

**Flash Report**  
**Consolidated Basis**  
**Results for the Third Quarter of Fiscal 2011**  
**(April 1, 2011—December 31, 2011)**

January 27, 2012

**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:** February 7, 2012  
**Scheduled date to pay 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 Third Quarter of Fiscal 2011**

(April 1, 2011—December 31, 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	%
<b>Third quarter of Fiscal 2011</b>	<b>3,069,804</b>	<b>1.5</b>	<b>82,152</b>	<b>(46.0)</b>	<b>124,159</b>	<b>(34.1)</b>	<b>(1,254)</b>	<b>—</b>
Third quarter of Fiscal 2010	3,025,235	21.7	152,086	—	188,395	—	104,482	—

(For reference) Comprehensive income: Third quarter of Fiscal 2011 ¥ (76,573) million ( \_ % )

Third quarter of Fiscal 2010 ¥ 38,339 million ( \_ % )

	Net income per share	Net income per share after full dilution
	Yen	Yen
<b>Third quarter of Fiscal 2011</b>	<b>(0.20)</b>	<b>—</b>
Third quarter of Fiscal 2010	16.61	16.05

**(2) Consolidated Financial Results**

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
<b>Third quarter of Fiscal 2011</b>	<b>4,852,012</b>	<b>2,272,482</b>	<b>36.0</b>
Fiscal 2010	5,000,860	2,380,925	37.2

(For reference) Shareholders' equity: Third quarter of Fiscal 2011 ¥ 1,748,882 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
<b>Fiscal 2011</b>	—	1.50	—		
Fiscal 2011 (Forecast)				—	—

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

Note: The dividend forecast for the end of fiscal 2011 is not decided. In consideration of the significant risk of losses due to changes in stock

market conditions and a consequent loss on the valuation of investments in securities, the Company has decided to propose to give notice of dividends to be distributed from retained earnings at the end of the fiscal year when announcing the final earnings results for the fiscal year after they become available in line with its previously announced dividend policy.

### 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	4,050,000	(1.5)	70,000	(57.7)	120,000	(47.0)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal 2011	0	(100.0)	0.00

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)

Third quarter 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

Third quarter of Fiscal 2011 517,390,544 shares

Fiscal 2010 517,192,896 shares

(c) Average number of shares issued during the term

Third quarter of Fiscal 2011 6,289,704,414 shares

Third quarter of Fiscal 2010 6,290,362,128 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 Third Quarter of Fiscal 2011

The global economy continued its overall gradual recovery in the third quarter of the fiscal year driven by the economic expansion of emerging countries. However, expansion slowed due to factors that included the surfacing debt issues in Europe and growing inflationary pressure in the emerging economies.

The Japanese economy rebounded from the temporary setback caused by the Great East Japan Earthquake, but business conditions continued to be unstable due to the slowdown in economic growth overseas and other factors, including the persisting historic high levels of the yen and its temporary movement to the highest level in history at the end of October of last year.

### Performance Review by Business Segment in the Third Quarter 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	
	3Q FY11	3Q FY10	3Q FY11	3Q FY10
Steelmaking and steel fabrication	2,641.4	2,578.0	94.3	161.1
Engineering and construction	161.4	178.9	2.8	9.1
Urban development	52.6	54.7	7.6	6.7
Chemicals	149.8	144.6	10.7	9.3
New materials	42.0	46.0	0.2	1.5
System solutions	110.6	109.1	7.2	7.1
Total	3,158.2	3,111.6	123.0	195.1
Adjustment	(88.4)	(86.4)	1.0	(6.7)
Consolidated total	3,069.8	3,025.2	124.1	188.3

\*The third quarter of consolidated fiscal 2011 represents the nine-month period from April 1 to December 31, 2011.

### Steelmaking and steel fabrication

The Company recorded a decline in steel shipments in the third quarter of fiscal 2011 as total crude steel production volume in Japan amounted to 26.57 million tons, a decline of 0.38 million tons from the second quarter of the fiscal year. Domestic demand increased during the quarter as construction activity picked up after the setback caused by the Great East Japan Earthquake as well as the automotive and other manufacturing industries moved to get back their steel inventories. Export demand declined, however, particularly to East Asia, as a consequence of the flooding in Thailand, slowing economic

activity in Asia, and deteriorating competitiveness of exports from Japan due to the strong yen. In addition, the volume of imported steel materials was high during the term.

The Company used a brief respite from the tight supply and demand of raw materials to establish contracts lowering the coal price by roughly 10% from the second quarter of fiscal 2011, but the lingering influence of the relatively high contractual prices of raw materials acquired through the first half resulted in only a moderate decline in the price of raw materials used during the term. The sluggish domestic and overseas market conditions ultimately contributed to a further tightening of the profit margin between product sales prices and raw material costs.

The Company is responding to these circumstances by continuing to implement measures to lower costs to the bare minimum. In the third quarter of fiscal 2011, the steelmaking and steel fabrication business recorded net sales of ¥2,641.4 billion and an ordinary profit of ¥94.3 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 for this fiscal year are concentrated in the fourth quarter, the engineering and construction business recorded net sales of ¥161.4 billion and an ordinary profit of ¥2.8 billion.

### **Urban development**

Nippon Steel City Produce, Inc., is seeing signs of recovery following the slump in condominium market sales after the Great East Japan Earthquake. In the rental building market, demand continues to be strong for large-scale highly functional structures in urban centers, while vacancy rates remain high for small and medium-sized buildings. The urban development business ultimately recorded net sales of ¥52.6 billion and an ordinary profit of ¥7.6 billion.

### **Chemicals**

Nippon Steel Chemical Co., Ltd., strived to boost revenue and leverage the improving conditions in some segments, notably for acid phthalic anhydride, of the chemical products market to make up for the impact on sales from declining sales volumes for epoxy resins for electronic materials and the impact on circuit board materials sales from the flooding in Thailand. Demand for electronic materials is plummeting amid

the current slowing economic conditions overseas. In these conditions, the chemicals business recorded net sales of ¥149.8 billion and an ordinary profit of ¥10.7 billion.

### **New materials**

Nippon Steel Materials Co., Ltd., recorded strong demand for surface-treated copper wire in its core electronic materials business segment, but sluggish demand in the semiconductor market and the impact from the flooding in Thailand negatively affected the overall result in the segment. In the environmental and energy-related materials and components business, demand in the Asia region remained strong for metal substrates for catalytic converters, but the basic industrial materials and components business sales were sluggish for carbon fiber products for public works projects. The new materials business recorded net sales of ¥42.0 billion and an ordinary profit of ¥0.2 billion.

### **Systems solutions**

NS Solutions Corporation continued to optimize its business structure to enhance its abilities to expand orders and sales and improve profitability. The company continued to develop the cloud computing services business\* by expanding its service menu and progressing with the construction of its next-generation, high-specification data center. The company also established a corporate entity in Singapore to provide local support for clients expanding their activities in the Southeast Asia region. The systems solutions business recorded net sales of ¥110.6 billion and an ordinary profit of ¥7.2 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 Third Quarter of Fiscal 2011**

The Company recorded consolidated net sales of ¥3,069.8 billion, operating profit of ¥82.1 billion, and an ordinary profit of ¥124.1 billion. The Company recorded a special loss due mainly to the stagnant stock market conditions and a consequent loss on the valuation of investments in securities, including investments in domestic listed stocks. The result was a net loss of ¥1.2 billion for the third quarter of fiscal 2011.

## **2. Consolidated Forecast Qualitative Information**

The global economic outlook encompasses the persisting fiscal crises in Europe, which have snowballed into the biggest risk factor, and while business conditions in the United States continue to show signs of gradual recovery, emerging countries are responding to receding inflationary pressure with steps to spur

economic activity, including monetary easing, reduced tax rates, and measures to stimulate consumption. Uncertainty also remains for Japan's economic outlook arising from the stalling economic growth overseas, the yen persisting at historically high levels, and the potential for prolonged electric power restrictions in the country. Nevertheless, conditions continue to gradually recover, with positive factors including the brisk production activity in the automobile industry to make up for the post-disaster stagnancy as well as growing demand in the public sector following the adoption of the government's supplemental budget.

Steel demand in Japan is expected to remain constant with demand beginning to rise again in the construction industry after the Great East Japan Earthquake and expectations of growing demand from the industrial machinery and automobile industries. These trends balanced out the impact from the accelerating shift of domestic demand to overseas sources in response to the prolonging excessive strength of the yen.

The sluggish European economy and decelerating growth in emerging countries led to slowing steel demand overseas. The Company recognizes it is facing an extremely harsh business environment framed by ongoing strong supply pressure arising from the continuing expansion of steel production capacity in Asian countries, the historical highs of the yen, and growing imported steel materials. In this environment, the Company is continuing to realize maximum cost efficiency.

Based on this outlook, the Company anticipates declining production output and shipment volumes along with sluggish domestic and overseas market conditions due to a softening supply and demand for steel materials and other factors to result in a consolidated ordinary profit decline of ¥120.0 billion for the full fiscal 2011, representing a shortfall of ¥60.0 billion from our previously announced target.

The Company also forecasts reporting approximately zero consolidated net income in fiscal 2011 owing to, among other factors, the special loss arising from the stagnant stock market conditions and consequent loss on the valuation of investments in securities, including investments in domestic listed stocks, and from tax reform disposing of deferred tax assets.

### **Basic Profit Distribution Policy and Year-End 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.

In accordance with the dividend policy announced previously, the Company distributed a dividend from retained earnings of ¥1.5 per share for the first half of fiscal 2011 (interim period). Plans originally called for announcing the year-end dividend amount along with earnings results for the third quarter of the fiscal year.

However, in consideration of the significant risk of losses due to changes in stock market conditions and a consequent loss on the valuation of investments in securities, the Company has decided to propose to give notice of dividends to be distributed from retained earnings at the end of the fiscal year when announcing the final earnings results for the fiscal year after they become available in line with its previously announced dividend policy.

### **Business Integration with Sumitomo Metal Industries**

Nippon Steel and Sumitomo Metal Industries, Ltd., reached formal agreement in September 2011 to proceed with their Business Integration, and, in December 2011, the Japan Fair Trade Commission (JFTC) gave its approval. Following the receipt of JFTC approval, the Companies will further accelerate their efforts to prepare for the Business Integration.



### 3. Others

(1) Changes in the state of material subsidiaries during the third quarter 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

### (1) Consolidated Balance Sheets

(Millions of yen)

ASSETS	March 31, 2011	December 31, 2011
<b>Current assets :</b>		
Cash and bank deposits	72,760	67,306
Notes and accounts receivable	459,906	389,233
Inventories	929,284	1,007,050
Other	250,077	248,416
Less: Allowance for doubtful accounts	(1,453)	(483)
<b>Total current assets</b>	1,710,575	1,711,522
<b>Fixed assets :</b>		
Tangible fixed assets :		
Buildings and structures	499,951	494,365
Machinery and equipment	880,409	824,311
Other	438,022	510,078
	1,818,384	1,828,756
Intangible fixed assets	62,611	66,795
Investments and others :		
Investments in securities	1,223,810	1,003,309
Other	190,474	246,693
Less: Allowance for doubtful accounts	(4,994)	(5,065)
	1,409,289	1,244,938
<b>Total fixed assets</b>	3,290,285	3,140,490
<b>Total assets</b>	5,000,860	4,852,012

(Millions of yen)

<b>LIABILITIES</b>	March 31, 2011	December 31, 2011
<b>Current liabilities :</b>		
Notes and accounts payable	476,592	473,676
Short-term loans and portion of long-term loans due within one year	310,150	303,433
Commercial paper	32,000	95,000
Bonds due within one year	-	40,000
Accrued income taxes and enterprise taxes	24,783	17,797
Reserve	23,636	10,522
Other	491,175	451,266
<b>Total current liabilities</b>	1,358,338	1,391,696
<b>Long-term liabilities :</b>		
Bonds and notes	385,065	395,071
Long-term loans	602,480	547,374
Accrued pension and severance costs	155,760	156,076
Reserve	26,689	24,989
Other	91,599	64,321
<b>Total long-term liabilities</b>	1,261,596	1,187,833
<b>Total liabilities</b>	2,619,935	2,579,530
<b>NET ASSETS</b>		
<b>Shareholders' equity :</b>		
Common stock	419,524	419,524
Capital surplus	114,553	114,547
Retained earnings	1,522,786	1,493,456
Less: Treasury stock, at cost	(262,524)	(262,560)
	1,794,340	1,764,968
<b>Accumulated other comprehensive income:</b>		
Unrealized gains on available-for-sale securities	104,783	63,808
Deferred hedge income (loss)	(3,099)	(3,599)
Unrealized gains on revaluation of land	11,523	13,072
Foreign currency translation adjustments	(46,748)	(89,367)
	66,459	(16,086)
<b>Minority interest in consolidated subsidiaries</b>	520,126	523,600
<b>Total net assets</b>	2,380,925	2,272,482
<b>Total liabilities and net assets</b>	5,000,860	4,852,012

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

Consolidated Statements of Operations	(Millions of yen)	
	Third quarter of fiscal 2010	Third quarter of fiscal 2011
<b>Operating revenues :</b>		
Net sales	3,025,235	3,069,804
Cost of sales	2,635,699	2,738,273
<b>Gross margin</b>	389,536	331,531
Selling, general and administrative expenses	237,449	249,378
<b>Operating profit</b>	152,086	82,152
<b>Non-operating profit and loss :</b>		
Non-operating profit :		
Interest	1,879	2,724
Dividend income	10,504	9,768
Equity in net income of unconsolidated subsidiaries and affiliates	57,678	48,243
Other	25,923	29,876
	95,985	90,613
Non-operating loss :		
Interest expense	13,902	13,638
Other	45,774	34,967
	59,676	48,606
<b>Ordinary profit</b>	188,395	124,159
<b>Special loss :</b>		
Loss on impairment for fixed assets	7,365	-
Loss on sales of investments in securities	-	7,441
Loss on valuation of investments in securities	-	89,021
	7,365	96,463
<b>Income before income taxes and minority interest</b>	181,030	27,695
Income taxes - current and deferred	59,719	19,194
<b>Income before minority interest</b>	121,310	8,501
Minority interest in net income of consolidated subsidiaries	16,828	9,756
<b>Net income (loss)</b>	104,482	(1,254)

Consolidated Statements of Comprehensive Income	(Millions of yen)	
	Third quarter of fiscal 2010	Third quarter of fiscal 2011
Income before minority interest	121,310	8,501
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	(62,766)	(39,138)
Deferred hedge income (loss)	(1,509)	(281)
Unrealized gains (losses) on revaluation of land	874	1,540
Foreign currency translation adjustments	(6,595)	(21,978)
Share of other comprehensive income of associates accounted for using equity method	(12,975)	(25,216)
Total other comprehensive income (loss)	(82,971)	(85,074)
Comprehensive income (loss)	38,339	(76,573)
attribute to		
Comprehensive income attribute to owners of the parent	22,157	(83,698)
Comprehensive income attribute to minority interests	16,182	7,125

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

None

**(4) Notes**

Consolidated Statements of Cash Flows

The Company does not prepare a cumulative Quarterly Consolidated Statement of Cash Flows for the third quarter of the fiscal year.

Depreciation and amortization (including intangible fixed assets amortization other than goodwill) is as follows:

(Millions of yen)		
	For the third quarter of fiscal 2010	For the third quarter of fiscal 2011
Depreciation and amortization	211,899	206,997

**(5) Consolidated Segment Information**

(Information about segment sales, profit (loss))

**Third quarter of fiscal 2010 (April 1, 2010 to December 31, 2010)**

(Millions of yen)

	Reportable segment						Total	Adjustment	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions			
<b>Net sales</b>	2,578,076	178,918	54,712	144,696	46,079	109,185	3,111,668	(86,433)	3,025,235
<b>Segment profit (loss) &lt;Ordinary Profit&gt;</b>	161,189	9,168	6,739	9,362	1,551	7,121	195,133	(6,738)	188,395

(Information about segment sales, profit (loss))

**Third quarter of fiscal 2011 (April 1, 2011 to December 31, 2011)**

(Millions of yen)

	Reportable segment						Total	Adjustment	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions			
<b>Net sales</b>	2,641,448	161,493	52,637	149,874	42,078	110,692	3,158,226	(88,421)	3,069,804
<b>Segment profit (loss) &lt;Ordinary Profit&gt;</b>	94,311	2,827	7,697	10,732	280	7,225	123,075	1,083	124,159

**(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			Forecast for fiscal 2011			Forecast for fiscal 2011
	1st quarter	2nd quarter	1st half	3rd quarter	Forecast for 4th quarter	Forecast for 2nd half	(data released on Jan. 27, 2012)
	Apr.2011-June.2011	July 2011-Sep.2011	Apr.2011-Sep.2011	Oct.2011-Dec.2011	Jan.2012-Mar.2012	Oct.2011-Mar.2012	Apr.2011-Mar.2012
	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion
Net sales	985.5	1,042.2	2,027.8	1,042.0	980.1	2,022.1	4,050.0
Steelmaking and steel fabrication	851.9	899.6	1,751.6	889.8	808.5	1,698.3	3,450.0
Engineering and construction	44.0	52.6	96.7	64.7	88.5	153.2	250.0
Urban development	12.7	15.1	27.9	24.6	22.3	47.0	75.0
Chemicals	48.3	52.7	101.0	48.8	45.1	93.9	195.0
New materials	14.2	14.3	28.6	13.4	12.9	26.3	55.0
System solutions	36.2	39.9	76.2	34.4	54.3	88.7	165.0
Adjustment	(22.0)	(32.3)	(54.3)	(34.0)	(51.5)	(85.6)	(140.0)
Operating profit	38.5 [3.9%]	25.8 [2.5%]	64.4 [3.2%]	17.7 [1.7%]	▲ 12.1 [▲1.2%]	5.5 [0.3%]	70.0 [1.7%]
Ordinary profit	57.0 [5.8%]	37.1 [3.6%]	94.2 [4.6%]	29.9 [2.9%]	▲ 4.1 [▲0.4%]	25.7 [1.3%]	120.0 [3.0%]
Steelmaking and steel fabrication	48.5 [5.7%]	25.6 [2.9%]	74.2 [4.2%]	20.0 [2.3%]	▲ 24.3 [▲3.0%]	▲ 4.2 [▲0.3%]	70.0 [2.0%]
Engineering and construction	0.2 [0.5%]	▲ 0.0 [▲0.1%]	0.1 [0.2%]	2.6 [4.1%]	9.6 [10.9%]	12.3 [8.0%]	12.5 [5.0%]
Urban development	2.3 [18.0%]	1.7 [11.5%]	4.0 [14.5%]	3.6 [14.8%]	▲ 0.1 [▲0.9%]	3.4 [7.3%]	7.5 [10.0%]
Chemicals	3.6 [7.5%]	3.6 [7.0%]	7.3 [7.3%]	3.3 [7.9%]	1.7 [3.9%]	5.1 [5.5%]	12.5 [6.4%]
New materials	0.2 [2.1%]	0.2 [2.1%]	0.5 [2.1%]	▲ 0.3 [▲2.3%]	0.2 [1.7%]	▲ 0.0 [▲0.4%]	0.5 [0.9%]
System solutions	2.9 [8.0%]	2.4 [6.1%]	5.3 [7.0%]	1.8 [5.5%]	5.2 [9.7%]	7.1 [8.1%]	12.5 [7.6%]
Adjustment	(0.9)	3.4	2.4	(1.4)	3.4	2.0	4.5
Net income	29.0 [3.0%]	19.6 [1.9%]	48.7 [2.4%]	▲ 50.0 [▲4.8%]	1.2 [0.1%]	▲ 48.7 [▲2.4%]	0.0 [0.0%]
Net income per share	4.63	3.13	7.75	▲ 7.95	0.20	▲ 7.75	0.00

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

	Fiscal 2010			Forecast for fiscal 2011			Fiscal 2010
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	
	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
Net 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

1. [ ] : Return on sales

2. ( ) in "Adjustment" row indicate negative numbers

3. Figures of less than ¥ 0.1 billion have been omitted.

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 Third quarter 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	26.95	53.32	(※)26.00	105.89

(※)METI forecast

#### 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)
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	5.14	(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	(152.1)	4.35	0.193
Sep. 2011	5.64	(141.6)	4.38	0.181
Oct. 2011	5.57	(132.3)	4.35	0.179
Nov. 2011	5.51	(136.2)	4.25	0.173

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

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

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

(million tons)

	1st half		2nd half		total		
	1st quarter	2nd quarter	3rd quarter	4th quarter			
2010FY	7.77	8.14	15.92	8.15	8.11	16.26	32.18
2011FY	7.76	8.03	15.79	7.57	Approx.7.40	Approx.15.00	Approx.30.80

**4. Crude Steel Production**

(Consolidated basis)

(million tons)

	1st half		2nd half		total		
	1st quarter	2nd quarter	3rd quarter	4th quarter			
2010FY	8.63	8.72	17.35	8.68	8.89	17.57	34.92
2011FY	8.30	8.31	16.61	7.85	Approx.7.90	Approx.15.70	Approx.32.30

(Non-consolidated basis)

(million tons)

	1st half		2nd half		total		
	1st quarter	2nd quarter	3rd quarter	4th quarter			
2010FY	8.00	8.17	16.17	8.04	8.26	16.30	32.47
2011FY	7.75	7.78	15.53	7.29	Approx.7.30	Approx.14.60	Approx.30.10

**5. Steel Products Shipment**

(million tons)

	1st half		2nd half		total		
	1st quarter	2nd quarter	3rd quarter	4th quarter			
2010FY	7.76	7.84	15.59	7.66	8.10	15.76	31.35
2011FY	7.40	7.28	14.68	7.20	Approx.7.30	Approx.14.50	Approx.29.20

**6. Average Price of Steel Products**

(thousands of yen / ton)

	1st half		2nd half		total		
	1st quarter	2nd quarter	3rd quarter	4th quarter			
2010FY	79.1	86.4	82.8	81.4	79.7	80.6	81.7
2011FY	85.8	89.8	87.8	87.6	Approx.82	Approx.85	Approx.86

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

(%)

	1st half		2nd half		total		
	1st quarter	2nd quarter	3rd quarter	4th quarter			
2010FY	42.5	38.7	40.5	39.8	40.9	40.4	40.4
2011FY	41.9	40.1	41.0	36.9	Approx.37	Approx.37	Approx.39



8. Foreign Exchange Rate

(¥/US\$)

							total
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	
2010FY	93	86	90	83	82	82	86
2011FY	82	78	80	78	Approx.80	Approx.79	Approx.79

9. Unrealized Gains on Available-for-Sale Securities

(billion yen)

	3rd quarter of 2011FY	2010FY	difference
Consolidated	98.6 (63.8)	175.8 (104.7)	-77.1 (-40.9)
【Nikkei 225】	【8,455yen】	【9,755yen】	【-1,300yen】

\* 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	280.0	291.5
Non-consolidated	210.0	220.1