

**Flash Report**  
**Consolidated Basis**  
**Results for the First Half of Fiscal 2010**  
**(April 1, 2010—September 30, 2010)**

October 27, 2010

**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>  
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**Scheduled date to submit Securities Report:** November 10, 2010  
**Scheduled date to payment of dividends:** —  
**Preparation of supplemental explanatory materials:** Yes  
**Holding of quarterly financial results meeting:** Yes (for investment analysts)

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

**1. Consolidated Financial and Operating Results through the First Half of Fiscal 2010**

(April 1, 2010—September 30, 2010)

**(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	%
<b>First half of fiscal 2010</b>	<b>2,022,079</b>	<b>28.5</b>	<b>118,111</b>	—	<b>134,868</b>	—	<b>71,047</b>	—
First half of fiscal 2009	1,573,338	(39.5)	(71,414)	—	(86,957)	—	(71,840)	—

	Net income per share	Net income per share after full dilution
	Yen	Yen
<b>First half of fiscal 2010</b>	<b>11.29</b>	<b>10.91</b>
First half of fiscal 2009	(11.42)	—

**(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
<b>First half of fiscal 2010</b>	<b>4,914,182</b>	<b>2,306,839</b>	<b>36.8</b>	<b>287.21</b>
Fiscal 2009	5,002,378	2,335,676	36.9	293.19

(For reference) Shareholders' equity: First half of fiscal 2010    ¥1,806,647million  
Fiscal 2009    ¥1,844,382 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 2009	—	0.00	—	1.50	1.50
<b>Fiscal 2010</b>	—	0.00			
Fiscal 2010 (Forecast)			—	—	—

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

Note: The dividend forecast and decision regarding the year-end dividend payment are not decided. The Company will decide and announce its when announcing the third quarter performance results.

### 3. Consolidated Financial Forecasts for Fiscal 2010 (April 1, 2010—March 31, 2011)

(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 2010	4,150,000	19.0	210,000	556.1	250,000	—

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal 2010	130,000	—	20.67

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

Note: Please see the section “2. Consolidated Forecasts” on page 6 for the Company’s full-year forecast figures.

### 4. Others (For further details, please refer to the item “3. Others” on page 8)

(1) Changes in the state of material subsidiaries during the period: None

Note: Changes regarding specific companies accompanying changes in the scope of consolidation

(2) The adoption of simplified accounting methods and special accounting treatment: Yes

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

(3) Changes in principles, procedures, methods of presentation, etc., related to the quarterly consolidated financial statements:

(a) Changes accompanying revisions in accounting principles: Yes

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

Note: Changes in principles, procedures, methods of presentation, etc., related to the quarterly consolidated financial statements, described in “Changes in material items that form the basis for the preparation and presentation of the quarterly consolidated financial statements”

(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 2010 6,806,980,977 shares

Fiscal 2009 6,806,980,977 shares

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

First half of fiscal 2010 516,637,271 shares

Fiscal 2009 516,191,673 shares

(c) Average number of shares issued during the period

First half of fiscal 2010 6,290,428,923 shares

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

#### \* Status of Performance of Quarterly Review Procedures

This quarterly flash report is exempt from the quarterly review procedures based on Japan’s Financial Instruments and Exchange Law. At the time when this quarterly flash report was disclosed, the quarterly review procedures based on the Financial Instruments and Exchange Law had not been completed.

#### \* 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.

**Index of attached documents**

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## **1. Consolidated Operating Results**

### **Overview of Conditions in the First Half of Fiscal 2010**

Global economic conditions continued gradually improving during the first half of fiscal 2010 amid opposing trends from the unstable conditions of the economic recoveries in the advanced nations of Europe and the United States and the faster-than-anticipated recoveries in emerging economies.

The Japanese economy likewise continued moving toward recovery. While the level of business activity in the public works and civil engineering fields was unavoidably sluggish, overall business conditions benefited from government economic stimulus measures and expanding export volume supported by the economic growth in China and other Asian countries.

In these conditions, domestic demand for steel materials gradually rose during the term as recovery trends in such areas as the manufacturing sector expanding demand for exports and consumer durable goods overcame the ongoing stagnant shipments to the construction and civil engineering fields.

In the first half, Steel export volume remained at a high level, supported by vigorous steel demand from developing countries in Asia. As a result, total crude steel production volume in Japan reached 55.42 million tons, marking an increase of 2.30 million tons from the second half of the previous fiscal year.

The Nippon Steel Group companies implemented measures to respond to the changing environment in their respective fields and to improve their earnings performances. In the first half of fiscal 2010, the Group posted consolidated ordinary profit of ¥134.8 billion, an increase of ¥36.0 billion from the second half of the previous fiscal year.

## Performance Review by Business Segment in the First Half of Fiscal 2010

Overview of operating performance by business segment

	(Billions of Yen)	
	Net Sales	Ordinary Profit
Steelmaking and steel fabrication	1,718.6	117.6
Engineering and construction	123.6	7.0
Urban development	38.7	4.2
Chemicals	94.4	4.9
New materials	30.9	1.5
System Solutions	73.7	4.4
Total	2,080.1	139.7
Eliminations	(58.0)	(4.8)
Consolidated total	2,022.0	134.8

\* First half, fiscal 2010 represents the six-month period from April 1 to September 30, 2010.

### Steelmaking and Steel Fabrication

The Steelmaking and Steel Fabrication segment made every effort in its production and shipment operations during the term to meet the high level of steel demand, led by export demand, and overcome the impact from the blast furnace malfunction at the Oita Works. As a result, the segment posted steel shipments of 15.59 million tons in the first half of fiscal 2010 and successfully sustained the shipment volume level of the previous half.

At the same time, the strong demand for steel overseas created tight supply and demand conditions for raw materials and an oligopoly among the limited number of suppliers. In price negotiations for core raw materials in the fiscal 2010 term, the Company was forced to accept significantly higher prices from its main suppliers and to agree to more frequent (quarterly) price negotiation periods. The Company is responding to these circumstances by continuing efforts to reduce costs to the bare minimum and seeking the understanding of its customers as it revises the prices of its steel materials.

In the first half of fiscal 2010, the Steelmaking and Steel Fabrication business recorded net sales of ¥1,718.6 billion and an ordinary profit of ¥117.6 billion.

### Engineering and Construction

Nippon Steel Engineering Co., Ltd., is focusing on developing operations in the areas of steel production plants, environmental solutions, energy, offshore, bridge construction, pipelines, and construction where it can fully apply its distinct capabilities. However, the low amount of capital investment activity

continued to produce a severe operating environment for attracting project orders both in Japan and overseas during the term.

Although the company is implementing meticulous risk management and measures to improve earnings on the projects currently under way, the decline in orders received in the previous fiscal year led to the Engineering and Construction segment posting net sales of ¥123.6 billion and an ordinary profit of ¥7.0 billion in the first half of fiscal 2010.

### **Urban Development**

Nippon Steel City Produce, Inc., saw signs of improving business environments in certain areas of operation during the term. Contract rates in the condominium market steadily improved in the Tokyo metropolitan area and are benefiting from the reduced interest rates on home loans, tax incentives, and other supportive government policies. The downtrend in vacancy rates in the rental building market also leveled off during the term. In addition, sales flow of large condominium units in the Tokyo metropolitan area remained steady.

In the first half of fiscal 2010, the Urban Development business posted net sales of ¥38.7 billion and an ordinary profit of ¥4.2 billion.

### **Chemicals**

Nippon Steel Chemical Co., Ltd., continued to record solid production and sales results for coal-based chemicals on steady domestic and export shipment volumes, including for pitch coke for electrodes, and for display materials and epoxy resins in line with the brisk demand for flat-screen TVs. At the same time, shipment volume growth stalled for electronic circuit board materials used in mobile phone applications and the earnings outlook for the chemical products business became increasingly uncertain amid deteriorating product profit margins.

The Chemicals business continues to implement measures to improve its revenue performance. In the first half of fiscal 2010, the Chemicals business recorded net sales of ¥94.4 billion and an ordinary profit of ¥4.9 billion.

## **New Materials**

Nippon Steel Materials Co., Ltd., recorded rising demand in its core electronic materials business on growing consumer demand for mobile phones, flat-screen TVs, and other electronic devices in emerging economies in the April–June quarter but subsequent inventory adjustments led to flat demand in the July–September quarter. Demand in the basic industrial and environmental materials businesses moved into a general recovery on a balance of improving demand in some segments, including carbon fiber, and ongoing weak demand in other segments.

The New Materials business posted net sales of ¥30.9 billion and an ordinary profit of ¥1.5 billion in the first half of fiscal 2010.

## **System Solutions**

NS Solutions Corporation provides comprehensive solutions in planning, configuration, operation, and maintenance of IT systems for customers in a broad range of fields and develops leading-edge solutions services to further enhance customer investment efficiency and responsiveness to changing business conditions. The company continued broadening its menu of cloud computing services\* and made steady progress in the construction of its next-generation, high-standard database center that will become the nucleus of its cloud computing services business upon its scheduled launch of operations at the start of 2012.

The company is also enhancing its IT systems to fully accommodate the telecom, International Financial Reporting Standards (IFRS), and other areas of growth in the IT field. During the term, the company launched IFRS solution installation and diagnostic services and comprehensive IT planning and support operations for corporate clients.

In the first half of fiscal 2010, the System Solutions business posted net sales of ¥73.7 billion and an ordinary profit of ¥4.4 billion.

\*Cloud computing service is a new type of Internet-based scalable data access service allowing users access to computer-based resources via the Internet.

## 2. Consolidated Forecasts

Concern exists that the global economy's gradual improving trend, which has persisted amid diverging recovery paces in emerging economies and the advanced nations of Europe and the United States, will level off. Developments will require close monitoring, particularly the direction of the Chinese economy, which has been driving the recovery, and the potential that the European and U.S. economies will seek a second bottom.

Concerns are also growing of an impending deterioration in the economic conditions in Japan from a downturn in business conditions overseas, the recent sharp rise in the value of the yen and weakness in stock prices, a potential negative backlash from the fading effectiveness of governmental stimulus measures, and other factors.

The domestic steel market outlook is not optimistic. Concern exists that the manufacturing industry, which has been on a recovery track, may see a drop in demand following the expiration of government-backed stimulus measures, such as eco-car purchase subsidy programs. In addition, the sharp rise in the value of the yen may lead corporations to shift their capital investment activity away from Japan. These concerns are in addition to the expectation for ongoing stagnant construction and civil engineering demand.

The steel market overseas has the positive elements of expectations for growing steel demand in Asia over the medium and long terms, and signs that China's efforts to control excess production and other factors are producing a bottoming out of market conditions in that country. However, various risks also exist going forward, including the price trends for raw materials and intensifying competition among steelmakers from the activation of new steel manufacturing plants in East Asia.

Nippon Steel is aiming to maintain second-half fiscal 2010 earnings approximately even with the first-half results, excluding the impact on earnings from the rise in the inventory evaluation, which incurred in the first half. In addition to the uncertainty in the domestic business conditions, numerous fundamental elements related to sales volume, sales prices, and raw material prices remain unsettled, including raw material prices in the fourth quarter for which negotiations have not yet begun and product sales prices for the third quarter and beyond for which negotiations with core consumers are only now getting under way.



Nippon Steel maintains the previously announced (on July 28, 2010) forecast figures for fiscal 2010 results targeting ¥250.0 billion in consolidated ordinary profit and ¥100.0 billion in non-consolidated ordinary profit.

### **Basic Profit Distribution Policy and the First Half (Interim) Dividend Payment in Fiscal 2010**

Nippon Steel's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year in consideration of the consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also considering the financial structure of the Company on a consolidated and non-consolidated basis. The Company has set a consolidated payout ratio target of approximately 20% for use as an indicator for the distribution of profits based on due consideration of consolidated operating results.

The level of the first-half (interim) dividend is set based on consideration of the interim performance and the forecast for the full fiscal year performance.

In line with the basic profit distribution policy, the Company has regretfully decided to not distribute a first-half (interim) dividend payment in fiscal 2010.

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

### 3. 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:

(a) Changes accompanying revisions in accounting standard:

1) Application of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

Beginning with the first quarter of the fiscal year ending March 31, 2011, the Company has applied “Accounting Standard for Equity Method of Accounting for Investments” (Accounting Standards Board of Japan (ASBJ) Statement No. 16) (2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (PITF No. 24), and has made the adjustments necessary for consolidation.

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

2) Application of Accounting Standard for Asset Retirement Obligations

Beginning with the first quarter of the fiscal year ending March 31, 2011, the Company has applied “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21).

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

3) Application of Accounting Standard for Measurement of Inventories (revised 2008)

Beginning with the first quarter of the fiscal year ending March 31, 2011, accompanying the application of “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9), a certain of its consolidated subsidiaries have changed the method of measurement of inventories from the cost method using the last-in, first-out method to the periodic average method.

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

4) Application of Accounting Standard for Business Combinations and Related Matters (Standards revised in 2008)

Beginning with the first quarter of the fiscal year ending March 31, 2011, the Company has applied the following accounting standards: “Accounting Standard for Business Combinations” (ASBJ Statement No. 21), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22), “Partial Amendments to the Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16) (revised 2008), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10).

(b) Changes other than those in “1.” Above:

None

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Millions of yen	
ASSETS	September 30, 2010	March 31, 2010
<b>Current assets :</b>		
Cash and bank deposits	71,827	78,197
Notes and accounts receivable	408,364	457,804
Inventories	941,350	854,763
Other	253,284	255,563
Less: Allowance for doubtful accounts	(3,053)	(4,161)
<b>Total current assets</b>	<b>1,671,772</b>	1,642,168
<b>Fixed assets :</b>		
Tangible fixed assets :		
Buildings and structures	489,221	489,884
Machinery and equipment	927,753	930,307
Other	440,586	458,158
	<b>1,857,561</b>	1,878,351
Intangible fixed assets	<b>51,445</b>	46,870
Investments and others :		
Investments in securities	1,157,658	1,272,033
Other	179,891	167,308
Less: Allowance for doubtful accounts	(4,148)	(4,353)
	<b>1,333,402</b>	1,434,988
<b>Total fixed assets</b>	<b>3,242,409</b>	3,360,210
<b>Total assets</b>	<b>4,914,182</b>	5,002,378

Millions of yen

LIABILITIES	September 30, 2010	March 31, 2010
<b>Current liabilities :</b>		
Notes and accounts payable	464,918	449,877
Short-term loans and long-term loans due within one year	314,705	304,743
Commercial paper	28,000	78,000
Accrued income taxes and enterprise taxes	20,440	23,308
Reserve	5,113	3,522
Other	480,195	510,635
<b>Total current liabilities</b>	<b>1,313,372</b>	<b>1,370,087</b>
<b>Long-term liabilities :</b>		
Bonds and notes	384,962	364,958
Long-term loans	645,781	626,910
Accrued pension and severance costs	144,668	141,995
Reserve	29,731	33,375
Other	88,827	129,374
<b>Total long-term liabilities</b>	<b>1,293,970</b>	<b>1,296,614</b>
<b>Total liabilities</b>	<b>2,607,343</b>	<b>2,666,701</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity :</b>		
Common stock	419,524	419,524
Capital surplus	114,342	114,345
Retained earnings	1,502,397	1,441,248
Less: Treasury stock, at cost	(262,248)	(262,004)
	<b>1,774,016</b>	<b>1,713,114</b>
<b>Valuation and transaction adjustments:</b>		
Unrealized gains on available-for-sale securities	86,438	158,364
Deferred hedge income (loss)	(6,610)	(1,846)
Unrealized gains on revaluation of land	12,927	10,759
Foreign currency translation adjustments	(60,124)	(36,010)
	<b>32,630</b>	<b>131,267</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>500,191</b>	<b>491,294</b>
<b>Total net assets</b>	<b>2,306,839</b>	<b>2,335,676</b>
<b>Total liabilities and net assets</b>	<b>4,914,182</b>	<b>5,002,378</b>

## (2) Consolidated Statements of Income

	Millions of yen	
	First half of fiscal 2009	First half of fiscal 2010
<b>Operating revenues :</b>		
Net sales	1,573,338	2,022,079
Cost of sales	1,501,555	1,746,231
<b>Gross margin</b>	71,783	275,847
Selling, general and administrative expenses	143,198	157,736
<b>Operating profit (loss)</b>	(71,414)	118,111
<b>Non-operating profit and loss :</b>		
Non-operating profit :		
Interest and dividend income	8,232	7,916
Equity in net income of unconsolidated subsidiaries and affiliates	10,986	37,407
Other	16,730	19,039
	35,949	64,363
Non-operating loss :		
Interest expenses	10,376	9,211
Other	41,116	38,394
	51,492	47,606
<b>Ordinary profit (loss)</b>	(86,957)	134,868
<b>Special loss :</b>		
Loss on impairment for fixed assets	-	7,227
Penalty	6,400	-
	6,400	7,227
<b>Income (loss) before income taxes and minority interest</b>	(93,357)	127,641
Income taxes - current and deferred	(21,171)	45,037
<b>Income before minority interest</b>	-	82,603
Minority interest in net income of consolidated subsidiaries	(346)	11,555
<b>Net income</b>	(71,840)	71,047

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

None

**(4) Consolidated Segment Information**

(Information of business segments)

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

Millions of yen

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

(Information regarding sales and income (loss) by reportable segments)

**First half of fiscal 2010 (April 1, 2010 to September 30, 2010)**

Millions of yen

	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions	Total	Adjustment	Figures in Consolidated Statements of Income
	<b>Sales</b>	1,718,648	123,644	38,764	94,447	30,945	73,727	2,080,178	(58,099)
<b>Segments income (Ordinary profit)</b>	117,665	7,002	4,208	4,935	1,509	4,415	139,737	(4,868)	134,868

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

None

Recent Quarterly Operating Results

Fiscal 2010 (April 1, 2010 to March 31, 2011)

	1st quarter	2nd quarter	1st half
	Apr. 2010–June 2010	July 2010–Sep. 2010	Apr. 2010–Sep. 2010
	¥billion	¥billion	¥billion
Sales	970.6	1,051.4	2,022.0
Steelmaking and steel fabrication	824.5	894.0	1,718.6
Engineering and construction	58.9	64.6	123.6
Urban development	18.7	19.9	38.7
Chemicals	45.9	48.4	94.4
New materials	14.7	16.2	30.9
System solutions	33.9	39.7	73.7
Adjustment	(26.3)	(31.7)	(58.0)
Operating profit	51.0 [5.3%]	67.0 [6.4%]	118.1 [5.8%]
Ordinary profit	61.8 [7.5%]	72.9 [8.2%]	134.8 [7.8%]
Steelmaking and steel fabrication	56.4 [6.8%]	61.2 [6.8%]	117.6 [6.8%]
Engineering and construction	2.6 [4.4%]	4.3 [6.7%]	7.0 [5.7%]
Urban development	1.9 [10.2%]	2.2 [11.1%]	4.2 [10.9%]
Chemicals	1.7 [3.7%]	3.1 [6.4%]	4.9 [5.2%]
New materials	0.7 [4.8%]	0.7 [4.3%]	1.5 [4.9%]
System solutions	1.9 [5.6%]	2.4 [6.0%]	4.4 [6.0%]
Adjustment	(3.5)	(1.2)	(4.8)
Net income	26.8 [2.8%]	44.2 [4.2%]	71.0 [3.5%]
Net income per share	4.26	7.03	11.29

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

								Fiscal 2009
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	Fiscal 2009	
	Apr. 2009–June 2009	July 2009–Sep. 2009	Apr. 2009–Sep. 2009	Oct. 2009–Dec. 2009	Jan. 2010–Mar. 2010	Oct. 2009–Mar. 2010		
	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion	
Sales	745.0	828.2	1,573.3	911.8	1,002.4	1,914.3	3,487.7	
Steelmaking and steel fabrication	578.8	680.6	1,259.5	753.0	810.6	1,563.6	2,823.1	
Engineering and construction	88.8	65.9	154.8	76.9	100.1	177.1	331.9	
Urban development	21.5	22.3	43.8	13.4	22.8	36.2	80.0	
Chemicals	37.9	48.6	86.5	45.4	47.3	92.8	179.4	
New materials	12.9	16.1	29.1	15.0	14.6	29.6	58.7	
System solutions	32.6	37.1	69.8	32.6	49.7	82.3	152.2	
Adjustment	(27.7)	(42.6)	(70.3)	(24.6)	(42.8)	(67.5)	(137.9)	
Operating profit	▲ 53.4 [▲7.2%]	▲ 18.0 [▲2.2%]	▲ 71.4 [▲4.5%]	39.7 [4.4%]	63.6 [6.3%]	103.4 [5.4%]	32.0 [0.9%]	
Ordinary profit	▲ 56.6 [▲7.6%]	▲ 30.2 [▲3.7%]	▲ 86.9 [▲5.5%]	43.3 [4.8%]	55.4 [5.5%]	98.7 [5.2%]	11.8 [0.3%]	
Steelmaking and steel fabrication	▲ 65.8 [▲11.4%]	▲ 39.4 [▲5.8%]	▲ 105.2 [▲8.4%]	33.1 [4.4%]	43.5 [5.4%]	76.6 [4.9%]	▲ 28.5 [▲1.0%]	
Engineering and construction	8.1 [9.2%]	3.7 [5.7%]	11.9 [7.7%]	7.1 [9.3%]	10.1 [10.1%]	17.2 [9.8%]	29.2 [8.8%]	
Urban development	0.7 [3.6%]	1.6 [7.3%]	2.4 [5.5%]	1.4 [10.6%]	▲ 2.1 [▲9.3%]	▲ 0.6 [▲1.9%]	1.7 [2.1%]	
Chemicals	2.5 [6.7%]	2.2 [4.5%]	4.7 [5.5%]	2.4 [5.4%]	1.9 [4.2%]	4.4 [4.8%]	9.1 [5.1%]	
New materials	▲ 0.0 [▲0.8%]	▲ 0.0 [▲0.1%]	▲ 0.1 [▲0.4%]	▲ 0.1 [▲0.9%]	0.8 [5.7%]	0.6 [2.4%]	0.5 [1.0%]	
System solutions	2.0 [6.3%]	2.2 [5.9%]	4.2 [6.1%]	1.5 [4.6%]	5.3 [10.8%]	6.8 [8.4%]	11.1 [7.3%]	
Adjustment	(4.3)	(0.6)	(4.9)	(2.2)	(4.2)	(6.5)	(11.5)	
Net income	▲ 42.2 [▲5.7%]	▲ 29.5 [▲3.6%]	▲ 71.8 [▲4.6%]	25.9 [2.8%]	34.3 [3.4%]	60.3 [3.2%]	▲ 11.5 [▲0.3%]	
Net income per share	▲ 6.72	▲ 4.70	▲ 11.42	4.12	5.46	9.59	▲ 1.83	

[ ] : Return on sales  
( ) in "Adjustment" row indicate negative numbers



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 2010

### Japanese Steel Industry

#### 1. Crude Steel Production

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2009FY	19.09	24.24	43.33	26.61	26.51	53.12	96.45
2010FY	28.07	27.35	55.42				

#### 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. 2008	5.88	(155.0)	4.71	0.272
Jan. 2009	5.77	(165.2)	4.73	0.261
Feb. 2009	5.47	(171.6)	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	(160.0)	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	(137.9)	3.49	0.220
Sep. 2009	4.62	(121.3)	3.43	0.229
Oct. 2009	4.65	(122.4)	3.44	0.232
Nov. 2009	4.71	(126.8)	3.40	0.229
Dec. 2009	4.79	(132.9)	3.42	0.229
Jan. 2010	4.79	(130.3)	3.51	0.215
Feb. 2010	4.84	(133.4)	3.51	0.200
Mar. 2010	4.75	(108.0)	3.42	0.180
Apr. 2010	4.83	(127.9)	3.50	0.182
May 2010	5.00	(127.0)	3.64	0.196
June 2010	4.95	(120.1)	3.63	0.209
July 2010	4.91	(121.8)	3.69	0.203
Aug. 2010	5.03	(133.9)	3.84	0.183

\*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
2009FY	4.84	6.35	11.19	7.70	7.68	15.38	26.57
2010FY	7.77	8.14	15.92				

**4. Crude Steel Production**

(Consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2009FY	5.37	7.38	12.75	8.72	8.45	17.17	29.92
2010FY	8.63	8.72	17.35				

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2009FY	4.82	6.73	11.55	8.10	7.85	15.95	27.50
2010FY	8.00	8.17	16.17				

**5. Steel Products Shipment**

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2009FY	4.73	6.74	11.47	7.60	8.02	15.62	27.09
2010FY	7.76	7.84	15.59				

**6. Average Price of Steel Products**

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2009FY	88.4	72.7	79.2	72.5	72.7	72.6	75.4
2010FY	79.1	86.4	82.8				

**7. Export Ratio of Steel Products (Value basis)**

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2009FY	33.1	38.9	36.2	38.8	41.3	40.1	38.4
2010FY	42.5	38.7	40.5				

**8. Foreign Exchange Rate**

(¥/US\$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2009FY	97	95	96	89	90	90	92
2010FY	93	86	90				

9. Unrealized Gains on Available-for-Sale Securities

(billion yen)

	1st Half of 2010FY	2009FY	difference
Consolidated	145.0(86.4)	265.7(158.3)	-120.7(-71.9)
【Nikkei 225】	【9,369yen】	【11,090yen】	【-1,721 yen】

\* Figures in parentheses were after adopting deferred tax accounting.

10. Amount of Capital Expenditure and Depreciation

•Capital Expenditure (billion yen)

	2010FY (estimated)	2009FY
Consolidated	320.0	330.0
Non-consolidated	220.0	270.0

•Depreciation (billion yen)

	2010FY (estimated)	2009FY
Consolidated	300.0	284.0
Non-consolidated	220.0	213.6