

Flash Report
Consolidated Basis
Results for Fiscal 2011
(April 1, 2011—March 31, 2012)

April 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>
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Scheduled date to Ordinary General Meeting of Shareholders: June 26, 2012
Scheduled date to payment of dividends: June 27, 2012
Scheduled date to submit Securities Report: June 26, 2012

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

1. Consolidated Financial and Operating Results through Fiscal 2011

(April 1, 2011—March 31, 2012)

(1) Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2011	4,090,936	△0.5	79,364	△52.1	143,006	△36.8	58,471	△37.3
Fiscal 2010	4,109,774	17.8	165,605	417.4	226,335	—	93,199	—

(For reference) Comprehensive income: Fiscal 2011 ¥3,574 million (△91.4%)
Fiscal 2010 ¥41,383 million (△78.2%)

	Net income per share	Net income per share after full dilution	Return on Equity	Return on Assets	Return on Sales
	Yen	Yen	%	%	%
Fiscal 2011	9.30	—	3.2	2.9	1.9
Fiscal 2010	14.82	14.51	5.0	4.5	4.0

(For reference) Equity in net income of unconsolidated subsidiaries and affiliates: Fiscal 2011 ¥66,470 million
Fiscal 2010 ¥77,918 million

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2011	4,924,711	2,347,343	37.1	290.78
Fiscal 2010	5,000,860	2,380,925	37.2	295.84

(For reference) Shareholders' equity: Fiscal 2011 ¥1,828,902 million
Fiscal 2010 ¥1,860,799 million

(3) Consolidated Statements of Cash-Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2011	237,414	(226,096)	(31,785)	55,747
Fiscal 2010	369,500	(325,781)	(47,244)	76,256

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	—	1.00	2.50
Fiscal 2012 (Forecast)	—	—	—	—	—

	Cash dividends	Ratio of cash dividends to net income	Ratio of cash dividends to net assets
	Millions of yen	%	%
Fiscal 2010	18,908	20.2	1.0
Fiscal 2011	15,757	26.9	0.9
Fiscal 2012 (Forecast)	—	—	—

Note: The dividend forecast of end of second quarter and fiscal year is not decided. The Company will announce a dividend distribution plan as soon as it is formulated.

3. Consolidated Financial Forecasts for Fiscal 2012 (April 1, 2012—March 31, 2013)

Nippon Steel is not at present in a position to formulate reasonably accurate estimates or forecasts for (cumulative) earnings results in the second quarter of fiscal 2012 due to several factors, with chief reasons being that negotiations with suppliers of core raw materials are yet to take place and product price negotiations with corporate customers to adjust steel product prices are currently in progress.

The performance forecast, therefore, has not been determined. The Company plans to provide a status update on performance in the first half (cumulative through the second quarter) of fiscal 2012 at the scheduled announcement of results for the first quarter of fiscal 2012.

The Company plans to announce performance results for fiscal 2012 (ending March 31, 2013) after the merger with Sumitomo Metal Industries, Ltd., scheduled for October 1, 2012.

4. Others

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

- (2) Changes in accounting policies and estimates, and restatement of consolidated financial statements (Changes in material items that form the basis for the preparation and presentation of the consolidated financial statements)
 (a) Changes accompanying revisions in accounting principles: Yes
 (b) Changes other than those in (a) above: None

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

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

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

Fiscal 2011 517,325,579 shares
 Fiscal 2010 517,192,896 shares

- (c) Average number of shares issued during the term

Fiscal 2011 6,289,696,659 shares
 Fiscal 2010 6,290,266,349 shares

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

1. Non-Consolidated Financial and Operating Results through Fiscal 2011

(April 1, 2011—March 31, 2012)

(1) Non-Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2011	2,672,479	△1.3	1,187	△97.9	23,602	△70.6	19,606	△60.3
Fiscal 2010	2,708,406	25.8	57,657	—	80,191	—	49,419	—

	Net income per share	Net income per share after full dilution
	Yen	Yen
Fiscal 2011	3.11	—
Fiscal 2010	7.84	—

(2) Non-Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2011	3,498,597	1,220,223	34.9	193.60
Fiscal 2010	3,561,725	1,260,233	35.4	199.94

(For reference) Shareholders' equity: Fiscal 2011 ¥1,220,223 million
Fiscal 2010 ¥1,260,233 million

* 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. Consolidated Operating Results

(1) Operating Results Analysis

Operating Highlights for Fiscal 2011

Overview of Conditions in Fiscal 2011

Global economic growth slowed overall in fiscal 2011 due to factors including economic stagnation in Europe owing to the Greek debt crisis, temporary disruptions of the supply chain caused by the flooding in Thailand, growing inflationary pressure in the emerging economies, rising oil prices, and other factors.

The Japanese economy slumped early in the year amid supply chain disruptions and worsening electric power shortages after the Great East Japan Earthquake along with unrelenting yen appreciation and slowing economic growth overseas. The domestic economy gradually righted itself in the second half supported by active automobile production; a supplementary budget, which spurred rising public-sector demand; and other factors.

Domestic steel demand ultimately remained at a constant level during the year as increasing demand from the industrial machinery and automobile industries as well as from the construction industry as the country rebuilds from the disaster balanced out the impact from domestic steel consumers accelerating the shift in demand to overseas supply sources in reaction to the persisting historical high value of the yen.

Steel exports declined, particularly to East Asia, amid increasing supply pressure from the expanding production capacity of factories in China and South Korea, the impacts from the flooding in Thailand and slowing growth of Asian economies, and weakened export competitiveness due to the strong yen. In addition, the volume of imported steel materials continued to rise during the term. Total crude steel production volume in Japan amounted to 106.46 million tons for the fiscal year, a decline of 4.33 million tons from the previous fiscal year.

In this severe business environment, the Nippon Steel Group continued to advance the various measures of the fiscal year 2011 Medium-Term Management Plan. The Company put all its efforts into restoring and reestablishing full production conditions at the Kamaishi Steelworks and other facilities that were damaged by the Great East Japan Earthquake. The business integration with Sumitomo Metal Industries, Ltd., also proceeded as planned with the exchange of shares and the conclusion of the merger contract on April 27, 2012.

Please see “3. Management Policy” for further details about process for business integration with Sumitomo Metal Industries.

Performance Review by Business Segment for Fiscal 2011

The Nippon Steel Group companies committed their maximum management effort to respond to the changing operating environment in their respective fields. The following is an overview of the Group's operating performance by business segment.

(Billions of yen)

	Net Sales		Ordinary Profit	
	Fiscal 2011	Fiscal 2010	Fiscal 2011	Fiscal 2010
Steelmaking and steel fabrication	3,476.8	3,473.4	98.8	181.9
Engineering and construction	248.9	254.9	12.7	14.8
Urban development	80.4	86.5	9.3	9.2
Chemicals	197.6	193.8	13.5	13.2
New materials	54.2	60.8	0.6	2.1
System solutions	161.5	159.7	11.2	11.3
Total	4,219.7	4,229.4	146.4	232.8
Adjustment	(128.7)	(119.7)	(3.4)	(6.4)
Consolidated total	4,090.9	4,109.7	143.0	226.3

Steelmaking and Steel Fabrication

In the extremely severe business environment, the steelmaking and steel fabrication segment took wide-ranging steps to fortify the foundation of its domestic business base while aggressively seeking leading technologies and proposing solutions to customers, such as new product development and the maximization of the mutual benefits of collaborative activities, that take full advantage of Nippon Steel's integrated manufacturing, sales, technology, and research operations.

The segment also worked to capture the demand in growth markets, particularly overseas markets, and continued steadily constructing its global operating structure to enhance the ability to swiftly respond to client business developments overseas. The Company has sought to establish procurement rights for high-quality raw materials and to expand its supply sources.

The segment continued to maximize cost structure efficiency, such as by increasing the use of lower-cost raw materials and exacting widespread cuts in fixed expenses as well as by continuing to adjust steel materials prices with the understanding and cooperation of its clients. Despite these efforts, the margin between sales prices and materials costs inevitably narrowed due to the stagnant market conditions in Japan and overseas.

The steelmaking and steel fabrication business recorded net sales of ¥3,476.8 billion and an ordinary profit of ¥98.8 billion.

Engineering and Construction

In the engineering and construction business, Nippon Steel Engineering Co., Ltd., is focusing on developing operations in the areas of steel production plants, the environment, energy, offshore projects, pipelines, and construction where it can fully apply its distinct capabilities.

In the severe environment for orders in Japan and overseas, the company conducted meticulous risk management of projects currently under way and focused on improving its cost structure. The engineering and construction business recorded net sales of ¥248.9 billion and an ordinary profit of ¥12.7 billion.

Urban Development

In the urban development business, the Group's real estate development company, Nippon Steel City Produce, Inc., conducts a wide range of business activities, including developing condominium and rental office buildings by developing the Group's property holdings, conducting urban redevelopment, and reconstructing aging apartment buildings.

The condominium market showed signs of recovery following the slump in 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 ¥80.4 billion and an ordinary profit of ¥9.3 billion.

Nippon Steel City Produce, Inc., reached a basic agreement for management integration with Kowa Real Estate Co., Ltd., effective October 1, 2012. The merger objective is to create a better balance of operations between development business and rental business as a comprehensive real estate development company.

Chemicals

Nippon Steel Chemical Co. Ltd. recorded a decline in sales volumes of epoxy resin for electronic materials and display materials for flat-screen TVs under the cumulative impact of factors ranging from financial instability in Europe and slowing economic growth in China to soaring petroleum and naphtha prices and the strong yen. This was countered by solid sales of needle coke used in graphite electrodes for electric furnace steel and brisk markets for acid phthalic anhydride and certain other chemical products. The result was the chemical business recording net sales of ¥197.6 billion and an ordinary profit of ¥13.5 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 second half in the semiconductor market and the impact from the flooding in Thailand negatively affected its overall result. In the environmental and energy-related materials and components business, demand in the Asia region remained strong for metal substrates for catalytic converters, but sales in the basic industrial materials and components business were sluggish for carbon fiber products for public works projects. The new materials business recorded net sales of ¥54.2 billion and an ordinary profit of ¥0.6 billion.

System Solutions

In the system solutions business, NS Solutions Corporation provides comprehensive solutions in planning, configuration, operation, and maintenance of IT systems for a wide range of customers and develops leading-edge solutions services to enhance customer capabilities in changing business conditions. NS Solutions Corporation continued to optimize its business structure to enhance its abilities to expand orders and sales and improve profitability. In the cloud computing services business*, the company continued expanding its service menu and progressed with the construction of its next-generation, high-specification data center scheduled to launch operations in May of this year. The company also established a corporate entity in Singapore to fortify its support capabilities in the Southeast Asia region. The system solutions business recorded net sales of ¥161.5 billion and an ordinary profit of ¥11.2 billion.

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

Sales and Income

Nippon Steel posted declines in consolidated sales and income in fiscal 2011. Ongoing efforts to maximize cost efficiency were unable to offset the impacts from the declining export volume and the narrowing margin between sales prices and materials costs. The result was across-the-board declines with net sales falling ¥18.8 billion year on year, to ¥4,090.9 billion; operating profit ¥86.2 billion, to ¥79.3 billion; ordinary profit ¥83.3 billion, to ¥143.0 billion; and net income ¥34.7 billion, to ¥58.4 billion.

Fund Procurement

The Company conducted three issues of unsecured corporate bonds in fiscal 2011. Issue No. 66 was valued at ¥10.0 billion and issue No. 67 was valued at ¥30.0 billion; both issues took place on May 24, 2011. Issue No. 68 was valued at ¥15.0 billion on October 20, 2011.

(2) Financial Analysis (Consolidated)

Assets, Liabilities, Net Assets, and Cash Flow

Total consolidated assets at the end of fiscal 2011 were ¥4,924.7 billion, representing a decrease of ¥76.1 billion, from ¥5,000.8 billion at the end of fiscal 2010. The main factors were an ¥18.2 billion increase in inventories due to higher raw materials prices and a ¥111.7 billion decline in investment securities due primarily to declining share values in the stagnating equities markets.

Total liabilities at the end of fiscal 2011 amounted to ¥2,577.3 billion, a decrease of ¥42.5 billion from the ¥2,619.9 billion at the end of fiscal 2010. The decline was primarily due to a ¥3.3 billion decrease in interest-bearing debt, from ¥1,337.8 billion at the end of the previous fiscal year to ¥1,334.5 billion at the end of fiscal 2011, along with a ¥15.8 billion decline in the provision for loss on disaster and a ¥13.3 billion decline in deferred tax liabilities.

Net assets were ¥2,347.3 billion at the end of fiscal 2011, representing a decrease of ¥33.5 billion from ¥2,380.9 billion at the end of fiscal 2010. The decline resulted from the payments of both ¥3.0 per share at the previous year-end for ¥18.9 billion and ¥1.5 per share interim payment of the current fiscal year for ¥9.4 billion and declines of ¥33.9 billion in unrealized gains on available-for-sale securities and ¥30.5 billion in foreign currency translation adjustments due to the strong yen. These factors more than offset the ¥58.4 billion in net income for the fiscal year.

Shareholders' equity at the end of the fiscal year under review amounted to ¥1,828.9 billion, and the ratio of interest-bearing debt to shareholders' equity (the debt/equity ratio) was 0.73.

Cash flows from operating activities for the fiscal year under review amounted to an inflow of ¥237.4 billion. The principal factors influencing operating cash flows were inflows from income before income taxes and minority interests of ¥120.0 billion, an increase in depreciation and amortization of ¥280.9 billion, and the write-off of ¥66.4 billion in equity in net income of unconsolidated subsidiaries and affiliates. Offsetting this were outflows from an increase of ¥48.6 billion in inventories and payment of ¥46.2 billion in income taxes. Cash flows from investing activities amounted to an outflow of ¥226.0 billion, comprised mainly of ¥257.9 billion in capital investments. These cash flows resulted in a free cash inflow of ¥11.3 billion in the term under review.

Cash flows from financing activities amounted to payments of ¥31.7 billion, due largely to a ¥3.3 billion payoff of interest-bearing debt.

As a result of the above movements in cash flows, the Company's cash and cash equivalents at the end of the fiscal year under review amounted to ¥55.7 billion.

Trend in Cash Flow Indicators

Fiscal year	2007	2008	2009	2010	2011
Ratio of net worth (%)	36.8	34.3	36.9	37.2	37.1
Ratio of net worth at market price (%)	61.2	34.0	46.2	33.4	29.0
Debt redemption term (years)	2.3	11.4	3.2	3.6	5.6
Interest coverage ratio (times)	30.2	6.5	22.0	20.0	14.5

Notes:

Ratio of net worth: (Net assets - Minority interests) / Total assets

Ratio of net worth at market price: Current aggregate value of shares / Total assets

Debt redemption term: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest expenses

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

(3) Basic Profit Distribution Policy and Dividends in Fiscal 2011 and Fiscal 2012

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

The Company distributed a dividend of ¥1.5 per share at the close of the second half of fiscal 2011.

Due to the volatile conditions in the stock market and the significant risk of valuation fluctuation, such as the loss on valuation of investments in securities, at the announcement of results for the third quarter of fiscal 2011, the Company had not determined the amount of dividends to be distributed from retained earnings at the end of the fiscal year.

Upon the verification of the earnings results for the fiscal year, and in line with the above policy, the Company plans to seek approval of the General Meeting of Shareholders for a year-end dividend

payment of ¥1.00 per share for fiscal 2011. This would bring the fiscal 2011 cash dividend payment to ¥2.50 per share , representing a consolidated payout ratio target of 26.9%.

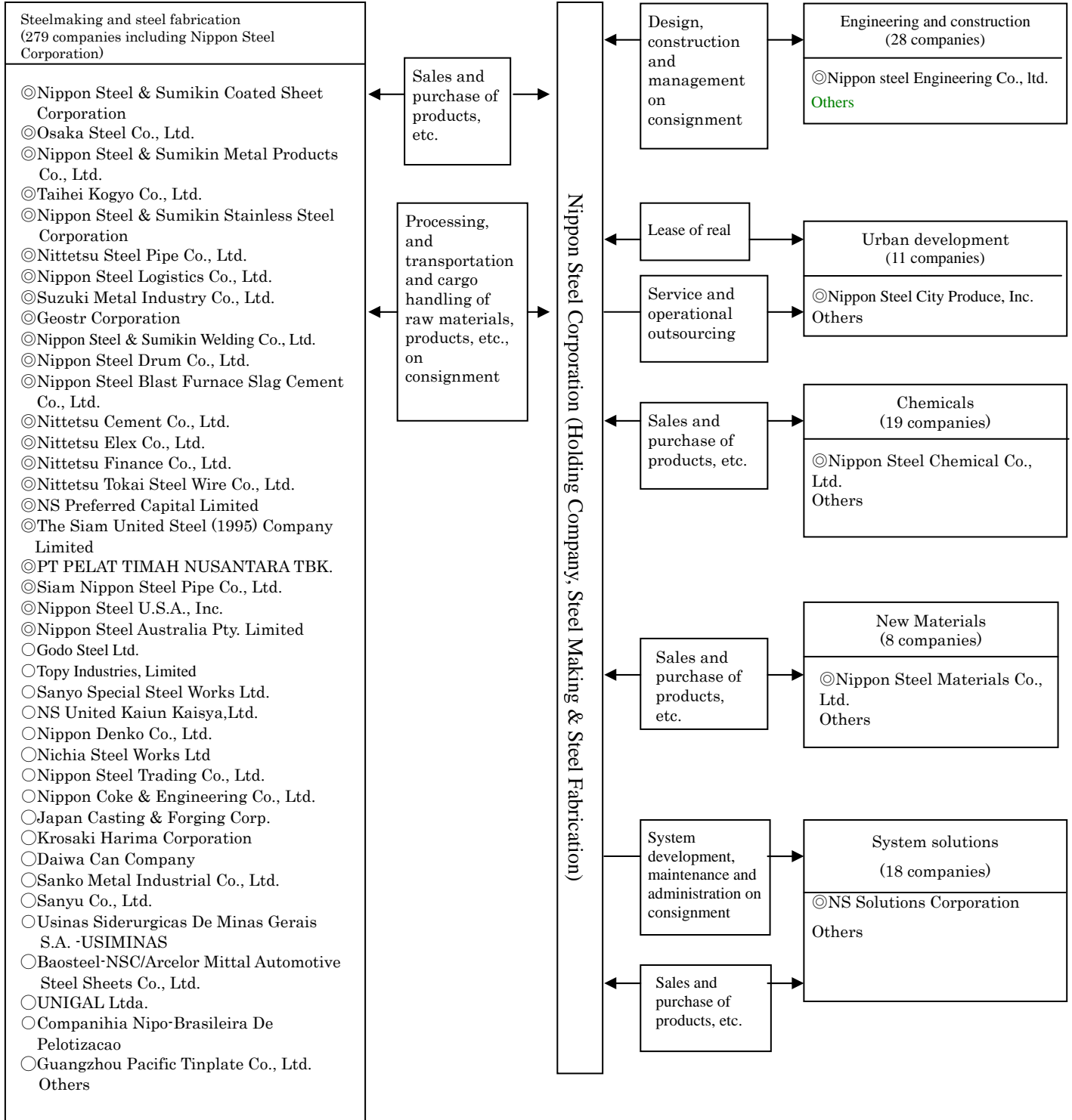
The Company at this time has not determined a dividend distribution plan for fiscal 2012 due to the inability to establish a reasonable performance forecast. The Company will announce a dividend distribution plan as soon as it is formulated.

2. Corporate Group

Schematic Diagram of Business

Nippon Steel Group is comprised of the parent company Nippon Steel Corporation, 286 consolidated subsidiaries and 76 affiliates accounted for by the equity method. The Group's overall businesses are categorized into several industry segments: steelmaking and steel fabrication, engineering and construction, urban development, chemicals, new materials and system solutions. The principal businesses and business relations of Nippon Steel and major subsidiaries and affiliates are outline below.

◎Major consolidated subsidiaries ○Major affiliates accounted for by the equity method



(Note) Of the subsidiaries owned by Nippon Steel at the end of this consolidated term (March 31, 2012), the companies for which their stocks are listed (or publicly-traded) on any of the domestic stock exchanges are as follows:

Company name

Osaka Steel Co., Ltd.

Taihei Kogyo Co., Ltd.

Suzuki Metal Industry Co., Ltd.

Geostr Corporation

NS Solutions Corporation

Stock exchange where listed

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

First Section of the Tokyo Stock Exchange

Second Section of the Tokyo Stock Exchange

Second Section of the Tokyo Stock Exchange

First Section of the Tokyo Stock Exchange

3. Management Policy

Current Issues

The global economy is characterized by the ongoing risk factors of the European fiscal crisis and high oil prices alongside signs of a gradual economic recovery in the United States. In emerging countries, receding inflationary pressure is being addressed with monetary easing and other measures to spur economic activity.

The Japanese economic outlook remains uncertain due to the economic conditions overseas and foreign exchange conditions as well as the restricted electric power conditions in the country and other factors. Nevertheless, we expect government stimulus measures and other factors to support ongoing gradual recovery.

We anticipate steel demand in Japan to be supported by reconstruction demand after the Great East Japan Earthquake in the construction industry and expectations of ongoing demand growth from the industrial machinery and automobile industries. We also anticipate demand for steel materials in East Asia to continue growth along with improving steel export conditions as the yen subsides from the historic high levels.

We believe steel market conditions have bottomed out and are starting to improve in all regions. Management will continue to closely monitor domestic and overseas economic trends as well as the supply and demand movements for steel materials.

In anticipation of persisting high raw materials costs, we will continue to implement measures to maximize cost structure efficiency and set product prices with the understanding and cooperation of our customers.

In these conditions, we will continue to fortify our business base with a focus on cost-competitiveness, pursue advanced technologies, and develop our global growth strategies while also seeking responses to global environmental and energy issues. We are also steadily improving the business operations of the organization and promoting Companywide human resource development to enhance our ability for swift and accurate responses to issues that arise from the changing business environment.

The Nippon Steel Group constantly strives to earn the trust of the market and society and will continue to comply with all laws and regulations as well as thoroughly conduct risk management for safety, environmental, disaster, and other risks.

Business Integration with Sumitomo Metal Industries, Ltd.

Nippon Steel Corporation and Sumitomo Metal Industries, Ltd. (hereinafter, “the Companies”), executed a Master Integration Agreement in September 2011. The Companies continued to have discussions on various occasions, including the Integration Preparation Committee meetings co-chaired by the presidents of both Companies, and on April 27, the companies announced a final agreement to integrate their businesses on October 1 of this year using a two-step procedure, consisting of a share exchange followed by an absorption-type merger on the same day, and the execution of a share exchange agreement and a merger agreement.

For further details, please see today’s press release, “Execution of Final Agreement regarding Business Integration between Nippon Steel Corporation and Sumitomo Metal Industries, Ltd.”

Regarding the method of the Business Integration, when the Master Integration Agreement was executed on September 22 of last year, the Companies considered an absorption-type merger without a share exchange process (“One-Step Merger”). However, taking into account the views of advisors regarding Australian tax and legal matters, the Companies agreed to change the method of the Business Integration to the two-step procedure as described above, which is lawful and valid under Japanese laws and regulations, in order to ensure that the rollover relief under Australian tax law applies to some of the assets to be integrated.

This change in the procedure aims to implement the Business Integration without lowering the corporate value of Nippon Steel and Sumitomo Metal Industries, and the Companies believe that this arrangement will serve the interests of all of the shareholders of the Companies. The company resulting from the Business Integration via the two-step procedure will not be any different from that resulting from the originally intended One-Step Merger. Due to the change in the process, the Companies will submit, as necessary, additional application for merger review with some of the relevant authorities outside Japan.

Through the Business Integration, the Companies will make a thorough effort to seek the “combination of their respective advanced management resources that each has built up and the consolidation of the superior areas of their respective businesses.” In addition, the Companies will accelerate the implementation of business structure reform by such means as “pursuing greater efficiency in domestic production bases and expanding overseas businesses.” Through the realization of these objectives at an early stage, the Companies aim to be “the Best Steelmaker with World-Leading Capabilities,” a company with higher standards in all areas, including scale, cost, technology and customer service.

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

Presently, the Companies are further examining various measures for achieving the synergies resulting from the integration, the business plan and other matters related to the Integrated Company. The Companies will endeavor to expedite the various preparations for the integration and to achieve the management policies of the Integrated Company at an early stage by aggregating their resources, which encompass a global supply structure (global production capacity of 60–70 million tons); activating their world-leading advanced technologies; improving their cost-competitiveness, including savings of approximately ¥150 billion annually to be realized through the merger effect; and reinforcing non-steel business segments.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
ASSETS	March 31, 2011	March 31, 2012
Current assets :		
Cash and bank deposits	72,760	53,878
Notes and accounts receivable	459,906	442,621
Marketable securities	10,186	11,912
Inventories	929,284	947,534
Deferred tax assets	76,261	57,715
Other	163,629	190,448
Less: Allowance for doubtful accounts	(1,453)	(594)
Total current assets	1,710,575	1,703,515
Fixed assets :		
Tangible fixed assets :		
Buildings and structures	499,951	498,057
Machinery and equipment	906,273	834,485
Land	326,602	326,626
Lease assets	9,409	7,270
Construction in progress	76,146	149,424
	1,818,384	1,815,866
Intangible fixed assets		
Patents and utility rights	21,137	23,932
Software	19,986	29,913
Goodwill	20,779	15,713
Lease assets	707	461
	62,611	70,020
Investments and others :		
Investments in securities	1,223,810	1,112,084
Deferred tax assets	47,265	18,622
Other	143,209	208,708
Less: Allowance for doubtful accounts	(4,994)	(4,109)
	1,409,289	1,335,307
Total fixed assets	3,290,285	3,221,195
Total assets	5,000,860	4,924,711

Millions of yen

LIABILITIES	March 31, 2011	March 31, 2012
Current liabilities :		
Notes and accounts payable	476,592	471,663
Short-term loans and portion of long-term loans due within one year	310,150	277,424
Commercial paper	32,000	-
Bonds due within one year	-	55,000
Current portion of lease liability	2,969	2,947
Accrued expenses	237,247	235,224
Allowance for losses on construction contracts	4,504	3,522
Provision for loss on disaster	19,131	3,290
Other	275,743	287,138
Total current liabilities	<u>1,358,338</u>	<u>1,336,211</u>
Long-term liabilities :		
Bonds and notes	385,065	380,073
Long-term loans	602,480	615,255
Lease liability(excluding current portion)	5,185	3,811
Deferred tax liabilities	49,190	33,939
Accrued pension and severance costs	155,760	153,293
Allowance for retirement benefits of directors and corporate auditors	4,705	4,931
Reserve for repairs to blast furnaces	21,983	18,003
Other	37,224	31,846
Total long-term liabilities	<u>1,261,596</u>	<u>1,241,155</u>
Total liabilities	<u>2,619,935</u>	<u>2,577,367</u>
NET ASSETS		
Shareholders' equity :		
Common stock	419,524	419,524
Capital surplus	114,553	114,546
Retained earnings	1,522,786	1,552,826
Less: Treasury stock, at cost	<u>(262,524)</u>	<u>(262,573)</u>
	1,794,340	1,824,324
Accumulated other comprehensive income:		
Unrealized gains on available-for-sale securities	104,783	70,834
Deferred hedge income (loss)	(3,099)	(1,698)
Unrealized gains on revaluation of land	11,523	12,770
Foreign currency translation adjustments	<u>(46,748)</u>	<u>(77,327)</u>
	66,459	4,578
Minority interest in consolidated subsidiaries	<u>520,126</u>	<u>518,440</u>
Total net assets	<u>2,380,925</u>	<u>2,347,343</u>
Total liabilities and net assets	<u>5,000,860</u>	<u>4,924,711</u>

	Fiscal 2010	Fiscal 2011
Operating revenues :		
Net sales	4,109,774	4,090,936
Cost of sales	3,624,987	3,678,639
Gross margin	484,787	412,297
Selling, general and administrative expenses	319,181	332,932
Operating profit	165,605	79,364
Non-operating profit and loss :		
Non-operating profit :		
Interest	2,746	3,300
Dividend income	13,370	12,786
Equity in net income of unconsolidated subsidiaries and affiliates	77,918	66,470
Other	42,257	38,834
	136,292	121,392
Non-operating loss :		
Interest expense	18,355	17,834
Other	57,205	39,916
	75,561	57,750
Ordinary profit	226,335	143,006
Special profit :		
Gain on sales of investment securities	-	15,921
Special loss :		
Loss on impairment of fixed assets	11,416	-
Loss of inactive facilities	-	7,407
Loss on sales of investments in securities	-	7,575
Loss on valuation of investments in securities	5,820	11,710
Loss on disaster	23,720	-
Loss on liquidation of business	-	12,180
	40,958	38,874
Income before income taxes and minority interest	185,377	120,053
Income taxes - current	48,740	50,923
Income taxes - deferred	27,466	1,380
Income before minority interest	109,171	67,750
Minority interest in net income of consolidated subsidiaries	15,972	9,279
Net income	93,199	58,471

	Fiscal 2010	Fiscal 2011
Income before minority interest		
Other comprehensive income	109,171	67,750
Unrealized gains (losses) on available-for-sale securities	(53,740)	(33,277)
Deferred hedge income (loss)	199	1,503
Unrealized gains (losses) on revaluation of land	874	1,100
Foreign currency translation adjustments	(4,603)	(12,003)
Share of other comprehensive income of associates accounted for using equity method	(10,517)	(21,498)
Total other comprehensive income (loss)	(67,787)	(64,175)
Comprehensive income (loss)	41,383	3,574
attribute to		
Comprehensive income attribute to owners of the parent	27,133	(3,254)
Comprehensive income attribute to minority interests	14,250	6,828

(3) Consolidated Statements of Changes in Net Assets

Millions of yen

	Fiscal 2010	Fiscal 2011
Owners' equity:		
Common stock:		
Balance at the beginning of the period	419,524	419,524
Changes during current period:		
Total current changes	-	-
Balance at the end of the period	419,524	419,524
Capital surplus:		
Balance at the beginning of the period	114,345	114,553
Changes during current period:		
Disposal of treasury stock	207	(7)
Total current changes	207	(7)
Balance at the end of the period	114,553	114,546
Retained earnings :		
Balance at the beginning of the period	1,441,248	1,522,786
Changes during current period:		
Cash dividends	(9,454)	(28,363)
Net income	93,199	58,471
Increase(decrease) due to the change in the number of consolidated companies	(949)	(47)
Increase(decrease) due to reversal of unrealized gains on revaluation of land	(1,257)	(20)
Total current changes	81,537	30,040
Balance at the end of the period	1,522,786	1,522,826
Treasury stock, at cost:		
Balance at the beginning of the period	(262,004)	(262,524)
Changes during current period:		
Acquisition of treasury stock	(42)	(30)
Disposal of treasury stock	141	51
Increase(decrease) due to the change in the number of consolidated companies	(619)	(70)
Total current changes	(519)	(49)
Balance at the end of the period	(262,524)	(262,573)
Total shareholders' equity:		
Balance at the beginning of the period	1,713,114	1,794,340
Changes during current period:		
Cash dividends	(9,454)	(28,363)
Net income	93,199	58,471
Acquisition of treasury stock	(42)	(30)
Disposal of treasury stock	348	44
Increase(decrease) due to the change in the number of consolidated companies	(1,568)	(118)
Increase(decrease) due to reversal of unrealized gains on revaluation of land	(1,257)	(20)
Total current changes	81,225	29,983
Balance at the end of the period	1,794,340	1,824,324
Accumulated other comprehensive income:		
Unrealized gains on available-for-sale securities:		
Balance at the beginning of the period	158,364	104,783
Changes during current period:		
Net changes of items other than shareholders' equity	(53,581)	(33,949)
Total current changes	(53,581)	(33,949)
Balance at the end of the period	104,783	70,834

	Fiscal 2010	Fiscal 2011
Deferred hedge income (loss):		
Balance at the beginning of the period	(1,846)	(3,099)
Changes during current period:		
Net changes of items other than shareholders' equity	(1,252)	1,401
Total current changes	(1,252)	1,401
Balance at the end of the period	(3,099)	(1,698)
Unrealized gains on revaluation of land:		
Balance at the beginning of the period	10,759	11,523
Changes during current period:		
Net changes of items other than shareholders' equity	763	1,247
Total current changes	763	1,247
Balance at the end of the period	11,523	12,770
Foreign currency translation adjustments:		
Balance at the beginning of the period	(36,010)	(46,748)
Changes during current period:		
Net changes of items other than shareholders' equity	(10,737)	(30,579)
Total current changes	(10,737)	(30,579)
Balance at the end of the period	(46,748)	(77,327)
Total accumulated other comprehensive income:		
Balance at the beginning of the period	131,267	66,459
Changes during current period:		
Net changes of items other than shareholders' equity	(64,808)	(61,880)
Total current changes	(64,808)	(61,880)
Balance at the end of the period	66,459	4,578
Minority interest in consolidated subsidiaries:		
Balance at the beginning of the period	491,294	520,126
Changes during current period:		
Net changes of items other than shareholders' equity	28,831	(1,685)
Total current changes	28,831	(1,685)
Balance at the end of the period	520,126	518,440
Total net assets:		
Balance at the beginning of the period	2,335,676	2,380,925
Changes during current period:		
Cash dividends	(9,454)	(28,363)
Net income	93,199	58,471
Acquisition of treasury stock	(42)	(30)
Disposal of treasury stock	348	44
Increase(decrease) due to the change in the number of consolidated companies	(1,568)	(118)
Increase(decrease) due to reversal of unrealized gains on revaluation of land	(1,257)	(20)
Net changes of items other than shareholders' equity	(35,976)	(63,565)
Total current changes	45,248	(33,581)
Balance at the end of the period	2,380,925	2,347,343

(4) Consolidated Statements of Cash-Flows

	Millions of yen	
	Fiscal 2010	Fiscal 2011
Cash flows from operating activities :		
Income before income taxes and minority interests	185,377	120,053
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization	291,587	280,940
Interest and dividend income (accrual basis)	(16,116)	(16,087)
Interest expense (accrual basis)	18,355	17,834
Exchange loss(gain) on foreign currency transactions	6,131	2,413
Amortization of goodwill	1,623	3,491
Equity in net (income) loss of unconsolidated subsidiaries and affiliates	(77,918)	(66,470)
Loss (gain) on sales of investments in securities	(782)	(8,346)
Loss on impairment of fixed assets	11,416	-
Loss on valuation of investments in securities	5,820	11,710
Loss on disposal of tangible and intangible fixed assets	6,834	9,328
Gain on sales of tangible and intangible fixed assets	(8,770)	(7,429)
Changes in allowance for doubtful accounts	(4,266)	(1,745)
Changes in notes and accounts receivable	14,735	21,222
Changes in inventories	(64,782)	(48,663)
Changes in notes and accounts payable	8,337	(6,713)
Other	35,111	(32,187)
Interest and dividend income (cash basis)	27,886	20,660
Interest expense (cash basis)	(18,453)	(16,321)
Income taxes (cash basis)	(52,626)	(46,276)
Net cash provided by operating activities	369,500	237,414
Cash flows from investing activities :		
Acquisition of investments in securities	(31,850)	(33,421)
Proceeds from sales of investments in securities	3,230	51,646
Acquisition of tangible and intangible fixed assets	(315,843)	(257,999)
Proceeds from sales of tangible and intangible fixed assets	14,598	15,853
Other	4,082	(2,175)
Net cash used in investing activities	(325,781)	(226,096)
Cash flows from financing activities :		
Net increase (decrease) in short-term loans	(33,118)	(31,267)
Net increase (decrease) in commercial paper	(46,000)	(32,000)
Proceeds from long-term loans	101,778	155,233
Payments of long-term loans	(84,490)	(143,162)
Proceeds from issuance of bonds and notes	35,000	55,000
Redemption of bonds and notes	(15,000)	(5,000)
Payments for purchase of treasury stock	(40)	(15)
Cash dividends	(9,454)	(28,363)
Other	4,082	(2,209)
Net cash provided by (used in) financing activities	(47,244)	(31,785)
Effect of exchange rate changes on cash and cash equivalents	(2,811)	(2,444)
Net increase (decrease) in cash and cash equivalents	(6,336)	(22,911)
Cash and cash equivalents at beginning of the year	80,470	76,256
Increase (decrease) from the change in the number of companies consolidated	2,123	2,402
Cash and cash equivalents at end of year	76,256	55,747

(5) Notes to the Presumption of Going Concerns

None

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

The Company has omitted information, since there was no material change compared with the latest Securities Report submitted in June 24, 2011.

(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.

(7) Notes to the Consolidated Financial Statements

① Segment Information

1) Summary of reporting segment

Nippon Steel Corporation is a company engaged in the steelmaking and steel fabrication businesses, and acts as the holding company for its business segment companies, which are engaged in the engineering and construction, urban development, chemicals, new materials, and system solutions businesses. Each business segment company shares the management strategy of the Nippon Steel Group, while conducting its business activities independently from and in parallel with other Group members. These six business segments are reporting segments.

Reporting segment	Principal businesses
Steelmaking and steel fabrication	Manufacturing and marketing of steel products
Engineering and construction	Manufacturing and marketing of industrial machinery and equipment as well as steel structures, performance of construction work under contract, waste processing and recycling, and supplying electricity, gas, and heat
Urban development	Buying, selling, and renting real estate
Chemicals	Manufacturing and marketing of coal-based chemical products, petrochemicals, and electronic materials
New materials	Manufacturing and marketing of materials for semiconductors and electronic parts, carbon fiber and composite products, and products that apply technologies for metal processing and joining
System solutions	Computer systems engineering and consulting services

2) Method for calculating the sales, income (loss), assets, liabilities, and other items for reporting segments

The accounting methods for the reporting business segments are generally those set forth in “Material Items Which Form the Basis for Preparation of the Consolidated Financial Statements.” Figures for income of reporting segments are on an Ordinary Profit basis, and liabilities are the balance of interest-bearing liabilities. Please note that inter-segment sales are based on prices employed in transactions with third parties.

3) Information on the amounts of sales, income (loss), assets, liabilities, and other items for reporting segments

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

(Millions of yen)

	Reporting segment						Total	Adjustments	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions			
Net sales									
Sales to external customers	3,432,700	223,763	81,553	187,242	60,795	123,719	4,109,774	–	4,109,774
Inter-segment sales or transfers	40,795	31,177	5,003	6,653	93	35,988	119,711	(119,711)	–
Total	3,473,495	254,941	86,556	193,896	60,888	159,708	4,229,485	(119,711)	4,109,774
Segment income (loss) <Ordinary Profit>	181,968	14,883	9,273	13,244	2,111	11,332	232,814	(6,478)	226,335
Segment assets	4,429,784	220,512	182,735	144,957	39,611	132,704	5,150,305	(149,444)	5,000,860
Segment liabilities <Interest-bearing debt>	1,228,362	1,391	92,011	17,693	14,146	1,552	1,355,157	(17,306)	1,337,851
Other items									
Depreciation and amortization	280,695	3,417	1,530	8,135	2,819	2,338	298,936	(7,348)	291,587
Amortization of goodwill	1,148	52	66	1	188	166	1,623	–	1,623
Interest income	2,660	94	4	5	4	235	3,005	(258)	2,746
Interest expenses	16,829	19	1,452	139	120	74	18,637	(282)	18,355
Equity in net income (loss) of unconsolidated subsidiaries and affiliates	76,159	285	217	1,188	–	(20)	77,831	86	77,918
Balance of investments in equity method companies	496,735	517	2,339	12,884	–	22	512,500	(1,934)	510,565
Increase (decrease) in tangible/intangible fixed assets (net investment)	268,833	5,366	1,130	5,661	5,134	7,082	293,208	(5,972)	287,236

Information of net sales by geographical area

(Millions of yen)

Japan	Overseas			Total
		Asia	Other	
2,704,409	1,405,365	1,024,664	380,700	4,109,774

Note: Sales information is based on the geographical location of customers, and it is classified by region.

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

(Millions of yen)

	Reporting segment						Total	Adjustments	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions			
Net sales									
Sales to external customers	3,431,456	210,259	75,914	190,929	54,245	128,132	4,090,936	–	4,090,936
Inter-segment sales or transfers	45,399	38,674	4,504	6,740	–	33,450	128,769	(128,769)	–
Total	3,476,855	248,934	80,419	197,669	54,245	161,582	4,219,706	(128,769)	4,090,936
Segment income (loss) <Ordinary Profit>	98,846	12,775	9,371	13,598	607	11,215	146,415	(3,408)	143,006
Segment assets	4,383,511	212,958	164,346	146,129	34,434	140,293	5,081,673	(156,962)	4,924,711
Segment liabilities <Interest-bearing debt>	1,258,758	1,020	66,012	9,217	15,094	1,137	1,351,240	(16,728)	1,334,512
Other items									
Depreciation and amortization	264,083	3,840	1,248	7,366	3,382	2,459	282,380	(1,439)	280,940
Amortization of goodwill	3,143	128	53	–	–	166	3,491	–	3,491
Interest income	3,190	117	8	15	5	226	3,564	(263)	3,300
Interest expenses	16,638	15	1,214	96	104	51	18,120	(286)	17,834
Equity in net income (loss) of unconsolidated subsidiaries and affiliates	63,992	252	195	1,680	–	(4)	66,116	353	66,470
Balance of investments in equity method companies	474,919	721	2,442	13,026	–	18	491,128	(1,467)	489,660
Increase (decrease) in tangible/intangible fixed assets (net investment)	262,318	6,644	1,178	5,693	3,703	6,316	285,854	(4,106)	281,748

Information of net sales by geographical area

(Millions of yen)

Japan	Overseas			Total
		Asia	Other	
2,749,228	1,341,708	944,552	397,155	4,090,936

Note: Sales information is based on the geographical location of customers, and it is classified by region.

②Deferred Tax Accounting

On December 2, 2011, the Japanese government issued “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No.117 of 2011) . Under these newly promulgated laws, the corporate income tax rates applicable for consolidated accounting years beginning on or after April 1, 2012, will be changed.

Accompanying these changes, the effective statutory tax rate applicable to the calculation of deferred tax assets and deferred tax liabilities will be changed as follows according to the time of full amortization of temporary differences:

From the fiscal year beginning April 1, 2012 through the year ending March 31, 2015: 37.7%

From the fiscal year beginning April 1, 2015 and in subsequent years: 35.3%

As a result of these changes, the net deferred tax assets decreased ¥2,172 million, and corporate income tax reported in the consolidated statements of income increased ¥9,838 million.

③ Per Share Information

(Yen)

	Fiscal 2010 (April 1, 2010—March 31, 2011)	Fiscal 2011 (April 1, 2011—March 31, 2012)
Net assets per share	295.84	290.78
Net income (loss) per share	14.82	9.30
Net income per share after full dilution	14.51	-

Regarding diluted net income per share for the year ended March 31, 2012, although there were some latent shares, no figures for diluted net income per share have been disclosed due to lack of dilution effect. Please note that the rights to purchase the new shares portion of the Mandatorily Acquirable Interest-Bearing Deeply Subordinated Convertible Bond which were to be exchanged for euroyen preferred securities with exchange rights and maturity dates in 2012, expired on January 14, 2012. Therefore, as of the end of the fiscal year under review, no latent shares existed.

Notes: Basis for calculations

1. Net income (loss) per share and net income per share after full dilution

(Yen)

	Fiscal 2010 (April 1, 2010—March 31, 2011)	Fiscal 2011 (April 1, 2011—March 31, 2012)
Net income per share		
Net income (loss)	93,199 Million	58,471 Million
Value not attributed to common shares	— Million	— Million
Net income (loss) attributed to common shares	93,199 Million	58,471 Million
Average number of outstanding common shares during the period	6,290,266,349 Shares	6,289,696,659 Shares
Net income per share after full dilution		
Net income adjustment value	3,983 Million	3,202 Million
Portion of minority interest	3,983 Million	3,202 Million
Portion of interest on investments accounted for by equity method	— Million	— Million
Increase in number of outstanding common shares	405,405,405 Shares	326,761,187 Shares
Portion of euroyen preferred securities with exchange rights	405,405,405 Shares	326,761,187 Shares
Summary of latent shares not included in the computation of net income per share after full dilution, since these securities are not dilutive	—	Euroyen preferred securities with exchange rights and maturity dates in 2012 (Total face value of ¥300,000 million)

2. Net assets per share

(Yen)

	End of fiscal 2010 (March 31, 2011)	End of fiscal 2010 (March 31, 2011)
Total net assets	2,380,925 Million	2,347,343 Million
Amounts deducted from total net assets	520,126 Million	518,440 Million
Portion of minority interest	520,126 Million	518,440 Million
Net assets at fiscal year-end applicable to common shares	1,860,799 Million	1,829,780 Million
Number of common shares at fiscal year-end used in calculating net assets per share	6,289,788,081 Shares	6,289,655,398 Shares

④ Major Subsequent Events

On April 27, Nippon Steel Corporation and Sumitomo Metal Industries, Ltd. announced a final agreement to integrate their businesses on October 1 of this year using a two-step procedure, consisting of a share exchange followed by an absorption-type merger on the same day, and the execution of a share exchange agreement and a merger agreement. On this issue is described in page 10,” Business Integration with Sumitomo Metal Industries, Ltd.”

Results of Fiscal 2011 (Year ended March 31, 2012)

Overview of Profitability, Etc. (Consolidated)

	2011FY		1st half → 2nd half	2010FY	2010FY → 2011FY	Previous Forecasts (Released on Jan. 27, 2012)	Change from the previous Forecasts
	1st half	2nd half					
Net sales	4,090.9	2,027.8	2,063.1	4,109.7	- 18.8	4,050.0	+ 40.9
Operating profit	79.3	64.4	14.9	165.6	- 86.3	70.0	+ 9.3
Ordinary profit	143.0	94.2	48.7	226.3	- 83.3	120.0	+ 23.0
Non-consolidated profit (loss)	23.6	42.9	(19.3)	80.1	- 56.5	10.0	+ 13.6
Special profit (loss)	(22.9)	(7.4)	(15.5)	(40.9)	+ 18.0	(96.4)	+ 73.5
Net income (loss)	58.4	48.7	9.6	93.1	- 34.7	0.0	+ 58.4
Net income (loss) per share (¥)	9.3	7.8	1.5	14.8	- 5.5	0.0	+ 9.3
Interest-bearing debt	1,334.5			1,337.8	- 3.3		
D/E ratio	0.73			0.72	+0.01		

<Factors Influencing Performance>

(1) Nippon Steel Corporation

	2011FY			2010FY	2010FY → 2011FY	Previous Forecasts (Released)
	1st half	2nd half				
Consolidated crude steel output volume (10,000 tons)	3,244	1,661	1,583	3,492	▼ 248	3,230
(Non-consolidated)	(3,020)	(1,553)	(1,467)	(3,247)	(▼ 227)	(3,010)
Steel materials shipment volume (10,000 tons)	2,909	1,468	1,441	3,135	▼ 226	2,920
Steel materials price (¥1,000/ton)	86.2	87.8	84.5	81.7	+ 4.5	86
Exchange rate (¥/\$)	79	80	78	86	+ 7	79

(2) All Japan

	2011FY			2010FY	2010FY → 2011FY	Previous Forecasts (Released)
	1st half	2nd half				
Crude steel output volume (10,000 tons)	10,646	5,332	5,315	11,079	▼ 433	
Steel consumption (10,000 tons) *1	6,173	2,971	3,202	6,032	+ 141	(+ 91)
(In manufacturing industries)	(4,159)	(2,000)	(2,159)	(4,068)		
<% of manufacturing>	<67%>	<67%>	<67%>	<67%>	<-0%>	
Plain carbon steel consumption (10,000 tons)	4,909	2,358	2,551	4,816	+ 93	
In construction	1,891	910	981	1,856	+ 35	
In manufacturing	3,020	1,439	1,581	2,961	+ 59	
Speciality steel consumption (10,000 tons)	1,263	613	650	1,216	+ 47	
Import Volume (10,000 tons)	656	290	365	500	+ 156	
Export Volume (10,000 tons)	3,651	1,876	1,775	4,015	▼ 364	

*1 Nippon Steel estimates (prequake figure)

(Reference) Segment Information

	2011FY			2010FY	2010FY → 2011FY	Previous Forecasts (Released on Jan. 27,
	1st half	2nd half				
Net sales	4,090.9	2,027.8	2,063.1	4,109.7	(18.8)	4,050.0
Steelmaking and	3,476.8	1,751.6	1,725.2	3,473.4	3.4	3,450.0
Engineering and	248.9	96.7	152.1	254.9	(6.0)	250.0
Urban	80.4	27.9	52.4	86.5	(6.1)	75.0
Chemicals	197.6	101.0	96.6	193.8	3.8	195.0
New materials	54.2	28.6	25.6	60.8	(6.6)	55.0
System solutions	161.5	76.2	85.3	159.7	1.8	165.0
Elimination	(128.7)	(54.3)	(74.3)	(119.7)	(9.0)	(1,400.0)

	2011FY			2010FY	2010FY → 2011FY	Previous Forecasts (Released on Jan. 27,
	1st half	2nd half				
Operating profit(loss)	143.0	94.2	48.7	226.3	(83.3)	120.0
Steelmaking and	98.8	74.2	24.5	181.9	(83.1)	70.0
Engineering and	12.7	0.1	12.6	14.8	(2.1)	12.5
Urban	9.3	4.0	5.3	9.2	0.1	7.5
Chemicals	13.5	7.3	6.2	13.2	0.3	12.5
New materials	0.6	0.5	0.0	2.1	(1.5)	0.5
System solutions	11.2	5.3	5.8	11.3	(0.1)	12.5
Elimination	(3.4)	2.4	(5.8)	(6.4)	3.0	4.5

※1 Analysis of 1st half -O- 2nd half change in consolidated ordinary profit (+¥45.5 billion)

	1st half -O- 2nd half change	Change from the previous forecasts
Change in Consolidated Ordinary Profit	+ 46.0	+ 23.0
1. Ferrous materials business	+ 50.0	+ 29.0
(1) Non-consolidated	- 62.0	+ 14.0
① Manufacturing shipment volume down 0.27 million tons (14.68 million tons to 14.41 million tons)	- 8.0	+ 2.0
② Selling prices and composition of sales	- 38.0	+ 2.0
③ Raw materials prices (including carry-over of raw materials and market conditions)	+ 12.0	+ 2.0
④ Cost improvement	+ 25.0	~
⑤ Inventory valuation change	- 50.0	~
⑥ Other	- 3.0	+ 8.0
(2) Group companies	+ 12.0	+ 15.0
2. Non-ferrous materials business	+ 13.0	+ 2.0
3. Eliminations	- 9.0	- 8.0

※2 Analysis of Y-O-Y change in consolidated ordinary profit

	(Billions of yen)
Change in Consolidated Ordinary Profit	- 83.0
1. Ferrous materials business	- 83.0
(1) Non-consolidated	- 56.0
① Manufacturing shipment volume down 2.26 million tons (31.35 million tons to 29.09 million tons)	- 53.0
② Selling prices and composition of sales	+ 252.0
③ Raw materials prices (including carry-over of raw materials and market conditions)	- 418.0
④ Cost improvement	+ 100.0
⑤ Inventory valuation change	+ 15.0
⑥ Other	+ 48.0
(2) Group companies	- 27.0
2. Non-ferrous materials business	- 3.0
3. Eliminations	+ 3.0

Special profit and loss :

	Consolidated
Consolidated	(22.9)
Gain on sales of investment securities	15.9
Loss of inactive facilities	(7.4)
Loss on sales of investments in securities	(7.5)
Loss on valuation of investments in securities	(11.7)
Loss on liquidation of business	(12.1)

【Dividends】

Due to the volatile conditions in the stock market and the significant risk of fluctuations in valuation, such as the loss on valuation of investments in securities, at the time of the announcement of results for the third quarter of fiscal 2011, the Company had not determined the amount of dividends for the end of the fiscal year ended March 31, 2012.

Upon the verification of the earnings results for the fiscal year, and in line with the previously announced dividend policy, the Company plans to seek approval of the Ordinary General Meeting of Shareholders for a total dividend payment of ¥1.0 per share for fiscal 2011 (which will represent an annual dividend of ¥2.5 per share when combined with the dividend of ¥1.5 per share distributed from retained earnings at the end of the interim period and a consolidated payout ratio of 26.9%).

Forecasts of Consolidated Financial Results for Fiscal 2012

Fiscal 2012 Forecast

Nippon Steel is not at present in a position to formulate reasonably accurate estimates or forecasts for (cumulative) earnings results in the second quarter of fiscal 2012 due to several factors, with chief reasons being that negotiations with suppliers of core raw materials are yet to take place and product price negotiations with corporate customers to adjust steel product prices are currently in progress.

The performance forecast, therefore, has not been determined. The Company plans to provide a status update on performance in the first half (cumulative through the second quarter) of fiscal 2012 at the scheduled announcement of results for the first quarter of fiscal 2012.

The Company plans to announce performance results for fiscal 2012 (ending March 31, 2013) after the merger with Sumitomo Metal Industries, Ltd., scheduled for October 1, 2012.

(Reference)

■ Business Consolidation/Strengthening of the Management Base

Time	Company Name	Details
Oct. 2010	NS United Kaiun Kaisha, Ltd.	Merger of Nippon Steel Shipping Co., Ltd., and Shinwa Kaiun Kaisha, Ltd.
Oct. 2010	Taihei Kogyo Co., Ltd.	Conversion to consolidated subsidiary
Mar. 2011	Nippon Steel India Private Limited	Established Nippon Steel India Pvt. Ltd. in New Delhi, India
Jun. 2011	Nippon Steel Galvanizing(Thailand)Co., Ltd	Formed a manufacturing and sales company for hot-dip galvanized sheets in Thailand
Jun. 2011	N-EGALV(NIPPON EGALV STEEL SDN.BHD.)	Made Nippon EGalv Steel Sdn Bhd, a hot-dip galvanized sheets manufacturing and sales company in Malaysia, a consolidated subsidiary through a majority share acquisition
Oct. 2011	Geostr Corporation	Formed a joint venture with Tokyo Econ Tekken Co., Ltd., and GEOSTER Corporation and made it a consolidated subsidiary
Oct. 2011	NSM Coil Center Co., Ltd	Integrated the coil center businesses of Nippon Steel Trading Co., Ltd., Mitsui & Co. Steel Ltd., and Nippon Steel Corporation.
Oct. 2011	WISCO-NIPPON STEEL Tinplate Co., Ltd.	Established a manufacturing and sales company for tinplates with Wuhan Iron and Steel (Group) Corporation in China
Nov. 2011	AL Ghurair Iron & Steel L.L.C.	Invested in a galvanized plate manufacturing and sales company in the United Arab Emirates and made it an equity method company
Jan. 2012	Nippon Steel Technoresearch Corporation	Made Nippon Steel Technoresearch Corporation a subsidiary and the holding company for integrating five testing and analysis companies
Jan. 2012	Nippon Steel Logistics Co., Ltd.	Nippon Steel Logistics Co., Ltd., made Nippon Steel Transportation Co., Ltd., a wholly owned subsidiary and integrated its logistics services

■ Other Previously Announced Projects

- Nippon Steel Group Announces the Licensing of the New Copper Bonding Wire (EX1) to Tanaka Denshi Kogyo K.K. (announced July 2011)
- Capacity Increase Investment in Nippon Steel Bar & CH Wire (China) (announced July 2011)
- ExxonMobil Grants Nippon Steel First License for Patented Field Welding Technology for X120 Ultra High-Strength Linepipe (announced Aug 2011)
- Establishment of Color Coated Steel Sheet Manufacturing Operations in Hanoi, Vietnam (announced Oct 2011)
- First Successful Development in Japan of Six-inch Diameter Silicon Carbide Single Crystal Wafer (announced Dec 2011)
- Nippon Steel Completes Purchase of Part of Usiminas Shares and New (announced Jan 2012)
- Nippon Steel City Produce and Kowa Real Estate to Integrate Management (announced March 2012)
- Nippon Steel City Produce and Kowa Real Estate to Integrate Management (announced March 2012)Nippon Steel Group Announces the Licensing of the New-type Copper Bonding Wire (EX1) to Heraeus Materials Technology GmbH & Co. KG (announced April 2012)

■ The Possible Business Integration

- The Business Integration of Nippon Steel and Sumitomo Metals Industries, Ltd. Has Been Approved by the Relevant Authorities Inside and Outside of Japan (announced March 2012)
- Sumitomo Metal Industries, Ltd. and Nippon Steel Concluded the Merger Contract on Business Integration (announced April 27, 2012)

Recent Quarterly Operating Results

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

							fiscal 2011 Apr.2011-Mar.2012	Forecast for fiscal 2011 (data released on Jan. 27, 2012) Apr.2011-Mar.2012
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half		
	Apr.2011-June.2011	July 2011-Sep.2011	Apr.2011-Sep.2011	Oct.2011-Dec.2011	Jan.2012-Mar.2012	Oct.2011-Mar.2012		
	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion
Net sales	985.5	1,042.2	2,027.8	1,042.0	1,021.1	2,063.1	4,090.9	4,050.0
Steelmaking and steel fabrication	851.9	899.6	1,751.6	889.8	835.4	1,725.2	3,476.8	3,450.0
Engineering and construction	44.0	52.6	96.7	64.7	87.4	152.1	248.9	250.0
Urban development	12.7	15.1	27.9	24.6	27.7	52.4	80.4	75.0
Chemicals	48.3	52.7	101.0	48.8	47.7	96.6	197.6	195.0
New materials	14.2	14.3	28.6	13.4	12.1	25.6	54.2	55.0
System solutions	36.2	39.9	76.2	34.4	50.8	85.3	161.5	165.0
Adjustment	(22.0)	(32.3)	(54.3)	(34.0)	(40.3)	(74.3)	(128.7)	(140.0)
Operating profit	38.5 [3.9%]	25.8 [2.5%]	64.4 [3.2%]	17.7 [1.7%]	▲ 2.7 [▲0.3%]	14.9 [0.7%]	79.3 [1.9%]	70.0 [1.7%]
Ordinary profit	57.0 [5.8%]	37.1 [3.6%]	94.2 [4.6%]	29.9 [2.9%]	18.8 [1.8%]	48.7 [2.4%]	143.0 [3.5%]	120.0 [3.0%]
Steelmaking and steel fabrication	48.5 [5.7%]	25.6 [2.9%]	74.2 [4.2%]	20.0 [2.3%]	4.5 [0.5%]	24.5 [1.4%]	98.8 [2.8%]	70.0 [2.0%]
Engineering and construction	0.2 [0.5%]	▲ 0.0 [▲0.1%]	0.1 [0.2%]	2.6 [4.1%]	9.9 [11.4%]	12.6 [8.3%]	12.7 [5.1%]	12.5 [5.0%]
Urban development	2.3 [18.0%]	1.7 [11.5%]	4.0 [14.5%]	3.6 [14.8%]	1.6 [6.0%]	5.3 [10.2%]	9.3 [11.7%]	7.5 [10.0%]
Chemicals	3.6 [7.5%]	3.6 [7.0%]	7.3 [7.3%]	3.3 [7.0%]	2.8 [6.0%]	6.2 [6.5%]	13.5 [6.9%]	12.5 [6.4%]
New materials	0.2 [2.1%]	0.2 [2.1%]	0.5 [2.1%]	▲ 0.3 [▲2.3%]	0.3 [2.7%]	0.0 [0.0%]	0.6 [1.1%]	0.5 [0.9%]
System solutions	2.9 [8.0%]	2.4 [6.1%]	5.3 [7.0%]	1.8 [5.5%]	3.9 [7.8%]	5.8 [6.9%]	11.2 [6.9%]	12.5 [7.6%]
Adjustment	(0.9)	3.4	2.4	(1.4)	(4.4)	(5.8)	(3.4)	4.5
Net income	29.0 [3.0%]	19.6 [1.9%]	48.7 [2.4%]	▲ 50.0 [▲4.8%]	59.7 [5.8%]	9.6 [0.5%]	58.4 [1.4%]	0.0 [0.0%]
Net income per share	¥ 4.63	¥ 3.13	¥ 7.75	▲ ¥ 7.95	¥ 9.50	¥ 1.54	¥ 9.30	0.00

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

							Fiscal 2010 Apr.2010-Mar.2011
	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	
	¥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 [2.1%]	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

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

Supplementary Information on the Financial Result for the Fiscal 2011

Japanese Steel Industry

1. Crude Steel Production

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2010FY	28.07	27.36	55.42	27.66	27.70	55.37	110.79
2011FY	26.37	26.95	53.32	26.58	26.57	53.15	106.46

2. Inventory Volume

At the end of:	Inventory at manufacturers and distributors (million tons)	Inventory /shipment ratio (%)	Rolled sheets *1 (million tons)	H-flange beams *2 (million tons)
June 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
Dec. 2011	5.58	(146.7)	4.32	0.174
Jan. 2012	5.62	(147.5)	4.28	0.175
Feb. 2012	5.54	(138.3)	4.15	0.188

*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	7.57	7.41	14.98	30.77

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	7.85	7.98	15.83	32.44

(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	7.29	7.39	14.67	30.20

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	7.20	7.21	14.41	29.09

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	87.6	81.5	84.5	86.2

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	36.9	37.8	37.4	39.2

8. Foreign Exchange Rate

(¥/US\$)

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

9. Unrealized Gains on Available-for-Sale Securities

(billion yen)

	2011FY	2010FY	difference
Consolidated	109.4 (70.8)	175.8 (104.7)	-66.4 (-33.9)
【Nikkei 225】	【10,084yen】	【9,755yen】	【329yen】

* Figures in parentheses were after adopting deferred tax accounting.

10. Amount of Capital Expenditure and Depreciation

•Capital Expenditure (billion yen)

	2011FY	2010FY
Consolidated	265.0	290.0
Non-consolidated	180.0	210.0

•Depreciation (billion yen)

	2011FY	2010FY
Consolidated	280.9	291.5
Non-consolidated	211.4	220.1