

Flash Report
Consolidated Basis
Results for the First Half of Fiscal 2009
(April 1, 2009—September 30, 2009)

October 29, 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 submit Securities Report: November 11, 2009
Scheduled date to payment of dividends: —

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

1. Consolidated Financial and Operating Results through the First Half of Fiscal 2009
(April 1, 2009—September 30, 2009)

(1) Consolidated Operating Results (Accumulated)

(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	%
First half of fiscal 2009	1,573,338	(39.5)	(71,414)	—	(86,957)	—	(71,840)	—
First half of fiscal 2008	2,602,181	—	248,413	—	262,239	—	161,677	—

	Net income per share	Net income per share after full dilution
	¥	¥
First half of fiscal 2009	(11.42)	—
First half of fiscal 2008	25.69	24.43

Note: Beginning with the previous fiscal year, the Company's quarterly statements have been prepared in accordance with the "Accounting Standards for Quarterly Financial Statements." Accordingly, comparisons with the same half of the previous fiscal year have not been included in the results for the first half of fiscal 2008.

(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
First half of fiscal 2009	4,879,940	2,196,263	35.0	271.41
Fiscal 2008	4,870,680	2,174,809	34.3	265.24

(For reference) Shareholders' equity: First half of fiscal 2009 ¥ 1,707,369 million
Fiscal 2008 ¥ 1,668,682 million

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 2008	—	5.00	—	1.00	6.00
Fiscal 2009	—	0.00	—	—	—
Fiscal 2009 (Forecast)	—	—	—	—	—

Note: Whether the dividend forecast under review has been revised: No

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 will decide and announce its decision regarding the year-end dividend payment when announcing the third quarter performance results.

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	%
Fiscal 2009	3,500,000	(26.6)	40,000	(88.3)	20,000	(94.1)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal 2009	0	(100.0)	0.00

Note: Whether the forecasts for consolidated figures under review have been revised: Yes

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) The adoption of simplified accounting methods and special accounting treatment for the quarterly consolidated financial statements: Yes

Note: For further details, please refer to the item “4. Others” on page 10 in the section of “Qualitative Information and Financial Review.”

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

(a) Changes accompanying revisions in accounting principles: Yes

(b) Changes other than those in (a) above: None

(4) Number of shares issued (common shares)

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

First half of fiscal 2009 6,806,980,977 shares

Fiscal 2008 6,806,980,977 shares

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

First half of fiscal 2009 516,132,743 shares

Fiscal 2008 516,602,427 shares

(c) Average number of shares issued during the period

First half of fiscal 2009 6,290,701,868 shares

First half of fiscal 2008 6,292,995,446 shares

* 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 “3. Consolidated Forecast” on page 8-9.

(Qualitative Information and Financial Review)

1. Consolidated Operating Results

Overview of Conditions in the First Half of Fiscal 2009

Overall global economic conditions remained harsh through the first half of fiscal 2009. The employment situation continued to worsen, and other negative elements persisted in the United States, Europe, and other leading countries even as positive effects appeared from economic measures implemented by governments around the world and the beginning of economic recovery emerged in Asia and other regions.

Severe economic conditions likewise persisted in Japan amid a mix of positive elements, such as improving figures for the index of industrial production (IIP) and export volume indices as well as the first increase in five quarters of annualized domestic real GDP growth for April-June period, and negative elements that included insufficient private-sector demand to support a self-sustaining economic recovery and conditions compelling corporations to take steps to rectify excessive production capacity and employment conditions.

In these conditions, the Nippon Steel Group companies in the six business segments in which they conduct operations—steelmaking and steel fabrication, engineering and construction, urban development, chemicals, new materials, and system solutions—intently focused on continuing to secure profits through autonomous management initiatives in their respective fields. Despite these efforts, the substantial impact from the sluggish demand, particularly for the steelmaking and steel fabrication business, that commenced in the second half of the previous fiscal year resulted in major declines in sales and income in the Group's overall performance in the half under review compared with the same period of the previous year.

Performance Review by Business Segment in the First Half of Fiscal 2009

An overview of operating performance by business segment is shown below.

(Billions of yen)

	Net Sales		Operating Profit (Loss)	
	1H FY09	1H FY08	1H FY09	1H FY08
Steelmaking and steel fabrication	1,259.5	2,233.7	(93.2)	229.6
Engineering and construction	154.8	168.7	11.9	5.9
Urban development	43.8	25.5	2.9	2.2
Chemicals	86.5	136.9	5.3	8.0
New materials	29.1	35.8	(0.2)	0.2
System solutions	69.8	76.4	4.0	4.3
Total	1,643.7	2,677.3	(69.3)	250.5
Elimination of intersegment transactions	(70.3)	(75.1)	(2.0)	(2.1)
Consolidated total	1,573.3	2,602.1	(71.4)	248.4

* First half results cover the six-month period from April 1 to September 30, 2008 and 2009.

Steelmaking and Steel Fabrication

In the steel making and fabrication business, overall domestic demand for steel moved into a gradual recovery trend during the quarter. Demand continued to be weak from the construction industry while restrained capital investment limited demand from the industrial and construction equipment industry. However, progress in inventory adjustments and the positive effects of government economic policies brought a bottoming out and improvement in the level of activity in the manufacturing sector, including automobiles and electric machinery.

Overseas steel demand moved into a solid improving trend in the second quarter led by a demand recovery in Asia, particularly in China, where the government implemented aggressive economic stimulus measures.

However, the steep cuts in output volume implemented in the first quarter as a response to the global economic recession that began in the second half of the previous fiscal year resulted in a sharp decline in steel output. Total domestic crude steel production amounted to 43.33 million tons in the first half of

fiscal 2009, marking the lowest volume of domestic steel output since the 40.97 million tons produced in the first half of fiscal 1969.

The Company raised production and shipment levels, including recommencing the temporarily postponed operation of the No. 1 blast furnace at the Oita Works in August of this year in response to the recovery in domestic and overseas steel demand in the second quarter. Nevertheless, overall steel shipment volume in the first half remained below the level of the second half of the previous fiscal year.

The Company implemented extensive measures to reduce costs to the bare minimum, including negotiating lower iron ore and coking coal prices, increasing the use of lower-priced raw materials, pursuing minimum-cost operations while output volume remains low, and reducing fixed costs to the lowest level feasible. Despite these efforts, the deterioration in the steel market environment, centered on the commodity markets from the second half of the previous fiscal year, the negative impact from inventory valuations and arrival of raw materials bearing the high prices contracted in the previous fiscal year, and the trouble at the No. 3 blast furnace at the Kimitsu Works resulted in year-on-year declines in both net sales and operating profit in the steelmaking and steel fabrication business.

Engineering and Construction

In the engineering and construction business, Nippon Steel Engineering Co., Ltd., is focusing on developing operations in the areas of steel production plants, environmental solutions, offshore and energy-related projects (including pipelines), and construction and steel structures where it can fully apply its distinct capabilities. However, the operating environment for attracting project orders continued to be harsh both in Japan and overseas during the half as the sluggish economic conditions prompted project cancellations and postponements that significantly impacted results. Amid these adverse conditions, the company's meticulous risk management and efforts to improve earnings on the projects currently under way resulted in year-on-year increases in operating profit, but net sales decreased.

Urban Development

In the urban development business, the Group's real estate development company Nippon Steel City Produce Inc. recorded a low contract rate level in the condominium market except for a few properties in city centers, reflecting consumer unwillingness to purchase during deteriorating economic and employment conditions. Demand remained sluggish in the rental building market for corporate office space, and vacancy rates continued rising while rental rates trended downward. Within this severe

environment, the urban development business maintained a steady sales flow from large condominium units in urban centers and ultimately achieved year-on-year growth both in operating profit and in net sales.

Chemicals

Nippon Steel Chemical Co., Ltd., posted improving results for its electronic materials business supported by strong sales of display materials for flat-screen TVs and rising sales of circuit board materials for mobile phone applications fueled by the mobile phone industry's progress with inventory adjustments and strong demand, particularly for high-performance phone models. Conditions continued to be harsh and demand remained sluggish for the coal-based chemicals business, particularly for pitch coke for the production of electrode carbon. Chemicals business net sales and operating profit ultimately declined year on year in the first half.

New Materials

Nippon Steel Materials Co., Ltd.'s results have been hit hard by the sharp downturn in demand that commenced in the second half of last fiscal year. However, the company's extensive measures to cut costs and improve profit combined with signs of improvement of demand in the company's core semiconductors and electronic materials business segments to produce an emerging recovery trend in the company's business performance. The demand recovery has been very gradual, however, and net sales and operating profit in the new materials business remained below the previous year's levels in the first half.

System Solutions

In the system solutions business, NS Solutions Corporation enhanced its ability to provide advanced solutions services incorporating cloud computing* technology with the establishment of a dedicated testing center to conduct assessments and verifications of cloud computing systems in collaboration with corporate clients. The company also developed and released its new software package for financial institutions focused on analysis of retail operations and began to offer, in cooperation with another company, a comprehensive service providing solutions for integrated operations reorganization from IT system construction to initiation to manufacturing industries. The system solutions business is responding to the ongoing constrained investment in software systems by its corporate clients by enhancing its business competitiveness with a primary focus on increasing orders. However, net sales and operating profit both declined from the same period in the previous year.

* 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 Income

In the first half of fiscal 2009, consolidated sales and income levels (accumulated) declined across the board from the previous fiscal year, with net sales down ¥1,028.8 billion, to ¥1,573.3 billion; operating profit down ¥319.8 billion, to an operating loss of ¥71.4 billion; ordinary profit down ¥349.1 billion, to an ordinary loss of ¥86.9 billion; and net income down ¥233.5 billion, to a net loss of ¥71.8 billion.

2. Financial Analysis (Consolidated)

Total consolidated assets at the end of the second quarter of fiscal 2009 amounted to ¥4,879.9 billion, which is roughly equal to the ¥4,870.6 billion at the end of March 2009. This amount reflects the balance of a decrease in current assets, including a ¥99.9 billion decline in notes and accounts receivable and a ¥112.9 billion decline in inventories, and increases of ¥61.7 billion in tangible fixed assets and ¥149.7 billion in investments and others, including a rise in the value of investments in securities.

Total liabilities at the end of the second quarter amounted to ¥2,683.6 billion, a decrease of ¥12.1 billion from the ¥2,695.8 billion at the end of March 2009. The decrease was primarily due to a decline of ¥67.7 billion in notes and accounts payable, while interest-bearing debt increased by ¥13.5 billion, to ¥1,467.7 billion from ¥1,454.2 billion at the end of March 2009.

Net assets were ¥2,196.2 billion at the end of the second quarter, representing an increase of ¥21.4 billion, compared with ¥2,174.8 billion at the end of March 2009. The increase was largely due to rises of ¥77.0 billion in the unrealized gains on available-for-sale securities and ¥42.1 billion in foreign currency translation adjustments, which outbalanced a net loss of ¥71.8 billion for the quarter and the ¥1 per share cash dividend payment, which totaled ¥6.3 billion, at the end of the previous fiscal year. Please note that shareholders' equity at the end of the second quarter amounted to ¥1,707.3 billion, and the ratio of interest-bearing debt to shareholders' equity (D/E ratio) was 0.86.

3. Consolidated Forecast

Fiscal Year 2009 Ending March 31, 2010

The economic stimulus initiatives and monetary easing policies of various countries appear to be guiding the global economy toward recovery. However, as the extent of effectiveness of the economic stimulus measures is still unknown, employment conditions appear to be deteriorating, and the risk of downward pressures still exist, future trends are uncertain.

In Japan, although the economy is on a recovery trend, caution is rising about future trends after the current economic stimulus measures have been fully implemented and about further appreciation of the yen.

The Company anticipates growing domestic demand for steel in the third quarter along with recovery in economic activity supported by the manufacturing industry, most notably in the automobile and electric machinery segments, as manufacturers continue to make progress with inventory adjustments and the positive effects of government economic measures emerge. The outlook is for steel demand to remain steady overseas, particularly in China, India, and other countries in Asia.

The number of points of concern increase beginning in the fourth quarter owing to the unpredictable elements of the status of the Japanese government's supplemental budget and the potential for an adverse reaction when the effectiveness of the current stimulus policies begins to wane. The possibility of a prolongation of the sluggish demand in the construction industry is also a point of concern. Overseas, the current demand recovery in Asia is largely due to government stimulus measures, and it is uncertain if the trend will continue when the measures lose force. In China, which is leading the current demand growth, steel production volume is already very high; yet, steelmakers in Asia are continuing to ramp up production capacity, which invites the potential for an excessive supply situation to develop.

The Company's approach will be to strictly follow a policy of producing amounts appropriate for actual demand, taking account of these market conditions in the fourth quarter and immediate after and continuing to carefully monitor movements in demand.

Regarding the outlook for the fiscal year, as a result of such factors as the decline in production and shipments as a result of the downturn in the world economy, deterioration in the price structure, and the temporary negative impact from inventory valuations along with the arrival of raw materials bearing the

high prices contracted in the previous fiscal year, the Company is forecasting major declines in sales and income, with consolidated ordinary profit amounting to ¥20.0 billion.

Basic Profit Distribution Policy

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 a consolidated payout ratio target of approximately 20% (a 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 (a non-consolidated payout ratio at approximately 20%–30%), which is slightly lower than the standard level stated above. Second quarter (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 second quarter (interim) dividends is set based on consideration of the dividend policy for the fiscal year, the first-half performance results, and the forecast for fiscal-year performance results.

Retained Earnings at the End of the Second Quarter (End of the Interim Period)

In line with the basic profit distribution policy and in consideration of the forecasts for business performance and the consolidated net loss in the first half of fiscal 2009, the Company has regrettably decided to not distribute a first half (interim) dividend payment in fiscal 2009.

The Company will decide and announce its policy regarding the year-end dividend payment when announcing the third quarter performance results.

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

(2) The adoption of simplified accounting methods and special accounting treatment for the quarterly consolidated financial statements:

1. Simplified accounting methods:

None

2. Special accounting treatment for the quarterly consolidated financial statements:

Income taxes were computed by multiplying consolidated quarterly income before income taxes and minority interests by a rational estimate of the effective tax rate on consolidated income before income taxes and minority interests for the fiscal year including the quarterly period under review after adjustments for the application of tax-effect accounting.

Please note that income taxes-deferred are included in income taxes-current and deferred in the statements of income.

(3) Changes in accounting principles, procedures, and methods of presentation, etc., in preparation of the quarterly consolidated financial statements:

1. Changes accompanying revisions in accounting standard:

The Company has changed its method for recognizing revenues on construction contracts. Previously, the Company applied the percentage-of-completion method for construction contracts of ¥1 billion or more and a construction term of over 12 months. For other construction contracts, the Company applied the completed-contract method. However, beginning with contracts for which construction commenced in the first quarter of the fiscal year ending March 31, 2010, accompanying the application of the Accounting Standard for Construction Contracts (ASBJ Statement No. 15) and the Implementation Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18), the percentage-of-completion method has been applied if the completion of a portion of the construction work is deemed to be certain by the end of the second quarter. (The percentage of completion is estimated based on the percentage of cost incurred compared with the estimated total cost.) For other construction, the completed-contract method has been applied.

The effect of this change on the consolidated financial statements was not material.

2. Changes other than those in "1." Above:

None

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
ASSETS	September 30, 2009	March 31, 2009
Current assets :		
Cash and bank deposits	89,169	124,007
Notes and accounts receivable	371,771	471,745
Inventories	908,546	1,021,543
Other	291,173	268,702
Less: Allowance for doubtful accounts	(3,101)	(5,442)
Total current assets	1,657,559	1,880,556
Fixed assets :		
Tangible fixed assets :		
Machinery and equipment	949,447	894,535
Other	932,129	925,295
	1,881,577	1,819,830
Intangible fixed assets	40,782	20,050
Investments and others :		
Investments in securities	1,132,350	957,392
Other	172,984	198,400
Less: Allowance for doubtful accounts	(5,314)	(5,549)
	1,300,020	1,150,243
Total fixed assets	3,222,380	2,990,124
Total assets	4,879,940	4,870,680

Millions of yen

LIABILITIES	September 30, 2009	March 31, 2009
Current liabilities :		
Notes and accounts payable	408,865	476,571
Short-term loans and long-term loans due within one year	373,293	342,545
Commercial paper	63,000	148,000
Bonds due within one year	23,250	43,250
Accrued income taxes and enterprise taxes	19,011	43,473
Reserve	3,481	4,666
Other	514,062	467,848
Total current liabilities	1,404,963	1,526,354
Long-term liabilities :		
Bonds and notes	364,955	324,967
Long-term loans	633,017	585,446
Accrued pension and severance costs	141,477	136,380
Reserve	33,589	41,413
Other	105,674	81,308
Total long-term liabilities	1,278,713	1,169,517
Total liabilities	2,683,677	2,695,871
NET ASSETS		
Shareholders' equity :		
Common stock	419,524	419,524
Capital surplus	114,347	114,333
Retained earnings	1,380,343	1,458,622
Less: Treasury stock, at cost	(261,865)	(262,152)
	1,652,350	1,730,328
Valuation and transaction adjustments:		
Unrealized gains on available-for-sale securities	99,689	22,665
Deferred hedge income (loss)	(3,689)	(1,149)
Unrealized gains on revaluation of land	11,181	11,187
Foreign currency translation adjustments	(52,162)	(94,348)
	55,018	(61,645)
Minority interest in consolidated subsidiaries	488,894	506,126
Total net assets	2,196,263	2,174,809
Total liabilities and net assets	4,879,940	4,870,680

(2) Consolidated Statements of Income

Millions of yen

	First half of fiscal 2008	First half of fiscal 2009
Operating revenues :		
Net sales	2,602,181	1,573,338
Cost of sales	2,182,261	1,501,555
Gross margin	419,919	71,783
Selling, general and administrative expenses	171,506	143,198
Operating profit (loss)	248,413	(71,414)
Non-operating profit and loss :		
Non-operating profit :		
Interest and dividend income	13,279	8,232
Equity in net income of unconsolidated subsidiaries and affiliates	34,626	10,986
Other	24,567	16,730
	72,473	35,949
Non-operating loss :		
Interest expenses	9,297	10,376
Other	49,349	41,116
	58,647	51,492
Ordinary profit (loss)	262,239	(86,957)
Special profit :		
Gain on sales of tangible fixed assets	10,337	-
	10,337	-
Special loss :		
Penalty	-	6,400
	-	6,400
Income (loss) before income taxes and minority interest	272,577	(93,357)
Income taxes - current and deferred	99,742	(21,171)
Minority interest in net income of consolidated subsidiaries	11,156	(346)
Net income (loss)	161,677	(71,840)

(3) Notes to the presumption of going concerns

None

(4) Consolidated Segment Information

(Information of business segments)

First half of fiscal 2008 (April 1, 2008 to September 30, 2008)

Millions of yen

							Total	Elimination of intersegment transactions	Consolidated total
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions			
Sales	2,233,762	168,738	25,515	136,969	35,888	76,444	2,677,318	(75,136)	2,602,181
Operating profit	229,637	5,991	2,255	8,040	279	4,374	250,580	(2,166)	248,413

First half of fiscal 2009 (April 1, 2009 to September 30, 2009)

Millions of yen

							Total	Elimination of intersegment transactions	Consolidated total
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions			
Sales	1,259,518	154,805	43,846	86,584	29,128	69,851	1,643,735	(70,396)	1,573,338
Operating profit (loss)	(93,270)	11,911	2,938	5,321	(287)	4,050	(69,335)	(2,078)	(71,414)

(5) Notes in case of significant changes to shareholders' equity

None

[Reference]

Recent Quarterly Operating Results

Fiscal 2009 (April 1, 2009 to March 31, 2010)

	1st half		Forecast for 2nd half		Forecast for fiscal 2009	
	1st quarter	2nd quarter	1st half	(data released on Oct. 29, 2009)	(data released on Oct. 29, 2009)	(data released on Oct. 29, 2009)
	Apr. 2009-June 2009	July 2009-Sep. 2009	Apr. 2009-Sep. 2009	Oct. 2009-Mar. 2010	Apr. 2009-Mar. 2010	Apr. 2009-Mar. 2010
Sales	745,083	828,255	1,573,338	1,926,661	3,500,000	
Steelmaking and steel fabrication	578,892	680,626	1,259,518	1,590,481	2,850,000	
Engineering and construction	88,809	65,995	154,805	185,194	340,000	
Urban development	21,536	22,309	43,846	36,153	80,000	
Chemicals	37,965	48,619	86,584	83,415	170,000	
New materials	12,996	16,132	29,128	30,871	60,000	
System solutions	32,665	37,186	69,851	80,148	150,000	
Elimination of intersegment transactions	(27,781)	(42,614)	(70,396)	(79,603)	(150,000)	
Operating profit	▲ 53,405 [▲7.2%]	▲ 18,009 [▲2.2%]	▲ 71,414 [▲4.5%]	111,414 [5.8%]	40,000 [1.1%]	
Steelmaking and steel fabrication	▲ 64,985 [▲11.2%]	▲ 28,285 [▲4.2%]	▲ 93,270 [▲7.4%]	93,270 [5.9%]	0 [-]	
Engineering and construction	7,718 [8.7%]	4,193 [6.4%]	11,911 [7.7%]	12,088 [6.5%]	24,000 [7.1%]	
Urban development	1,089 [5.1%]	1,849 [8.3%]	2,938 [6.7%]	1,061 [2.9%]	4,000 [5.0%]	
Chemicals	2,520 [6.6%]	2,801 [5.8%]	5,321 [6.1%]	1,678 [2.0%]	7,000 [4.1%]	
New materials	▲ 138 [▲1.1%]	▲ 148 [▲0.9%]	▲ 287 [▲1.0%]	287 [0.9%]	0 [-]	
System solutions	1,914 [5.9%]	2,135 [5.7%]	4,050 [5.8%]	5,949 [7.4%]	10,000 [6.7%]	
Elimination of intersegment transactions	(1,524)	(554)	(2,078)	(2,921)	(5,000)	
Ordinary profit	▲ 56,668 [▲7.6%]	▲ 30,289 [▲3.7%]	▲ 86,957 [▲5.5%]	106,957 [5.6%]	20,000 [0.6%]	
Net income	▲ 42,246 [▲5.7%]	▲ 29,593 [▲3.6%]	▲ 71,840 [▲4.6%]	71,840 [3.7%]	0 [-]	
Net income per share	▲ 6.72	▲ 4.70	▲ 11.42	11.42	0.00	

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

Forecast for 1st half of fiscal 2009		Forecast for fiscal 2009	
(data released on July 29, 2009)	(data released on July 29, 2009)	(data released on July 29, 2009)	(data released on July 29, 2009)
Apr. 2009-Sep. 2009	Apr. 2009-Mar. 2010	Apr. 2009-Sep. 2009	Apr. 2009-Mar. 2010
1,550,000	3,500,000		
1,250,000	2,800,000		
160,000	360,000		
40,000	80,000		
80,000	165,000		
25,000	55,000		
70,000	150,000		
(75,000)	(110,000)		
▲ 100,000 [▲6.5%]	0 [-]		
▲ 110,000 [▲8.8%]	▲ 30,000 [▲1.1%]		
10,000 [6.3%]	20,000 [5.6%]		
3,000 [7.5%]	4,000 [5.0%]		
3,000 [3.8%]	7,000 [4.2%]		
▲ 1,000 [▲4.0%]	0 [-]		
3,000 [4.3%]	10,000 [6.7%]		
(8,000)	(11,000)		
▲ 110,000 [▲7.1%]	0 [-]		
▲ 80,000 [▲5.2%]	0 [-]		
▲ 12.72	0.00		

	1st half		2nd half		Fiscal 2008		
	1st quarter	2nd quarter	3rd quarter	4th quarter	2nd half	Fiscal 2008	
	Apr. 2008-June 2008	July 2008-Sep. 2008	Apr. 2008-Sep. 2008	Oct. 2008-Dec. 2008	Jan. 2009-Mar. 2009	Apr. 2008-Mar. 2009	
Sales	1,198,582	1,403,599	2,602,181	1,228,035	939,604	4,769,821	
Steelmaking and steel fabrication	1,030,296	1,203,466	2,233,762	1,067,621	737,301	4,038,685	
Engineering and construction	72,456	96,281	168,738	92,697	125,207	386,643	
Urban development	11,089	14,425	25,515	14,364	30,272	70,152	
Chemicals	64,715	72,253	136,969	44,294	30,909	212,172	
New materials	19,242	16,645	35,888	14,517	9,501	59,907	
System solutions	34,849	41,594	76,444	32,884	52,212	161,541	
Elimination of intersegment transactions	(34,069)	(41,067)	(75,136)	(38,344)	(45,800)	(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 [5.6%]	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 [▲12.6%]	▲ 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

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

Nippon Steel Corporation

Code Number: 5401

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

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Supplementary Information on the Financial Result for the First Half of Fiscal 2009

Japanese Steel Industry

1. Crude Steel Production

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2008FY	31.06	30.45	61.51	26.40	17.60	43.99	105.50
2009FY	19.09	24.24	43.33				

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)
Dec. 2007	5.66	(114.1)	4.09	0.279
Jan. 2008	5.63	(112.7)	4.18	0.264
Feb. 2008	5.39	(104.4)	4.08	0.229
Mar. 2008	5.18	(90.0)	4.02	0.214
Apr. 2008	5.22	(102.7)	4.04	0.210
May 2008	5.34	(104.6)	4.10	0.219
June 2008	5.36	(101.2)	4.09	0.236
July 2008	5.11	(94.0)	4.06	0.243
Aug. 2008	5.46	(119.9)	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	(136.2)	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
Mar. 2009	5.16	(150.7)	4.26	0.221
Apr. 2009	4.90	(165.6)	3.88	0.206
May 2009	4.86	(160.3)	3.76	0.207
June 2009	4.69	(134.1)	3.54	0.209
July 2009	4.46	(123.3)	3.39	0.217
Aug. 2009	4.66	(137.8)	3.49	0.220

*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 quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2008FY	8.04	8.04	16.07	7.47	4.95	12.41	28.49
2009FY	4.84	6.35	11.19				

4. Crude Steel Production

(Consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2008FY	9.16	9.06	18.23	7.97	5.04	13.01	31.24
2009FY	5.37	7.38	12.75				

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2008FY	8.30	8.26	16.57	7.37	4.67	12.04	28.61
2009FY	4.82	6.73	11.55				

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2008FY	8.08	8.29	16.37	7.12	4.71	11.83	28.20
2009FY	4.73	6.74	11.47				

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2008FY	92.0	108.2	100.2	112.4	108.5	110.8	104.7
2009FY	88.4	72.7	79.2				

7. Export Ratio of Steel Products (Value basis)

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2008FY	31.8	35.0	33.5	31.8	30.1	31.2	32.5
2009FY	33.1	38.9	36.2				

8. Foreign Exchange Rate

(¥/US\$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2008FY	104	108	106	99	93	97	102
2009FY	97	95	96				

9. Unrealized Gains on Available-for-Sale Securities

(billion yen)

	1st Half of 2009FY	2008FY	difference
Consolidated	167.2(99.6)	38.0(22.6)	+129.2(+77.0)
【Nikkei 225】	【10,133yen】	【8,110yen】	【+2,023yen】

* Figures in parentheses were after adopting deferred tax accounting.

10. Amount of Capital Expenditure and Depreciation

•Capital Expenditure (billion yen)

	2009FY (estimated)	2008FY
Consolidated	340.0	300.0
Non-consolidated	270.0	220.0

•Depreciation (billion yen)

	2009FY (estimated)	2008FY
Consolidated	280.0	273.7
Non-consolidated	215.0	196.3