conditions suggest that the very severe earnings conditions will persist in the first half of fiscal 2009. While there are some positive trends, such as declining coking coal prices, production and shipment levels are expected to remain at historically low levels while the inventory valuations and product shipment payments for raw materials bearing the high prices that contracted in the previous fiscal year continue to constrain earnings.

From the second quarter of the fiscal year onward, earnings are expected to steadily improve following the completion of the inventory adjustments in the core demand segments as well as rising production and shipment volumes in tandem with a rebound in real demand.

Management will continue to put every effort into raising product sales and minimizing costs to ensure the Company achieves a positive profit result for the fiscal year. Extensive steps will be taken to contain costs, including increasing the use of lower-priced materials and optimizing production line operations to pursue minimum-cost operations while output volume remains low, reductions in compensation of directors and postponing payment of directors' bonuses, as well as restraining expenditures to the maximum extent possible and introducing temporary suspensions of operations.

At this point, however, negotiations for product prices and materials prices are currently in progress, and it is still impossible to predict with any certainty when the economy will recover. In consideration of these circumstances, the forecast amounts for the next fiscal year are presented at this time as tentative figures.

2. Financial Analysis (Consolidated)

Assets, liabilities, net assets, and cash flow

Total consolidated assets at the end of the fourth quarter of fiscal 2008 were ¥4,870.6 billion, representing a decrease of ¥322.8 billion from ¥5,193.4 billion at the end of fiscal 2007. Although inventories increased by ¥154.3 billion due to high raw material price, investments and others declined ¥443.0 billion, which includes a drop in the value of investments and others.

Total liabilities at the end of the fourth quarter of fiscal 2008 amounted to ¥2,695.8 billion, compared with ¥2,779.5 billion at the end of fiscal 2007, a decrease of ¥83.6 billion. Interest-bearing debt (which from the fiscal year under review includes lease obligations) stood at ¥1,454.2 billion at the end of the fiscal year, representing an increase of ¥262.1 billion compared with ¥1,192.0 billion at the end of the previous fiscal year. The decrease in total liabilities was primarily due to declines in notes and accounts payable (¥143.4 billion), accrued income taxes and enterprise taxes (¥58.9 billion), and deferred tax liabilities (¥124.6 billion), which includes a drop in the value of investment securities.

Net assets were ¥2,174.8 billion at the end of fiscal 2008, representing a decrease of ¥239.2 billion from the ¥2,413.9 billion at the end of fiscal 2007. Although the Company reported net income of ¥155.0 billion for the period under review, net assets decreased primarily as a result of payments of a year-end

cash dividend of ¥6 per share (totaling ¥37.8 billion) and a midterm cash dividend of ¥5 per share (totaling ¥31.5 billion) and declines of ¥212.0 billion in unrealized gains on available-for-sale securities and of ¥108.2 billion in foreign currency translation adjustments. Please note that shareholders' equity at the end of the fiscal year under review amounted to ¥1,668.6 billion, and the ratio of interest-bearing debt to shareholders' equity (the debt/equity ratio) was 0.87.

Cash flows from operating activities for the fiscal year under review amounted to ¥127.5 billion. The principal factors influencing operating cash flows were inflows from income before income taxes and minority interest of ¥281.0 billion and depreciation and amortization amounting to ¥273.7 billion. These inflows were partially offset by outflows owing to the payment of income taxes of ¥205.6 billion and an increase in inventories of ¥171.5 billion and other factors.

Cash flows from investing activities amounted to ¥306.6 billion, owing largely to securities investments of ¥73.5 billion to secure rights to raw materials and investments in production capacity of ¥295.5 billion to prepare for growth in the world economy over the medium-to-long term and a recovery in steel demand. As a result of these trends in operating and investing cash flows, free cash flows amounted to a new outflow of ¥179.0 billion.

Cash flows from financing activities totaled ¥170.2 billion, as cash dividend payments of ¥69.3 billion were more than offset by net increases in borrowings. As a result of the previously mentioned movements in cash flows, the Company's cash and cash equivalents at the end of the fiscal year under review amounted to ¥128.3 billion.

Trends in Cash Flow Indicators

Fiscal year	2005	2006	2007	2008	2009
Ratio of net worth (%)	30.7	36.9	35.4	36.8	34.3
Ratio of net worth at market price (%)	47.2	66.7	99.1	61.2	34.0
Debt redemption term (years)	2.4	3.1	2.5	2.3	11.4
Interest coverage ratio (times)	24.9	23.7	31.1	30.2	6.5

Notes:

Ratio of net worth: $(\text{Net assets} - \text{Minority interests}) / \text{Total assets}$

Ratio of net worth at market price: $\text{Current aggregate value of shares} / \text{Total assets}$

Debt redemption term: $\text{Interest-bearing debt} / \text{Cash flows from operating activities}$

Interest coverage ratio: $\text{Cash flows from operating activities} / \text{Interest expenses}$

- * Each indicator is calculated from the figures in the consolidated financial statements.
- * The current aggregate value of shares is calculated by multiplying the common stock price at term-end by the number of shares outstanding at term-end.
- * Interest-bearing debt covers all debt bearing interest (short-term loans, commercial paper, corporate bonds scheduled to come due within one year, convertible bonds scheduled to come due within one year, corporate bonds, other convertible bonds, long-term loans and lease obligations).
- * Cash flow figures from operating activities in the consolidated statements of cash flows are used, and interest expense figures from the consolidated statements of cash flows are used.

3. Basic Profit Distribution Policy and Dividends in Fiscal 2008 and Fiscal 2009

Nippon Steel's basic profit distribution policy is to pay dividends from distributable funds in consideration of the consolidated operating results of each fiscal year and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also endeavoring to further reinforce the Company's financial structure. The Company has set itself the consolidated payout ratio target of approximately 20% (non-consolidated payout ratio target of approximately 30%) for use as an indicator for the distribution of profits based on due consideration of consolidated operating results. However, because the Company's top priority for the time being is to fortify the corporate financial structure, a temporary target of approximately 15%-20% is in effect for the consolidated payout ratio (non-consolidated payout ratio at approximately 20%-30%),

which is slightly lower than the standard level stated above. Interim and year-end dividend levels will be set to maintain a consolidated payout ratio within the target ranges currently in effect.

The level of interim dividends is set based on the consideration of the dividend policy for the fiscal year, the interim performance figures, and the forecast for performance for the full fiscal year.

In line with the dividend policy outlined above, the Company distributed a dividend payment for the end of the interim period of ¥5 per share at the end of the first half of fiscal 2008.

Regarding the payment of cash dividends from retained earnings, a consolidated net loss was reported in the second half of the fiscal year, but because of the serious impact of the sudden changes in the macroeconomic environment and in view of the Company's situation as regards retained earnings, with a view to paying a return to shareholders, the Company has decided to propose to the General Meeting of Shareholders payment of a year-end dividend of ¥1 per share, as a result of which the dividend for the full fiscal year will be ¥6 per share be paid (which will represent a reduction of ¥5 per share compared with the cash dividend of the previous fiscal year, and the dividend payout ratio on a consolidated basis will be 24.4% and 34.7% on a non-consolidated basis)

The specific amount of dividends to be paid from retained earnings for the current fiscal year is still undetermined.

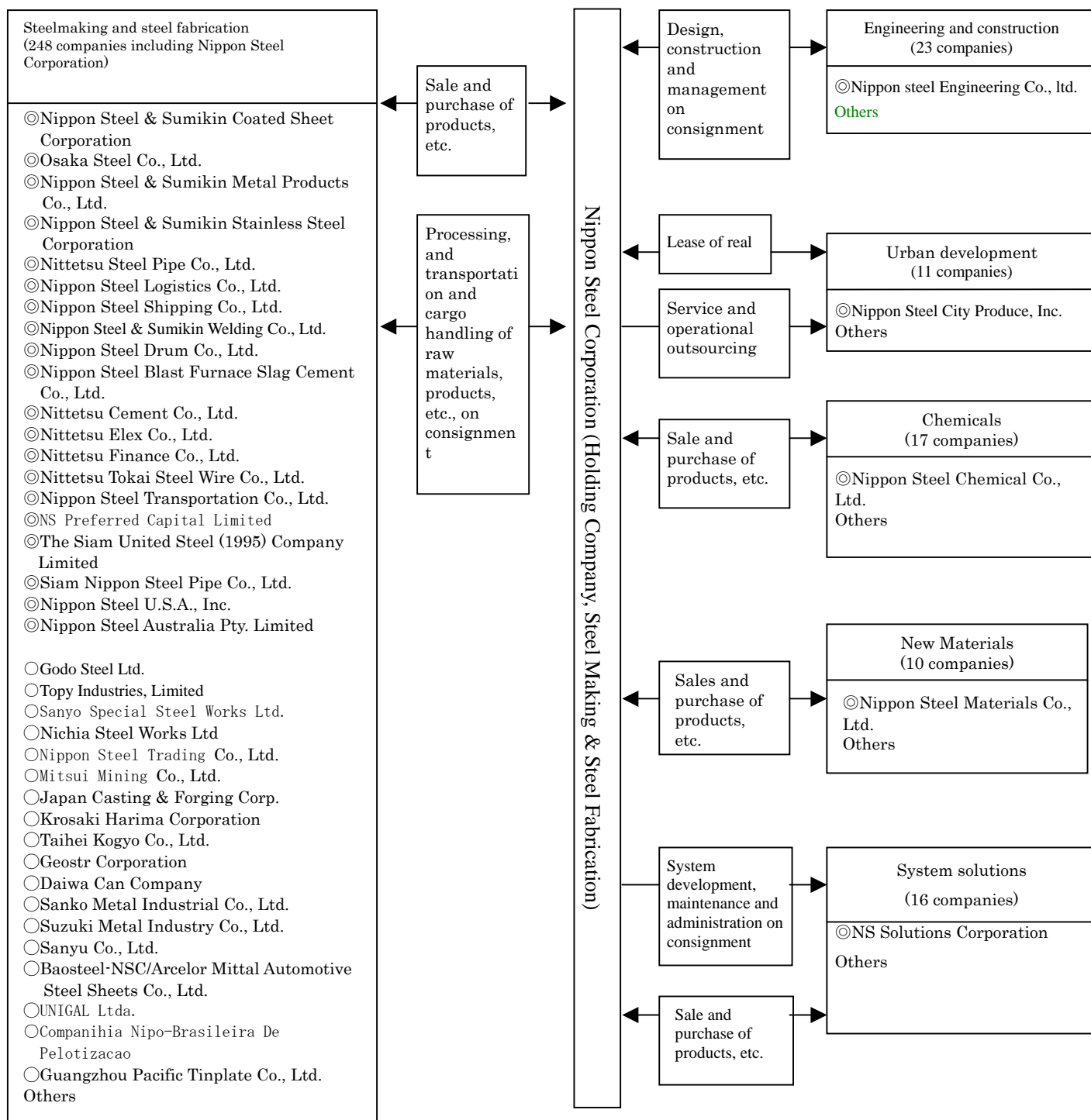
2. Corporate Group

Schematic Diagram of Business

Nippon Steel Group is comprised of the parent company Nippon Steel Corporation, 251 consolidated subsidiaries and 73 affiliates accounted for by the equity method. The Group's overall businesses are categorized into several industry segments: steelmaking and steel fabrication, engineering and construction, urban development, chemicals, new materials and system solutions. The principal businesses and business relations of Nippon Steel and major subsidiaries and affiliates are outline below.

◎Major consolidated subsidiaries

○Major affiliates accounted for by the equity method



(Note)

Mitsui Mining Co., Ltd. changed the corporate name to Nippon Coke & Engineering Co., td. on April 1.

Of the subsidiaries owned by Nippon Steel at the end of this consolidated term (March 31, 2009), the companies for which their stocks are listed (or publicly-traded) on any of the domestic stock exchanges are as follows:

Company name

Osaka Steel Co., Ltd.

NS Solutions Corporation

Stock exchange where listed

First Section of the Tokyo Stock Exchange; First Section of the Osaka Securities Exchange

First Section of the Tokyo Stock Exchange

3. Management Policy

Regarding the outlook for the fiscal year ending March 31, 2010, in view of recent economic conditions, we are implementing initiatives to focus all our resources and capabilities on sales and cost control to overcome the difficulties in the operating environment. Specific initiatives are described on page 7 of this Flash Report in the section: “1. Consolidated Operating Results, (1) Operating Results Analysis, Fiscal 2009 Forecast.”

In the steelmaking and steel fabrication business, looking to the medium-to-long term, Nippon Steel Group will continue to pursue two strategic objectives. As the Company’s core market is high- and medium-grade steel products, it will, first, be taking the necessary measures to expand the crude steel output capacity of the Nippon Steel Group to a level in excess of 40 million tons annually through economically efficient and reasonable investments in capital equipment and concluding capital partnerships. At the same time, as its second strategic objective, with its competitive base of operations in Japan, Nippon Steel Group will aggressively expand its overseas production and sales with the goal of making the transition to being a “Global Player.” Moreover, to strengthen its technological capabilities, which are the source of the competitiveness of the Nippon Steel Group, the Group will continue to hone its technological lead and its workplace advantages.

In other activities outside the steel business, amid the fast-changing business environment, the Group will work to increase its lead in technology in those businesses, and, by developing new products and services and offering solutions, will endeavor to increase profitability, improve its financial position, and thereby solidify its market presence.

Through these initiatives, Nippon Steel Group will work toward achieving sustainable growth and corresponding growth in corporate value.

Other activities aimed at gaining the trust and confidence of the market and society as a whole will be the aggressive implementation of environmental management and the maintenance of compliance with related laws and regulations. These activities will include reducing the Company’s CO₂ emissions through measures to promote energy saving and prevent global warming as well as develop environmentally friendly products.

Regarding the Company’s Medium-Term Management Plan covering fiscal 2009 and subsequent years, please note that the Company is currently preparing specific objectives and policies, based on the management policies previously mentioned.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

ASSETS	Millions of yen	
	March 31, 2009	March 31, 2008
Current assets :		
Cash and bank deposits	124,007	159,455
Notes and accounts receivable	471,745	516,858
Marketable securities	13,038	9,015
Inventories	1,021,543	867,157
Deferred tax assets	91,532	65,592
Other	164,131	142,031
Less: Allowance for doubtful accounts	(5,442)	(7,685)
Total current assets	1,880,556	1,752,424
Fixed assets :		
Tangible fixed assets :		
Buildings and structures	463,986	468,315
Machinery and equipment	922,357	959,955
Land	330,784	319,651
Lease assets	9,436	-
Construction in progress	93,265	76,801
	1,819,830	1,824,724
Intangible fixed assets		
Patents and utility rights	12,133	17,979
Software	1,504	1,580
Goodwill	5,946	3,543
Lease assets	464	-
	20,050	23,103
Investments and others :		
Investments in securities	957,392	1,396,521
Deferred tax assets	52,731	31,832
Other	145,668	170,004
Less: Allowance for doubtful accounts	(5,549)	(5,112)
	1,150,243	1,593,245
Total fixed assets	2,990,124	3,441,074
Total assets	4,870,680	5,193,498

	Millions of yen	
LIABILITIES	March 31, 2009	March 31, 2008
Current liabilities :		
Notes and accounts payable	476,571	619,974
Short-term loans and portion of long-term loans due within one year	342,545	272,009
Commercial paper	148,000	135,000
Bonds due within one year	43,250	95,300
Current portion of lease liability	3,019	-
Accrued expenses	236,604	226,872
Allowance for losses on construction contracts	4,666	3,384
Provision for environmental remediation	-	5,402
Other	271,698	364,003
Total current liabilities	1,526,354	1,721,947
Long-term liabilities :		
Bonds and notes	324,967	223,274
Long-term loans	585,446	466,433
Lease liability(excluding current portion)	6,966	-
Deferred tax liabilities	35,450	160,099
Accrued pension and severance costs	136,380	125,536
Allowance for retirement benefits of directors and corporate auditors	4,400	4,191
Reserve for repairs to blast furnaces	37,013	39,230
Other	38,891	38,830
Total long-term liabilities	1,169,517	1,057,596
Total liabilities	2,695,871	2,779,543
NET ASSETS		
Shareholders' equity :		
Common stock	419,524	419,524
Capital surplus	114,333	114,364
Retained earnings	1,458,622	1,377,823
Less: Treasury stock, at cost	(262,152)	(261,272)
	1,730,328	1,650,440
Valuation and transaction adjustments:		
Unrealized gains on available-for-sale securities	22,665	234,673
Deferred hedge income (loss)	(1,149)	(1,508)
Unrealized gains on revaluation of land	11,187	11,247
Foreign currency translation adjustments	(94,348)	13,923
	(61,645)	258,336
Minority interest in consolidated subsidiaries	506,126	505,176
Total net assets	2,174,809	2,413,954
Total liabilities and net assets	4,870,680	5,193,498

(2) Consolidated Statements of Income

Millions of yen

	Fiscal 2008	Fiscal 2007
Operating revenues :		
Net sales	4,769,821	4,826,974
Cost of sales	4,105,778	3,952,976
Gross margin	664,042	873,997
Selling, general and administrative expenses	321,112	328,417
Operating profit	342,930	545,580
Non-operating profit and loss :		
Non-operating profit :		
Interest and dividend income	25,085	24,555
Equity in net income of unconsolidated subsidiaries and affiliates	58,876	52,507
Other	24,090	27,456
	108,051	104,519
Non-operating loss :		
Interest expenses	19,813	17,773
Other	95,029	68,207
	114,842	85,980
Ordinary profit	336,140	564,119
Special profit :		
Gain on sales of tangible fixed assets	13,342	41,366
	13,342	41,366
Special loss :		
Loss on valuation of investments in securities	68,402	-
	68,402	-
Income before income taxes and minority interest	281,079	605,485
Income taxes - current	145,113	201,330
Income taxes - deferred	(31,753)	22,164
Minority interest in net income of consolidated subsidiaries	12,641	27,001
Net income	155,077	354,989

(3) Consolidated Statements of Changes in Net Assets

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	
Balance at March 31, 2008	419,524	114,364	1,377,823	(261,272)	234,673	(1,508)	11,247	13,923	505,176	
Cash dividends			(69,335)							
Net income for fiscal year 2008			155,077							
Acquisition of treasury stock				(1,269)						
Disposal of treasury stock		(30)		211						
Decrease due to the change in the number of consolidated companies			(5,003)	177						
Reversal of unrealized gains on revaluation of land			59							
Other change for fiscal year 2008(net)					(212,008)	358	(59)	(108,272)	949	
Total change for this fiscal year 2008	-	(30)	80,798	(880)	(212,008)	358	(59)	(108,272)	949	
Balance at March 31, 2009	419,524	114,333	1,458,622	(262,152)	22,665	(1,149)	11,187	(94,348)	506,126	

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	
Balance at March 31, 2007	419,524	111,693	1,087,908	(170,563)	438,056	300	9,922	(3,958)	476,344	
Cash dividends			(69,966)							
Net income for fiscal year 2007			354,989							
Acquisition of treasury stock				(94,516)						
Disposal of treasury stock		2,671		4,369						
Increase due to the change in the number of consolidated companies			5,533	(561)						
Reversal of unrealized gains on revaluation of land			(640)							
Other change for fiscal year 2007(net)					(203,382)	(1,809)	1,325	17,882	28,832	
Total change for this fiscal year 2007	-	2,671	289,915	(90,709)	(203,382)	(1,809)	1,325	17,882	28,832	
Balance at March 31, 2008	419,524	114,364	1,377,823	(261,272)	234,673	(1,508)	11,247	13,923	505,176	

(4) Consolidated Statements of Cash-Flows

	Millions of yen	
	Fiscal 2008	Fiscal 2007
Cash flows from operating activities :		
Income before income taxes and minority interests	281,079	605,485
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization	273,744	244,038
Interest and dividend income (accrual basis)	(25,085)	(24,555)
Interest expense (accrual basis)	19,813	17,773
Exchange loss(gain) on foreign currency transactions	3,487	10,111
Amortization of goodwill	1,103	3,007
Equity in net (income) loss of unconsolidated subsidiaries and affiliates	(58,876)	(52,507)
Loss (gain) on sales of investments in securities	(3,368)	114
Loss on valuation of investments in securities	68,402	-
Loss on disposal of tangible and intangible fixed assets	11,781	8,070
Gain on sales of tangible and intangible fixed assets	(13,342)	(41,366)
Changes in allowance for doubtful accounts	(1,850)	(5,283)
Changes in notes and accounts receivable	37,598	63,953
Changes in inventories	(171,535)	(80,119)
Changes in notes and accounts payable	(127,389)	43,008
Other	17,818	(53,836)
Interest and dividend income (cash basis)	39,330	34,520
Interest expense (cash basis)	(19,511)	(17,435)
Income taxes (cash basis)	(205,660)	(229,203)
Net cash provided by operating activities	127,540	525,777
Cash flows from investing activities :		
Acquisition of investments in securities	(73,520)	(195,554)
Proceeds from sales of investments in securities	39,664	6,959
Acquisition of tangible and intangible fixed assets	(295,584)	(297,890)
Proceeds from sales of tangible and intangible fixed assets	16,761	58,444
Other	6,074	(10,080)
Net cash used in investing activities	(306,603)	(438,121)
Cash flows from financing activities :		
Net increase (decrease) in short-term loans	95,229	(28,492)
Net increase (decrease) in commercial paper	13,000	(28,000)
Proceeds from long-term loans	185,119	181,550
Payments of long-term loans	(85,159)	(183,509)
Proceeds from bonds and notes	144,448	79,707
Redemption of bonds and notes	(95,324)	(43,074)
Payments for purchase of treasury stock	(178)	(93,430)
Cash dividends	(69,335)	(69,966)
Other	(17,590)	(15,388)
Net cash provided by (used in) financing activities	170,209	(200,604)
Effect of exchange rate changes on cash and cash equivalents	(23,069)	(8,868)
Net increase in cash and cash equivalents	(31,923)	(121,817)
Cash and cash equivalents at beginning of the year	160,313	282,766
Increase (decrease) from the change in the number of companies consolidated	-	(635)
Cash and cash equivalents at end of year	128,390	160,313

(5) Matters or Circumstances Causing Material Doubt about Continuing Companies as Going Concerns

None

(6) Basic Material Items for the Preparation of the Consolidated Financial Statements

The Company has omitted information other than those in (7) below, since there was no material change compared with the latest Securities Report submitted in June 25, 2008.

(7) Change in the Basic Material Items for the Preparation of the Consolidated Financial Statements

(a) Changes accompanying revisions in accounting principles:

- 1) Inventories held for ordinary sales purposes were previously accounted for mainly by the purchase-cost method based on the periodic average method. However, beginning with the fiscal year under review accompanying the application of “Accounting Standards for Measurement of Inventories (ASBJ Statement No. 9), the method of measurement of inventories was changed mainly to the cost method based on the periodic average method (the method of reducing the book value of inventories when their contribution to profitability declines).

As a result of this change, the gross margin and operating profit for the fiscal year under review were both ¥55,432 million lower, and ordinary profit and income before income taxes and minority interests for the fiscal year under review were both ¥57,500 million lower than they would have been prior to the change.

Please note that the effect of this change on segment information is as stated in the notes to the segment information.

- 2) Previously, the accounting treatment for finance leases for which ownership is not transferred to the lessee followed methods applicable to ordinary rental transactions. However, “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13) and “Implementation Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16) were applied beginning with the fiscal year under review. In addition, assets leased in finance leases, for which ownership is not transferred to the lessee, are depreciated to zero residual value over the life of the assets using the straight-line method.

As a result of this change, the effect on the consolidated financial statements for the fiscal year under review was not material.

- 3) Beginning with the fiscal year under review, the Company has applied “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force Report No. 18).

As a result of this change, there was no effect on the consolidated financial statements for the fiscal year under review.

(b) Changes other than those in (a) above

Income and expenses of overseas subsidiaries and affiliates are converted to yen. Previously, this conversion was made at the rate prevailing on the closing date of the consolidated financial statements, but beginning with the fiscal year under review, the conversion was made at the average rate during the accounting period. This change was made to present the income and expense items more accurately, accompanying the growing importance of overseas subsidiaries and affiliates.

As a result of this change, for the fiscal year under review, net sales were ¥36,524 million higher, the gross margin was ¥10,010 million higher, operating profit was ¥8,666 million higher, and ordinary profit and income before income taxes and minority interests were ¥26,292 million higher than they would have been prior to the changes.

Please note that the effect of this change on segment information is as stated in the notes to the segment information.

(c) Supplementary Information

Beginning with the fiscal year under review, accompanying revisions in Japan's income tax law, the Company and its domestic consolidated subsidiaries have reviewed the useful lives of their property, plant and equipment.

Accompanying this review and the changes in useful lives, for the fiscal year under review, depreciation expense was ¥12,044 million higher, the gross margin was ¥11,163 million lower, operating profit was ¥11,192 million lower, and ordinary profit and income before income taxes and minority interests were ¥11,802 million lower than they would have been prior to the changes.

Please note that the effect of this change on segment information is as stated in the notes to the segment information.

(8) Notes of Consolidated Financial Statements

(a) Consolidated Segment Information

1) Information of business segments

Fiscal 2008 (April 1, 2008 to March 31, 2009)

Millions of yen

								Elimination of intersegment transactions	Consolidated total
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions	Total		
Sales	4,038,685	386,643	70,152	212,172	59,907	161,541	4,929,103	(159,281)	4,769,821
Operating profit	307,047	24,674	3,929	894	△ 2,397	11,479	345,627	(2,696)	342,930
Total assets	4,183,826	298,053	224,247	136,185	30,441	128,082	5,000,836	(130,155)	4,870,680
Depreciation	256,085	3,235	2,279	9,192	2,848	1,833	275,475	(1,730)	273,744
Capital expenditure	283,653	6,011	8,512	8,470	1,649	1,645	309,942	(4,204)	305,738

Fiscal 2007 (April 1, 2007 to March 31, 2008)

Millions of yen

								Elimination of intersegment transactions	Consolidated total
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions	Total		
Sales	3,994,526	359,884	93,839	289,029	76,157	165,360	4,978,797	(151,823)	4,826,974
Operating profit	475,951	21,496	12,602	21,050	559	14,756	546,416	(835)	545,580
Total assets	4,504,623	296,913	189,718	187,863	41,530	121,289	5,341,938	(148,440)	5,193,498
Depreciation	225,799	3,405	2,337	9,729	2,090	1,855	245,218	(1,179)	244,038
Capital expenditure	296,384	5,582	296	5,535	6,126	1,839	315,764	(6,770)	308,993

Note: 1. Method for business segment classification

The Company's business segments are steelmaking and steel fabrication, engineering and construction, urban development, chemicals, new materials, and system solutions. When determining the business segment classification and method of presentation, the Company applies the basic policy that the classification and method of presentation should express accurately and succinctly the distinctive features of each business domain.

Notes: 2. Segment Main Products and Incidental Businesses

Business Segment	Main Products	
Steelmaking and Steel Fabrication	Steel sections	Rails, sheet piles, H beams, other shapes; Bars, bars-in-coils, wire rods, special wire rods
	Flat-rolled products	Heavy plates, medium plates, hot-rolled sheets, cold-rolled sheets; Tinplate, tin-free steel, hot-dipped galvanized sheets, other metallic coated sheets, pre-coated sheets; Cold-rolled electrical steel sheet
	Pipe and tubes	Tubulars: seamless, butt-welded, electric-resistance welded, electric-arc welded, cold-drawn, and coated pipes and tubes
	Specialty steel	Stainless steel, machine structural carbon steel, structural alloy steel, spring steel, bearing steel, heat-resistant steel, free-cutting steel, piano wire rods, high-strength steel
	Secondary steel products	H-beam bridges, steel segments, gratings, PANZERMAST, vibration-damping sheets and plates, NS Louver, structural steel sheet members, columns, welding materials, drums, bolts/nuts/washers, wire products, OCTG accessories, building and civil engineering materials
	Pig iron, steel ingots, others	Steelmaking pig iron, foundry pig iron, steel ingots; Iron and steel slag products, cement, foundry coke
Businesses incidental to Steelmaking and Steel Fabrication		Design/maintenance/installation of machines/electrical equipment/measurement apparatuses; Marine transport, port/harbor transport, land transport, loading/unloading, warehousing, packaging; Material testing/analysis, measurement of working environments, surveys on technical information, operation and management of various facilities, security services, services related to documentation of raw materials import, iron- and steelmaking plant construction engineering, operating assistance, steelmaking know-how provision, rolls
	Other	Rolled titanium products, aluminum products, power supply, services and others
Engineering and Construction	Iron- and steelmaking plants, industrial machinery and equipment, industrial furnaces Resources recycling and environment restoration solutions, environmental plants, waterworks Energy facilities and plants, chemical plants, storage tanks, on-land and offshore pipelines laying works Various energy-related solutions Offshore structure fabrication/construction, civil engineering work, bridge fabrication/erection, pipe piling work Building construction, steel-structure construction, trusses, standardized buildings products, base-isolation and vibration-control devices	
Urban Development	Urban development, condominiums/other real estate	
Chemicals	Pitch coke, pitch, naphthalene, phthalic anhydride, carbon black, styrene monomer, bisphenol A, styrene resin, epoxy resin, chemical products; Adhesive-free copper-clad laminated sheet for flexible printed circuit boards, liquid crystal display (LCD) materials, organic EL materials	
New Materials	Rolled metallic foils, semiconductor bonding wire and microballs, carbon-fiber composite products, polysilicon for solar cells, fine ceramics products, metal catalyst carriers for cleaning automotive emissions	
System Solutions	Computer systems engineering and consulting services	

Notes: 3. Changes in accounting principles

- (1) Inventories held for ordinary sales purposes were previously accounted for mainly by the purchase-cost method based on the gross-average method. However, beginning with the current fiscal year, accompanying the application of "Accounting Standards for Measurement of Inventories (ASBJ Statement No. 9), the method of measurement of inventories was changed to mainly the cost method based on the gross-average method (the method of reducing the book value of inventories when their contribution to profitability declines).

As a result of this change, operating profit in the Steelmaking and Steel Fabrication segment was ¥54,963 million lower than it would have been prior to the change. The change had minimal effect on the results in the other segments.

- (2) Income and expenses of overseas subsidiaries and affiliates are converted to yen. Previously, this conversion was made at the rate prevailing on the closing date of the financial statements, but beginning with the consolidated statements for the current fiscal year, the conversion was made at the average rate during the accounting period. This change was made to present the income and expense items more accurately, accompanying the growing importance of overseas subsidiaries and affiliates.

As a result of this change, net sales in the Steelmaking and Steel Fabrication segment were ¥31,334 million higher, and operating profit was ¥8,495 million higher than they would have been prior to the change. As a result of this change, the effect on the consolidated financial statements for the fiscal year under review was not material.

Notes: 4. Supplementary Information

Beginning with the fiscal year under review, accompanying revisions in Japan's income tax law, the Company and its domestic consolidated subsidiaries have reviewed the useful lives of their property, plant and equipment.

Accompanying this review and the changes in useful lives, for the fiscal year under review, depreciation expense in the Steelmaking and Steel Fabrication segment was ¥11,398 million higher and operating profit was ¥10,552 million lower than they would have been prior to the changes. The change had minimal effect on the results in the other segments.

2) Geographical Segments

For the consolidated fiscal year under review and the previous consolidated fiscal year, since the percentage of total net sales and total assets in Japan accounted for more than 90% of the net sales and total assets of all segments in total, the Company has omitted information by geographical segment.

3) Overseas Sales

FY2008 (April 1, 2008—March 31, 2009) (Millions of yen, %)

	Asia	North America and other areas	Total
Overseas sales	1,023,924	353,336	1,377,260
Net sales			4,769,821
% of net sales	21.5	7.4	28.9

Notes: 1. Division by country or region is based on geographical proximity.

2. Main country and regional divisions other than Japan:

Asia: China, South Korea, Taiwan, and Thailand

North America and other areas: U.S.A.

3. Overseas sales are defined as sales made by the Company and its consolidated subsidiaries in countries or regions outside Japan.

FY2007 (April 1, 2007—March 31, 2008) (Millions of yen, %)

	Asia	North America and other areas	Total
Overseas sales	1,059,982	323,794	1,383,777
Net sales			4,826,974
% of net sales	22.0	6.7	28.7

Notes: 1. Division by country or region is based on geographical proximity.

2. Main country and regional divisions other than Japan:

Asia: China, South Korea, Taiwan, and Thailand

North America and other areas: U.S.A.

3. Overseas sales are defined as sales made by the Company and its consolidated subsidiaries in countries or regions outside Japan.

(b) Per Share Information

(Yen)

	Fiscal 2008 (April 1, 2008—March 31, 2009)	Fiscal 2007 (April 1, 2007—March 31, 2008)
Net assets per share	265.24	303.34
Net income per share	24.61	56.33
Net income per share after full dilution	23.71	53.52

Notes: Basis for calculations

1. Net income per share and net income per share after full dilution

(Yen)

	Fiscal 2008 (April 1, 2008—March 31, 2009)	Fiscal 2007 (April 1, 2007—March 31, 2008)
Net income per share		
Net income	155,077 million	354,989 million
Value not attributed to common shares	245 million	27 million
Net income attributed to common shares	154,832 million	354,962 million
Average number of outstanding common shares during the period	6,291,897,716 million	6,301,252,669 million
Net income per share after full dilution		
Net income adjustment value	3,985 million	3,955 million
Portion of minority interest	3,987 million	3,970 million
Portion of interest on investments accounted for by equity method	(2) million	(15) million
Increase in number of outstanding common shares	405,405,405 Shares	405,405,405 shares
Portion of euroyen preferred securities with exchange rights	405,405,405 Shares	405,405,405 shares
Summary of latent shares not included in the computation of net income per share after full dilution, since these securities are not dilutive	—	—

2. Net assets per share

(Yen)

	End of fiscal 2008 (March 31, 2009)	End of fiscal 2007 (March 31, 2008)
Total net assets	2,174,809 million	2,413,954 million
Amounts deducted from total net assets	506,371 million	505,203 million
Portion of minority interest	506,126 million	505,176 million
Net assets at fiscal year-end applicable to common shares	1,668,437 million	1,908,750 million
Number of common shares at fiscal year-end used in calculating net assets per share	6,290,378,550 Shares	6,292,503,857 shares

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

	Millions of yen	
ASSETS	March 31, 2009	March 31, 2008
Current assets :		
Cash and bank deposits	31,356	49,262
Notes and accounts receivable	122,807	129,428
Inventories	669,220	483,527
Deferred tax assets	42,000	31,500
Other	91,100	87,550
Less: Allowance for doubtful accounts	(7,269)	(8,802)
Total current assets	949,215	772,467
Fixed assets :		
Tangible fixed assets :		
Buildings and structures	299,829	293,512
Machinery and equipment	700,007	703,636
Land	183,785	189,226
Lease assets	1,915	-
Construction in progress	76,388	62,210
	1,261,927	1,248,585
Intangible fixed assets :		
Patents and utility rights	558	572
Software	178	181
Lease assets	46	-
	783	754
Investments and others :		
Investments in securities	508,282	914,592
Investments in subsidiaries and affiliates	552,387	493,270
Other	104,153	120,988
Less: Allowance for doubtful accounts	(2,740)	(2,159)
	1,162,083	1,526,691
Total fixed assets	2,424,794	2,776,031
Total assets	3,374,010	3,548,498

	Millions of yen	
LIABILITIES	March 31, 2009	March 31, 2008
Current liabilities :		
Notes and accounts payable	162,402	224,037
Short-term loans and portion of long-term loans due within one year	249,593	194,301
Commercial paper	146,000	133,000
Bonds due within one year	40,000	85,000
Current portion of lease liability	761	-
Accrued expenses	217,714	214,843
Allowance for bonus of directors and corporate auditors	-	210
Provision for environmental remediation	-	5,315
Other	124,283	188,146
Total current liabilities	940,754	1,044,853
Long-term liabilities :		
Bonds and notes	324,951	219,984
Convertible bonds	300,000	300,000
Long-term loans	481,246	362,679
Lease liability(excluding current portion)	1,301	-
Deferred tax liabilities	-	142,900
Accrued pension and severance costs	66,297	56,032
Reserve for repairs to blast furnaces	36,572	38,521
Other	14,051	14,319
Total long-term liabilities	1,224,420	1,134,438
Total liabilities	2,165,175	2,179,291
NET ASSETS		
Shareholders' equity :		
Common stock	419,524	419,524
Capital surplus	114,104	114,145
Retained earnings :		
Special tax purpose reserve	91,569	90,435
Accumulated earnings carried forward	826,096	794,060
	917,665	884,495
Treasury stock, at cost	(257,934)	(257,888)
	1,193,360	1,160,277
Valuation and translation adjustments :		
Unrealized gains on available-for-sale securities	15,053	210,275
Deferred hedge income (loss)	420	(1,345)
	15,474	208,929
Total net assets	1,208,835	1,369,206
Total liabilities and net assets	3,374,010	3,548,498

(2) Non-Consolidated Statements of Income

	Millions of yen	
	Fiscal 2008	Fiscal 2007
Operating revenues :		
Net sales	3,128,694	2,782,944
Cost of sales	2,713,934	2,243,326
Gross margin	414,759	539,617
Selling, general and administrative expenses	161,794	163,488
Operating profit	252,965	376,128
Non-operating profit and loss :		
Non-operating profit :		
Interest and dividend income	31,826	27,758
Other	11,212	18,066
	43,039	45,825
Non-operating loss :		
Interest expenses	21,738	19,185
Other	70,603	49,623
	92,342	68,808
Ordinary profit	203,661	353,144
Special profit and loss :		
Special profit :		
Gain on sales of tangible fixed assets	11,877	29,174
Gain on sales of investments in securities and investments in subsidiaries and affiliates	17,709	-
	29,586	29,174
Special loss :		
Loss on valuation of investments in securities	66,462	-
	66,462	-
Income before income taxes	166,786	382,319
Income taxes - current	80,400	128,100
Income taxes - deferred	(22,600)	18,321
Net income	108,986	235,897

(3) Non-Consolidated Statements of Changes in Net Assets

Millions of yen

	Common stock	Capital surplus	Special tax purpose reserve	Accumulated earnings carried forward	Treasury stock, at cost	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)
Balance at March 31, 2008	419,524	114,145	90,435	794,060	(257,888)	210,275	(1,345)
Withdrawal of special tax purpose reserve			(9,986)	9,986			
Reserve of special tax purpose reserve			11,120	(11,120)			
Cash dividends				(69,335)			
Net income for fiscal year 2008				108,986			
Acquisition of treasury stock					(178)		
Disposal of treasury stock		(40)			133		
Net change due to demerger				(6,480)			
Other change for fiscal year 2008(net)						(195,221)	1,766
Total change for fiscal year 2008	-	(40)	1,134	32,035	(45)	(195,221)	1,766
Balance at March 31, 2009	419,524	114,104	91,569	826,096	(257,934)	15,053	420

Millions of yen

	Common stock	Capital surplus	Special tax purpose reserve	Accumulated earnings carried forward	Treasury stock, at cost	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)
Balance at March 31, 2007	419,524	111,564	81,591	636,973	(168,261)	393,813	(309)
Withdrawal of special tax purpose reserve			(8,233)	8,233			
Reserve of special tax purpose reserve			17,076	(17,076)			
Cash dividends				(69,966)			
Net income for fiscal year 2007				235,897			
Acquisition of treasury stock					(93,430)		
Disposal of treasury stock		2,580			3,802		
Other change for fiscal year 2007(net)						(183,538)	(1,036)
Total change for fiscal year 2007		2,580	8,843	157,087	(89,627)	(183,538)	(1,036)
Balance at March 31, 2008	419,524	114,145	90,435	794,060	(257,888)	210,275	(1,345)

(4) Matters or Circumstances Causing Material Doubt about Continuing Companies as Going Concerns

None

[Reference]

Recent Quarterly Operating Results

Fiscal 2008 (April 1, 2008 to March 31, 2009)

	1st quarter		2nd quarter		1st half		2nd half		Fiscal 2008	
	Apr. 2008-June 2008	July 2008-Sept. 2008	Apr. 2008-Sept. 2008	Oct. 2008-Dec. 2008	Jan. 2009-Mar. 2009	Oct. 2008-Mar. 2009	Apr. 2008-Mar. 2009			
	Million	Million	Million	Million	Million	Million	Million	Million	Million	
Sales	1,198,582	1,403,599	2,602,181	1,228,035	939,604	2,167,639	4,769,821			
Steelmaking and steel fabrication	1,030,296	1,203,466	2,233,762	1,067,621	737,301	1,804,922	4,038,685			
Engineering and construction	72,456	96,281	168,738	92,697	125,207	217,905	386,643			
Urban development	11,089	14,425	25,515	14,364	30,272	44,637	70,152			
Chemicals	64,715	72,253	136,969	44,294	30,909	75,203	212,172			
New materials	19,242	16,645	35,888	14,517	9,501	24,019	59,907			
System solutions	34,849	41,594	76,444	32,884	52,212	85,097	161,541			
Elimination of intersegment transactions	(34,069)	(41,067)	(75,136)	(38,344)	(45,800)	(84,144)	(159,281)			
Operating profit	119,704 [10.0%]	128,709 [9.2%]	248,413 [9.5%]	148,067 [12.1%]	▲ 53,550 [▲5.7%]	94,517 [4.4%]	342,930 [7.2%]			
Steelmaking and steel fabrication	111,661 [10.8%]	117,976 [9.8%]	229,637 [10.3%]	145,532 [13.6%]	▲ 68,123 [▲9.2%]	77,409 [4.3%]	307,047 [7.6%]			
Engineering and construction	2,210 [3.1%]	3,780 [3.9%]	5,991 [3.6%]	3,738 [4.0%]	14,944 [11.9%]	18,683 [8.6%]	24,674 [6.4%]			
Urban development	1,082 [9.8%]	1,173 [8.1%]	2,255 [8.8%]	827 [5.8%]	846 [2.8%]	1,673 [3.7%]	3,929 [5.6%]			
Chemicals	3,467 [5.4%]	4,573 [6.3%]	8,040 [5.9%]	▲ 3,269 [▲7.4%]	▲ 3,876 [▲12.5%]	▲ 7,146 [▲9.5%]	894 [0.4%]			
New materials	▲ 3 [▲0.0%]	282 [1.7%]	279 [0.8%]	▲ 791 [▲5.5%]	▲ 1,885 [▲19.8%]	▲ 2,677 [▲11.1%]	▲ 2,397 [▲4.0%]			
System solutions	1,560 [4.5%]	2,814 [6.8%]	4,374 [5.7%]	1,983 [6.0%]	5,120 [9.8%]	7,104 [8.3%]	11,479 [7.1%]			
Elimination of intersegment transactions	(274)	(1,892)	(2,166)	46	(575)	(529)	(2,696)			
Ordinary profit	144,087 [12.0%]	118,151 [8.4%]	262,239 [10.1%]	148,190 [12.1%]	▲ 74,289 [▲7.9%]	73,901 [3.4%]	336,140 [7.0%]			
Net income	82,761 [6.9%]	78,915 [5.6%]	161,677 [6.2%]	50,435 [4.1%]	▲ 57,035 [▲6.1%]	▲ 6,599 [▲0.3%]	155,077 [3.3%]			
Net income per share	13.15	12.54	25.69	8.02	▲ 9.11	▲ 1.09	24.61			

Forecast for fiscal 2008 (date released on Jan. 29, 2009)	
Apr. 2008-Mar. 2009	Million
	4,750,000
	4,000,000
	380,000
	70,000
	220,000
	55,000
	165,000
	(140,000)
	360,000
	335,000
	20,000
	4,000
	0
	▲ 2,000
	13,000
	(10,000)
	360,000
	175,000
	27.81

Fiscal 2007 (April 1, 2007 to March 31, 2008)

	1st quarter		2nd quarter		1st half		2nd half		Fiscal 2007	
	Apr. 2007-June 2007	July 2007-Sept. 2007	Apr. 2007-Sept. 2007	Oct. 2007-Dec. 2007	Jan. 2008-Mar. 2008	Oct. 2007-Mar. 2008	Apr. 2007-Mar. 2008			
	Million	Million	Million	Million	Million	Million	Million	Million	Million	
Sales	1,115,751	1,200,599	2,316,350	1,189,842	1,320,781	2,510,624	4,826,974			
Steelmaking and steel fabrication	935,664	1,027,256	1,962,920	988,389	1,043,217	2,031,606	3,994,526			
Engineering and construction	71,519	79,123	150,642	82,547	126,694	209,241	359,884			
Urban development	16,355	15,103	31,458	25,103	37,277	62,380	93,839			
Chemicals	80,227	69,252	149,479	71,840	67,708	139,549	289,029			
New materials	16,929	19,102	36,031	20,960	19,165	40,126	76,157			
System solutions	32,953	43,013	75,966	36,396	52,997	89,393	165,360			
Elimination of intersegment transactions	(37,899)	(52,250)	(90,149)	(35,394)	(26,279)	(61,674)	(151,823)			
Operating profit	129,464 [11.6%]	134,993 [11.2%]	264,457 [11.4%]	143,648 [12.1%]	137,474 [10.4%]	281,123 [11.2%]	545,580 [11.3%]			
Steelmaking and steel fabrication	113,969 [12.2%]	121,021 [11.8%]	234,990 [12.0%]	124,978 [12.6%]	115,982 [11.1%]	240,960 [11.9%]	475,951 [11.9%]			
Engineering and construction	3,715 [5.2%]	2,909 [3.7%]	6,624 [4.4%]	5,619 [6.8%]	9,252 [7.3%]	14,871 [7.1%]	21,496 [6.0%]			
Urban development	3,298 [20.2%]	1,072 [7.1%]	4,370 [13.9%]	3,390 [13.5%]	4,841 [13.0%]	8,231 [13.2%]	12,602 [13.4%]			
Chemicals	7,434 [9.3%]	5,668 [8.2%]	13,102 [8.8%]	5,490 [7.6%]	2,456 [3.6%]	7,947 [5.7%]	21,050 [7.3%]			
New materials	20 [0.1%]	194 [1.0%]	214 [0.6%]	499 [2.4%]	▲ 155 [▲0.8%]	344 [0.9%]	559 [0.7%]			
System solutions	2,890 [8.8%]	3,540 [8.2%]	6,430 [8.5%]	3,174 [8.7%]	5,152 [9.7%]	8,326 [9.3%]	14,756 [8.9%]			
Elimination of intersegment transactions	(1,865)	589	(1,276)	496	(55)	440	(835)			
Ordinary profit	148,691 [13.3%]	135,321 [11.3%]	284,012 [12.3%]	150,656 [12.7%]	129,449 [9.8%]	280,106 [11.2%]	564,119 [11.7%]			
Net income	86,701 [7.8%]	89,708 [7.5%]	176,409 [7.6%]	86,647 [7.3%]	91,932 [7.0%]	178,580 [7.1%]	354,989 [7.4%]			
Net income per share	13.70	14.25	27.96	13.77	14.61	28.38	56.33			

[▲]: Return on sales
() in "Elimination of intersegment transactions" row indicate negative numbers

Nippon Steel Corporation

Code Number: 5401

Listings: Tokyo, Osaka, Nagoya, Sapporo and Fukuoka Stock Exchanges

Contact: Hiroyuki Marukawa, General Manager, Public Relations Center-Tel: 81-3-3275-5014

Supplementary Information on the Financial Result for Fiscal 2008

Japanese Steel Industry

1. Crude Steel Production

							(million tons)	
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total	
2007FY	29.89	29.91	59.80	30.88	30.84	61.71	121.51	
2008FY	31.06	30.45	61.51	26.40	17.60	44.00	105.50	

2. Inventory Volume

At the end of:		Inventory at manufacturers and distributors (million tons)	Inventory /shipment ratio (%)	Rolled sheets *1 (million tons)	H-flange beams *2 (million tons)
June	2007	5.43	(101.8)	4.08	0.270
July	2007	5.49	(106.0)	4.11	0.256
Aug.	2007	5.63	(113.6)	4.25	0.253
Sep.	2007	5.61	(107.1)	4.19	0.267
Oct.	2007	5.63	(103.6)	4.16	0.278
Nov.	2007	5.52	(105.4)	4.10	0.281
Dec.	2007	5.66	(114.1)	4.09	0.279
Jan.	2008	5.62	(112.1)	4.18	0.264
Feb.	2008	5.38	(104.3)	4.08	0.229
Mar.	2008	5.18	(90.1)	4.02	0.214
Apr.	2008	5.23	(102.9)	4.04	0.210
May	2008	5.35	(104.7)	4.11	0.219
June	2008	5.36	(101.3)	4.09	0.236
July	2008	5.12	(94.0)	4.07	0.243
Aug.	2008	5.46	(119.8)	4.29	0.248
Sep.	2008	5.58	(110.3)	4.41	0.261
Oct.	2008	5.72	(116.4)	4.47	0.273
Nov.	2008	5.85	(136.1)	4.56	0.275
Dec.	2008	5.88	(155.0)	4.71	0.272
Jan.	2009	5.77	(165.2)	4.73	0.261
Feb.	2009	5.47	(171.4)	4.51	0.234

*1 Hot-rolled, cold-rolled and coated sheets

*2 Inventories of distributors dealing with H-flange beams manufactured by Nippon Steel Corporation

Nippon Steel (Non-consolidated basis)3. Pig Iron Production (Nippon Steel Corporation and Hokkai Iron & Coke Co., Ltd)

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2007FY	7.67	7.96	15.63	8.09	8.20	16.29	31.92
2008FY	8.04	8.04	16.07	7.47	4.95	12.41	28.49

4. Crude Steel Production

(Consolidated basis)

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2007FY	8.72	8.92	17.64	9.24	9.36	18.59	36.23
2008FY	9.16	9.06	18.23	7.97	5.04	13.01	31.24

(Non-consolidated basis)

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2007FY	7.99	8.22	16.21	8.37	8.53	16.90	33.11
2008FY	8.30	8.26	16.57	7.37	4.67	12.04	28.61

5. Steel Products Shipment

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2007FY	7.89	8.15	16.04	8.23	8.63	16.86	32.90
2008FY	8.08	8.29	16.37	7.12	4.71	11.83	28.20

6. Average Price of Steel Products

(thousands of yen / ton)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2007FY	78.3	80.3	79.3	80.2	80.2	80.2	79.8
2008FY	92.0	108.2	100.2	112.4	108.5	110.8	104.7

7. Export Ratio of Steel Products (Value basis)

(%)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2007FY	33.3	34.9	34.1	32.3	33.0	32.6	33.4
2008FY	31.8	35.0	33.5	31.8	30.1	31.2	32.5

8. Foreign Exchange Rate

(¥/US\$)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2007FY	120	119	119	113	108	111	115
2008FY	104	108	106	99	93	97	102

9. Unrealized Gains on Available-for-Sale Securities

(billion yen)

	2008FY	2007FY	difference
Consolidated	38.0(22.6)	393.6(234.6)	-355.6(-212.0)
Non-consolidated	25.2(15.0)	352.7(210.2)	-327.5(-195.2)
【Nikkei 225】	【8,110yen】	【12,526yen】	【-4,416yen】

* Figures in parentheses were after adopting deferred tax accounting.

10. Amount of Capital Expenditure and Depreciation

•Capital Expenditure (billion yen)

	2008FY	2007FY
Consolidated	300.0	310.0
Non-consolidated	220.0	230.0

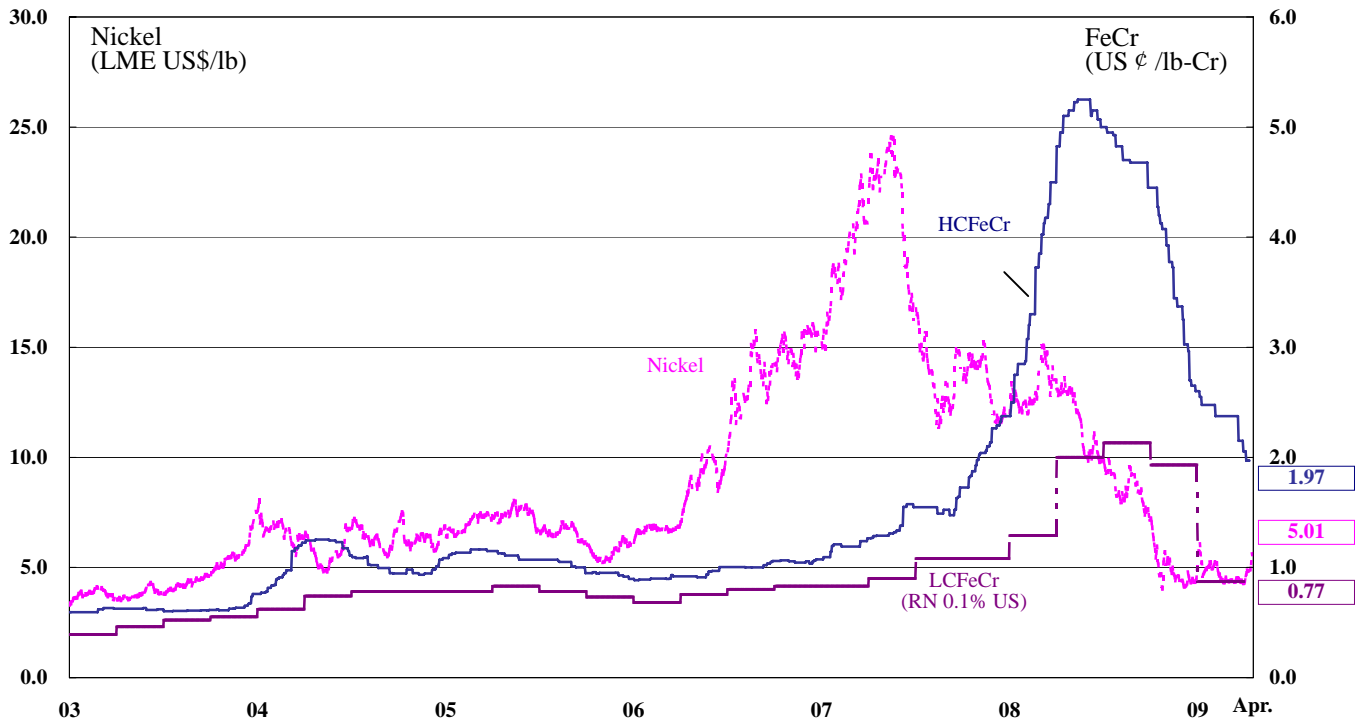
•Depreciation (billion yen)

	2008FY	2007FY
Consolidated	273.7	244.0
Non-consolidated	196.3	174.9

<For Reference>

Materials Price

Nickel · Chromium



Cold Pig Iron

