

Flash Report
Consolidated Basis
Results for the First Half of Fiscal 2011
(April 1, 2011—September 30, 2011)

October 26, 2011

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
Contact: Nozomu Takahashi, General Manager, Public Relations Center
Telephone: 81-3-6867-2130
Scheduled date to submit Securities Report: November 11, 2011
Scheduled date to pay dividends: November 29, 2011
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 2011

(April 1, 2011—September 30, 2011)

(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 2011	2,027,801	0.3	64,406	(45.5)	94,211	(30.1)	48,775	(31.3)
First half of Fiscal 2010	2,022,079	28.5	118,111	—	134,868	—	71,047	—

(For reference) Comprehensive income: First half of Fiscal 2011 ¥ (24,593) million (_ %)

First half of Fiscal 2010 ¥ (18,778) million (_ %)

	Net income per share	Net income per share after full dilution
	Yen	Yen
First half of Fiscal 2011	7.75	7.58
First half of Fiscal 2010	11.29	10.91

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
First half of Fiscal 2011	4,881,413	2,329,043	37.1
Fiscal 2010	5,000,860	2,380,925	37.2

(For reference) Shareholders' equity: First half of Fiscal 2011 ¥ 1,811,051 million

Fiscal 2010 ¥ 1,860,799 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 2010	—	0.00	—	3.00	3.00
Fiscal 2011	—	1.50			
Fiscal 2011 (Forecast)			—	—	—

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

Note: 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 2011 (April 1, 2011—March 31, 2012)

(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 2011	4,200,000	2.2	130,000	(21.5)	180,000	(20.5)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal 2011	85,000	(8.8)	13.51

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

Note: Please see the section "2. Consolidated Forecasts Qualitative Information" on page 4 for the Company's full-year forecast figures.

4. Others

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

Newly included: — Excluded: —

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

(2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

Note: This indicates whether special accounting methods were applied for the preparation of the quarterly consolidated financial statements.

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements

(a) Changes in accounting principles accompanying revisions in accounting standards: None

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

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

Note: This indicates whether there were changes in accounting principles, changes in accounting estimates, and retrospective restatements for the preparation 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 2011 6,806,980,977 shares

Fiscal 2010 6,806,980,977 shares

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

First half of Fiscal 2011 517,285,523 shares

Fiscal 2010 517,192,896 shares

(c) Average number of shares issued during the term

First half of Fiscal 2011 6,289,748,284 shares

First half of Fiscal 2010 6,290,428,923 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.

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1. Qualitative Information and Financial Review

Global and Domestic Economic Conditions in the First Half of Fiscal 2011

The global economy continued its overall gradual recovery trend in the first half of the fiscal year driven by the economic expansion of emerging countries, particularly in Asia. However, the pace of expansion slowed due to underlying factors, which included the rekindling of bad-debt issues in the European and U.S. financial markets and growing inflationary pressure in the emerging economies.

The Japanese economy rebounded from the setback caused by the Great East Japan Earthquake but was deeply impacted by the unstable economic conditions overseas and the persisting historic highs of the yen.

Performance Review by Business Segment in the First Half of Fiscal 2011

In these conditions, the Nippon Steel Group companies implemented measures to respond to the changing environment in their respective fields and to improve their earnings performances.

Overview of operating performance by business segment

(Billions of yen)

	Net Sales		Ordinary Profit	
	First half of fiscal 2011	First half of fiscal 2010	First half of fiscal 2011	First half of fiscal 2010
Steelmaking and steel fabrication	1,751.6	1,718.6	74.2	117.6
Engineering and construction	96.7	123.6	0.1	7.0
Urban development	27.9	38.7	4.0	4.2
Chemicals	101.0	94.4	7.3	4.9
New materials	28.6	30.9	0.5	1.5
System solutions	76.2	73.7	5.3	4.4
Total	2,082.1	2,080.1	91.7	139.7
Adjustment	(54.3)	(58.0)	2.4	(4.8)
Consolidated total	2,027.8	2,022.0	94.2	134.8

Steelmaking and steel fabrication

Total crude steel production volume in Japan amounted to 53.3 million tons in the first half of the fiscal year, a decline of 2.0 million tons from the second half of the previous fiscal year. The main factor in the decline was diminished demand due to the slowed production activity following the Great East Japan Earthquake, particularly in the manufacturing industry, and the ongoing strong yen, which is prompting

customers to shift manufacturing bases to overseas. The Company's steel material shipment volume also inevitably declined.

In addition, the brisk steel demand overseas is tightening the supply and demand balance for raw materials and leading to the development of supply-side monopolies for raw materials. The result is higher contractual prices for iron ore and coal and sharply rising prices for the materials used in our production processes.

The Company is responding to these circumstances by continuing to implement measures to cut 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 2011, the steelmaking and steel fabrication business recorded net sales of ¥1,751.6 billion and an ordinary profit of ¥74.2 billion.

Engineering and construction

In the engineering and construction business, Nippon Steel Engineering Co., Ltd., continues to face a severe order environment in Japan and overseas. The company is conducting meticulous risk management of projects currently under way and is focused on improving its cost structure. Noting that the majority of project sales are concentrated in the second half of the fiscal year, the engineering and construction business recorded net sales of ¥96.7 billion and an ordinary profit of ¥0.1 billion in the first half of fiscal 2011.

Urban development

Nippon Steel City Produce, Inc., suffered a slump in condominium market sales after the Great East Japan Earthquake but signs of recovery are appearing as time passes. Vacancy rates remained at a high level in the rental building market, with the exception of large-scale highly functional structures in urban centers. The urban development business ultimately recorded net sales of ¥27.9 billion and an ordinary profit of ¥4.0 billion in the first half of fiscal 2011.

Chemicals

Nippon Steel Chemical Co., Ltd., strived to boost revenue and leverage the improving conditions in the chemical products market to make up for the impact on sales from the Great East Japan Earthquake and declining sales volumes for epoxy resins for electronic materials. As a step to reinforce the operating base of the aromatics business in its Oita plant, we established NS Styrene Monomer Co., Ltd., a joint venture

with Showa Denko K.K. on August 1, 2011. In the first half of fiscal 2011, the chemicals business recorded net sales of ¥101.0 billion and an ordinary profit of ¥7.3 billion.

New materials

Nippon Steel Materials Co., Ltd., faced overall sluggish demand in the semiconductor market and posted declining sales in its core electronic materials business segment and for carbon fiber products for public works projects in the basic industrial materials and components business segment. Sales rose in the energy and environment-related materials and components business on growing demand in the Asia region for metal substrates for catalytic converters. The new materials business recorded net sales of ¥28.6 billion and an ordinary profit of ¥0.5 billion for the first half of fiscal 2011.

Systems solutions

NS Solutions Corporation continued advancing its business structural reform aimed at enhancing its abilities to expand orders and sales and improve profitability. The company continued to focus on developing the cloud computing services business* by expanding its service menu, reinforcing its operational services, and progressing with the construction of its next-generation, high-specification data center. The system solutions business recorded for the first half of fiscal 2011 net sales of ¥76.2 billion and an ordinary profit of ¥5.3 billion.

* Cloud computing is an 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 2011

The Company recorded consolidated net sales of ¥2,027.8 billion, operating profit of ¥64.4 billion, ordinary profit of ¥94.2 billion, and net income of ¥48.7 billion for the first half of fiscal 2011.

2. Consolidated Forecast Qualitative Information

The global economy is showing signs of moving into a downtrend as the overall recovery momentum are being slowed by the deepening federal deficits and consequent financial market turbulence in Europe and the United States along with slowing economic expansion in the developing countries due to monetary tightening and other factors. Uncertainty is also rapidly gathering in Japan's economic outlook amid stalling economic growth overseas, the yen persisting at historically high levels, the potential for

prolonged electric power restrictions in the country, and the potential impact from the flooding in Thailand.

In this operating environment, we believe domestic demand for steel will be boosted by the full recovery from the supply chain disruptions and other repercussions from the earthquake and tsunami. At the same time, however, domestic steel inventories remain at extremely high levels.

Overseas, we anticipate weakening steel demand in eastern Asia and deteriorating conditions in the steel market owing to factors that include rapid economic deceleration in Europe and the United States, slowing economic growth of emerging countries, and rising production output and export volumes by steel mills in China and South Korea.

Nippon Steel is responding to this operating environment and the obstinately strong yen by continuing to closely monitor domestic and overseas steel supply and demand trends and by attentively controlling production levels to match actual demand conditions. The Company is continuing efforts to maximize cost structure efficiency while seeking the understanding of its corporate customers as it conducts cordial negotiations regarding its steel product prices.

Based on this outlook, the Company anticipates a consolidated ordinary profit decline of ¥8.0 billion in the second half compared with the first half. The Company's consolidated results forecast for the full fiscal year of 2011 are net sales of ¥4,200.0 billion, operating profit of ¥130.0 billion, ordinary profit of ¥180.0 billion, and net income of ¥85.0 billion.

Basic Profit Distribution Policy and First Half (Interim) Dividend Distribution

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 bases. 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 figures and the forecast for the full fiscal year performance.

In accordance with the basic profit distribution policy described above, the Company has set a first-half (interim) dividend payment level of ¥1.5 per share, representing a consolidated payout ratio of 19.3%.

The Company plans to announce its plan for the year-end dividend when announcing its earnings results for the third quarter of the fiscal year.

Business Integration with Sumitomo Metal Industries

Nippon Steel and Sumitomo Metal Industries, Ltd., announced that they entered into a Master Integration Agreement on September 22, 2011, with intent to integrate their businesses on October 1, 2012. The integrated company is to be called Nippon Steel & Sumitomo Metal Corporation.

The objective of the business integration is to make a thorough effort to seek synergies by combining their respective advanced resources that each has built up, and by consolidating the superior areas of their respective businesses. The companies will also accelerate the implementation of business structure reform by such means as pursuing greater efficiency in domestic production bases and expanding overseas businesses. Through realization of these of these objectives at an early stage, the companies aim to be “the Best Steelmaker with World-Leading Capabilities” by boosting competitiveness in all areas including scale, cost, technology and customer service. The integrated company will advance the global development of its steel business, utilize its world-leading technologies, enhance cost-competitiveness, and implement other measures with aiming to realize synergies of around 150 billion yen per year starting approximately three years after the Business Integration.

Through maximization of the potential of steel as a fundamental industrial material by utilizing world-leading technology and manufacturing know-how, the integrated company will desire to support the development of customers in and outside Japan, as well as contribute to further growth of the Japanese and global economies and improvement of global society.

3. Others

(1) Changes in the state of material subsidiaries during the first half of fiscal 2011:

None

(2) Adoption of special accounting methods for the preparation of 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.

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements for the preparation of the quarterly consolidated financial statements:

None

(Supplementary Information)

For accounting changes and error corrections made after the beginning of the first quarter, the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24) have been applied.

4. Consolidated Financial Statements

Nippon Steel Corporation (5401)
First Half, Fiscal Year 2011

(1) Consolidated Balance Sheets

	(Millions of yen)	
ASSETS	March 31, 2011	September 30, 2011
Current assets :		
Cash and bank deposits	72,760	71,848
Notes and accounts receivable	459,906	403,526
Inventories	929,284	993,782
Other	250,077	243,824
Less: Allowance for doubtful accounts	(1,453)	(566)
Total current assets	1,710,575	1,712,414
Fixed assets :		
Tangible fixed assets :		
Buildings and structures	499,951	494,297
Machinery and equipment	880,409	837,458
Other	438,022	495,171
	1,818,384	1,826,928
Intangible fixed assets	62,611	68,065
Investments and others :		
Investments in securities	1,223,810	1,047,083
Other	190,474	232,085
Less: Allowance for doubtful accounts	(4,994)	(5,164)
	1,409,289	1,274,004
Total fixed assets	3,290,285	3,168,998
Total assets	5,000,860	4,881,413

(Millions of yen)

LIABILITIES	March 31, 2011	September 30, 2011
Current liabilities :		
Notes and accounts payable	476,592	463,482
Short-term loans and portion of long-term loans due within one year	310,150	310,591
Commercial paper	32,000	50,000
Bonds due within one year	-	5,000
Accrued income taxes and enterprise taxes	24,783	22,016
Reserve	23,636	13,379
Other	491,175	444,757
Total current liabilities	1,358,338	1,309,227
Long-term liabilities :		
Bonds and notes	385,065	420,069
Long-term loans	602,480	572,527
Accrued pension and severance costs	155,760	155,693
Reserve	26,689	24,700
Other	91,599	70,151
Total long-term liabilities	1,261,596	1,243,142
Total liabilities	2,619,935	2,552,370
NET ASSETS		
Shareholders' equity :		
Common stock	419,524	419,524
Capital surplus	114,553	114,550
Retained earnings	1,522,786	1,552,839
Less: Treasury stock, at cost	(262,524)	(262,541)
	1,794,340	1,824,373
Accumulated other comprehensive income:		
Unrealized gains on available-for-sale securities	104,783	19,556
Deferred hedge income (loss)	(3,099)	(4,517)
Unrealized gains on revaluation of land	11,523	11,495
Foreign currency translation adjustments	(46,748)	(39,856)
	66,459	(13,322)
Minority interest in consolidated subsidiaries	520,126	517,991
Total net assets	2,380,925	2,329,043
Total liabilities and net assets	5,000,860	4,881,413

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

Consolidated Statements of Operations		(Millions of yen)	
	First half of fiscal 2010	First half of fiscal 2011	
Operating revenues :			
Net sales	2,022,079	2,027,801	
Cost of sales	1,746,231	1,799,067	
Gross margin	275,847	228,733	
Selling, general and administrative expenses	157,736	164,326	
Operating profit	118,111	64,406	
Non-operating profit and loss :			
Non-operating profit :			
Interest	1,243	1,636	
Dividend income	6,673	6,313	
Equity in net income of unconsolidated subsidiaries and affiliates	37,407	32,382	
Other	19,039	27,473	
	64,363	67,806	
Non-operating loss :			
Interest expense	9,211	8,948	
Other	38,394	29,054	
	47,606	38,002	
Ordinary profit	134,868	94,211	
Special loss :			
Loss on impairment for fixed assets	7,227	-	
Loss on sales of investment securities	-	7,440	
	7,227	7,440	
Income before income taxes and minority interest	127,641	86,770	
Income taxes - current and deferred	45,037	30,728	
Income before minority interest	82,603	56,041	
Minority interest in net income of consolidated subsidiaries	11,555	7,266	
Net income	71,047	48,775	

Consolidated Statements of Comprehensive Income		(Millions of yen)	
	First half of fiscal 2010	First half of fiscal 2011	
Income before minority interest	82,603	56,041	
Other comprehensive income			
Unrealized gains (losses) on available-for-sale securities	(71,132)	(83,345)	
Deferred hedge income (loss)	(3,675)	(1,184)	
Unrealized gains (losses) on revaluation of land	874	-	
Foreign currency translation adjustments	(13,466)	(3,566)	
Share of other comprehensive income of associates accounted for using equity method	(13,979)	7,461	
Total other comprehensive income (loss)	(101,379)	(80,635)	
Comprehensive income (loss)	(18,778)	(24,593)	
attribute to			
Comprehensive income attribute to owners of the parent	(28,881)	(30,977)	
Comprehensive income attribute to minority interests	10,103	6,383	

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

None

(4) Information on Depreciation and amortization

Depreciation and amortization for the first half of the fiscal year (including intangible fixed assets amortization other than goodwill) is as follows:

(Millions of yen)		
	For the first half of fiscal 2010	For the first half of fiscal 2011
Depreciation and amortization	139,335	135,166

(5) Consolidated Segment Information

(Information about segment sales, profit (loss))

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

(Millions of yen)

	Reportable segment						Total	Adjustment	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions			
Sales to external customers	1,718,648	123,644	38,764	94,447	30,945	73,727	2,080,178	(58,099)	2,022,079
Segment profit (loss) <Ordinary Profit>	117,665	7,002	4,208	4,935	1,509	4,415	139,737	(4,868)	134,868

(Information about segment sales, profit (loss))

First half of fiscal 2011 (April 1, 2011 to September 30, 2011)

(Millions of yen)

	Reportable segment						Total	Adjustment	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions			
Sales to external customers	1,751,610	96,769	27,947	101,054	28,603	76,213	2,082,198	(54,396)	2,027,801
Segment profit (loss) <Ordinary Profit>	74,255	170	4,043	7,337	594	5,325	91,727	2,483	94,211

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

None

Recent Quarterly Operating Results

Fiscal 2011 (April 1, 2011 to March 31, 2012)

	Fiscal 2011 (April 1, 2011 to March 31, 2012)				
	1st quarter	2nd quarter	1st half	Forecast for 2nd half	Forecast for fiscal 2011
	Apr. 2011–June 2011	July 2011–Sep. 2011	Apr. 2011–Sep. 2011	Oct. 2011–Mar. 2012	Apr. 2011–Mar. 2012
	¥billion	¥billion	¥billion	¥billion	¥billion
Sales	985.5	1,042.2	2,027.8	2,172.2	4,200.0
Steelmaking and steel fabrication	851.9	899.6	1,751.6	1,798.4	3,550.0
Engineering and construction	44.0	52.6	96.7	153.3	250.0
Urban development	12.7	15.1	27.9	47.1	75.0
Chemicals	48.3	52.7	101.0	109.0	210.0
New materials	14.2	14.3	28.6	36.4	65.0
System solutions	36.2	39.9	76.2	88.8	165.0
Adjustment	(22.0)	(32.3)	(54.3)	(60.7)	(115.0)
Operating profit	38.5 [3.9%]	25.8 [2.5%]	64.4 [3.2%]	65.6 [3.0%]	130.0 [3.1%]
Ordinary profit	57.0 [5.8%]	37.1 [3.6%]	94.2 [4.6%]	85.8 [3.9%]	180.0 [4.3%]
Steelmaking and steel fabrication	48.5 [5.7%]	25.6 [2.9%]	74.2 [4.2%]	60.8 [3.4%]	135.0 [3.8%]
Engineering and construction	0.2 [0.5%]	▲ 0.1 [▲0.1%]	0.1 [0.2%]	12.4 [8.1%]	12.5 [5.0%]
Urban development	2.3 [18.0%]	1.7 [11.5%]	4.0 [14.5%]	3.0 [6.4%]	7.0 [9.3%]
Chemicals	3.6 [7.5%]	3.6 [7.0%]	7.3 [7.3%]	6.2 [5.7%]	13.5 [6.4%]
New materials	0.2 [2.1%]	0.2 [2.1%]	0.5 [2.1%]	1.5 [4.1%]	2.0 [3.1%]
System solutions	2.9 [8.0%]	2.4 [6.1%]	5.3 [7.0%]	7.2 [8.1%]	12.5 [7.6%]
Adjustment	(0.9)	3.4	2.4	(4.9)	(2.5)
Net income	29.0 [3.0%]	19.6 [1.9%]	48.7 [2.4%]	36.3 [1.7%]	85.0 [2.0%]
Net income per share	¥ 4.63	¥ 3.13	¥ 7.75	¥ 5.77	¥ 13.51

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

	Fiscal 2010 (April 1, 2010 to March 31, 2011)						
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	Fiscal 2010
	Apr. 2010–June 2010	July 2010–Sep. 2010	Apr. 2010–Sep. 2010	Oct. 2010–Dec. 2010	Jan. 2011–Mar. 2011	Oct. 2010–Mar. 2011	Apr. 2010–Mar. 2011
	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion
Sales	970.6	1,051.4	2,022.0	1,003.1	1,084.5	2,087.6	4,109.7
Steelmaking and steel fabrication	824.5	894.0	1,718.6	859.4	895.4	1,754.8	3,473.4
Engineering and construction	58.9	64.6	123.6	55.2	76.0	131.2	254.9
Urban development	18.7	19.9	38.7	15.9	31.8	47.7	86.5
Chemicals	45.9	48.4	94.4	50.2	49.1	99.4	193.8
New materials	14.7	16.2	30.9	15.1	14.8	29.9	60.8
System solutions	33.9	39.7	73.7	35.4	50.5	85.9	159.7
Adjustment	(26.3)	(31.7)	(58.0)	(28.3)	(33.2)	(61.6)	(119.7)
Operating profit	51.0 [5.3%]	67.0 [6.4%]	118.1 [5.8%]	33.9 [3.4%]	13.5 [1.2%]	47.4 [2.3%]	165.6 [4.0%]
Ordinary profit	61.8 [6.4%]	72.9 [6.9%]	134.8 [6.7%]	53.5 [5.3%]	37.9 [3.5%]	91.4 [4.4%]	226.3 [5.5%]
Steelmaking and steel fabrication	56.4 [6.8%]	61.2 [6.9%]	117.6 [6.8%]	43.5 [5.1%]	20.7 [2.3%]	64.3 [3.7%]	181.9 [5.2%]
Engineering and construction	2.6 [4.5%]	4.3 [6.7%]	7.0 [5.7%]	2.1 [3.9%]	5.7 [7.5%]	7.8 [6.0%]	14.8 [5.8%]
Urban development	1.9 [10.3%]	2.2 [11.4%]	4.2 [10.9%]	2.5 [15.9%]	2.5 [8.0%]	5.0 [10.6%]	9.2 [10.7%]
Chemicals	1.7 [3.9%]	3.1 [6.5%]	4.9 [5.2%]	4.4 [8.8%]	3.8 [7.9%]	8.3 [8.4%]	13.2 [6.8%]
New materials	0.7 [5.2%]	0.7 [4.6%]	1.5 [4.9%]	0.0 [0.3%]	0.5 [3.8%]	0.6 [2.0%]	2.1 [3.5%]
System solutions	1.9 [5.7%]	2.4 [6.2%]	4.4 [6.0%]	2.7 [7.6%]	4.2 [8.3%]	6.9 [8.0%]	11.3 [7.1%]
Adjustment	(3.5)	(1.2)	(4.8)	(1.8)	0.2	(1.6)	(6.4)
Net income	26.8 [2.8%]	44.2 [4.2%]	71.0 [3.5%]	33.4 [3.3%]	▲ 11.2 [▲1.0%]	22.1 [1.1%]	93.1 [2.3%]
Net income per share	¥ 4.26	¥ 7.03	¥ 11.29	¥ 5.32	¥ ▲ 1.79	¥ 3.52	¥ 14.82

[] : Return on sales

() in "Adjustment" row indicate negative numbers

Nippon Steel Corporation

Code Number: 5401

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

Contact: Nozomu Takahashi, General Manager, Public Relations Center-Tel: 81-3-6867-2130

Supplementary Information on the Financial Result for the First Half of Fiscal 2011

Japanese Steel Industry

1. Crude Steel Production

(million tons)

	1st half		2nd half		total
	1st quarter	2nd quarter	3rd quarter	4th quarter	
2010FY	28.07	27.36	55.42	55.37	110.79
2011FY	26.37	26.94	53.31		

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. 2009	4.79	(132.9)	3.42	0.229
Jan. 2010	4.79	(130.5)	3.51	0.215
Feb. 2010	4.84	(133.3)	3.52	0.200
Mar. 2010	4.75	(108.0)	3.42	0.180
Apr. 2010	4.83	(127.8)	3.50	0.182
May 2010	4.99	(126.7)	3.63	0.196
June 2010	4.95	(120.1)	3.63	0.209
July 2010	4.91	(121.7)	3.69	0.203
Aug. 2010	5.03	(134.0)	3.84	0.183
Sep. 2010	5.05	(125.2)	3.81	0.165
Oct. 2010	5.23	(134.0)	3.92	0.160
Nov. 2010	5.00	(124.0)	3.75	0.149
Dec. 2010	5.16	(138.2)	3.82	0.149
Jan. 2011	5.18	(130.6)	3.87	0.160
Feb. 2011	5.13	(132.7)	3.74	0.175
Mar. 2011	5.09	(126.0)	3.83	0.183
Apr. 2011	5.38	(155.6)	4.04	0.188
May 2011	5.63	(154.9)	4.20	0.206
June 2011	5.60	(141.9)	4.21	0.215
July 2011	5.43	(139.7)	4.18	0.206
Aug. 2011	5.62	(152.2)	4.35	0.193

*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
2010FY	7.77	8.14	15.92	8.15	8.11	16.26	32.18
2011FY	7.76	8.03	15.79			Approx.15.80	Approx.31.60

4. Crude Steel Production

(Consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2010FY	8.63	8.72	17.35	8.68	8.89	17.57	34.92
2011FY	8.30	8.31	16.61			Approx.16.70	Approx.33.30

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2010FY	8.00	8.17	16.17	8.04	8.26	16.30	32.47
2011FY	7.75	7.78	15.53			Approx.15.50	Approx.31.00

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2010FY	7.76	7.84	15.59	7.66	8.10	15.76	31.35
2011FY	7.40	7.28	14.68			Approx.15.00	Approx.29.70

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2010FY	79.1	86.4	82.8	81.4	79.7	80.6	81.7
2011FY	85.8	89.8	87.8			Approx.88	Approx.88

7. Export Ratio of Steel Products (Value basis)

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2010FY	42.5	38.7	40.5	39.8	40.9	40.4	40.4
2011FY	41.9	40.1	41.0			Approx.38	Approx.39

8. Foreign Exchange Rate

(¥/US\$)

	1st half		3rd quarter	4th quarter	2nd half	total
	1st quarter	2nd quarter				
2010FY	93	86	83	82	82	86
2011FY	82	78			Approx.80	Approx.80

9. Unrealized Gains on Available-for-Sale Securities

(billion yen)

	1st half of 2011FY	2010FY	difference
Consolidated	32.8 (19.5)	175.8 (104.7)	-142.9 (-85.2)
【Nikkei 225】	【8,700yen】	【9,755yen】	【-1,055yen】

* Figures in parentheses were after adopting deferred tax accounting.

10. Amount of Capital Expenditure and Depreciation

•Capital Expenditure (billion yen)

	2011FY (estimated)	2010FY
Consolidated	265.0	290.0
Non-consolidated	180.0	210.0

•Depreciation (billion yen)

	2011FY (estimated)	2010FY
Consolidated	285.0	291.5
Non-consolidated	215.0	220.1