Summary of Consolidated Operating Results for the Third Quarter of Fiscal 2005

January 31, 2006

(Code No.: 5401;

Listed Company Name: Nippon Steel Corporation Tokyo,Osaka,Nagoya,Fukuoka,Sapporo

Stock Exchange)

(URL http://www.nsc.co.jp)

Representative: Akio Mimura, Representative Director and President

Contact: Tatsuro Shirasu, General Manager, Public Relations Center Tel: 81-3-3275-5014

1. Basis of Presenting Quarterly Financial Information

1) Adoption of concise accounting method:

Yes

A concise accounting method has been adopted partly for the standards to appropriate corporate taxes, allowances and other items.

2) Changes in accounting methods from most recent consolidated fiscal year:

No Yes

3) Changes in the scope of consolidation and application of the equity method:

Consolidation (newly included): 13 (excluded): 15 Equity method (newly applied): 2 (excluded): 4

2. Outline of Financial and Operating Results up to the Third Quarter of Fiscal 2005 (April 1, 2005 to December 31, 2005)

Outline of Operating Results

	Sales	Operating profits	Ordinary profits		
	¥million (%)	¥million (%)	¥million (%)		
Third quarter of fiscal 2005	2,816,106 18.9	424,454 58.3	416,777 72.0		
Third quarter of fiscal 2004	2,368,760 -	268,081 -	242,321 -		
(Reference) Fiscal 2004	3,389,356	429,948	371,446		

	Net income		Net income per share
	¥million	(%)	¥
Third quarter of fiscal 2005	270,108	83.6	40.05
Third quarter of fiscal 2004	147,114	-	21.85
(Reference) Fiscal 2004	220,601		32.73

Notes

- Amounts below ¥1 million are rounded down.
- Percentages for sales, operating profits, ordinary profits and net income indicate changes over the corresponding term of the previous fiscal year.

Outline of Financial Results

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	¥million	¥million	%	¥
Third quarter of fiscal 2005	4,450,784	1,607,530	36.1	238.03
Third quarter of fiscal 2004	-	-	-	-
(Reference) Fiscal 2004	3,872,110	1,188,409	30.7	176.21

Notes Due to commencement of information disclosure on the quarterly financial results as from the first quarter of fiscal 2005, we have not made reference to the results for the corresponding quarter of the previous year.

(Reference)

The full-year forecast for consolidated operating results in fiscal 2005 (April 1, 2005 to March 31, 2006) is slated for release, as usual, at the beginning of March 2006. No revisions have been made to the forecast released in the interim-term business report (April to September 2005).

3. Segment Information

(Information of business segment)

Third quarter of fiscal 2005 (April 1, 2005 to December 31, 2005)

(¥million)

	Steelmaking and steel fabrication	Engineering and Constrution	Urban development	Chemicals and nonferrous materials	System solutions	Other businesses	Total	Elimination of intersegment transactions	Consolidated total
Sales	2,271,365	199,717	54,228	277,241	95,265	50,676	2,948,495	(132,389)	2,816,106
Operating costs and expenses	1,879,914	199,835	47,822	257,336	88,556	50,815	2,524,280	(132,629)	2,391,651
Operating profits	391,451	(118)	6,406	19,904	6,709	(138)	424,215	239	424,454

Third quarter of fiscal 2004 (April 1, 2004 to December 31, 2004)

(¥million)

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	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals and nonferrous materials	System solutions	Other businesses	Total	Elimination of intersegment transactions	Consolidated total
Sales	1,900,979	134,800	47,150	242,037	92,523	55,335	2,472,826	(104,066)	2,368,760
Operating costs and expenses	1,657,720	139,762	42,297	223,491	86,507	54,785	2,204,565	(103,886)	2,100,679
Operating profits	243,259	(4,962)	4,852	18,546	6,015	550	268,261	(180)	268,081

General Information on Consolidated Operating Performance

The Japanese economy continues to recover thanks to increasing exports, expanding equipment investment by private enterprise and steady growth in personal consumption spurred by higher earnings and rising employment.

In the steelmaking and steel fabrication sector, whereas domestic demand for steel in civil engineering area still shows a decreasing trend, demand in the building construction area is firm due to high levels of activity in housing and plant construction. Manufacturing industries, such as automobiles, shipbuilding and industrial machinery, continue to generate strong demand due to thriving demand in both of domestic and overseas markets.

In steel product exports, demand remains steady in the manufacturing industries of East Asia which serve as Nippon Steel's main market. Supply and demand in the export market remains tight for high-grade steel products but is loosening for commodity-grade steel products due to increased production caused by expanding production capacity in China. As a result, a bipolar trend in demand is becoming apparent.

Given these circumstances, Nippon Steel views the maintenance and improvement of steel product sales prices as its first priority. In addition, in an increasingly bipolar demand environment for high-grade and commodity-grade steel products, Nippon Steel is exerting maximum effort to implement production and shipping operations that will steadily respond to firm demand for high-grade steel products. At the same time, the company is working to establish a sound supply and demand situation in the field of commodity-grade products by reducing production—mainly of those for export and steel sheets for domestic market.

In the engineering and construction sector, while a severe operating environment persists in some fields due to reduced public works projects and other factors, Nippon Steel has secured a steady stream of orders supported mainly by robust overseas demand. Further, the company is doing its utmost to improve profitability through cost cutting. In the urban development sector, operations centered on condominium sales in the metropolitan Tokyo area are steady, with achievements running nearly as planned. In the chemicals and nonferrous materials sector, in spite of chemicals market softening that has adversely affected operating results in the chemicals sector, operations in the sector are progressing nearly as planned, and demand remains steady in IT- and digital-related fields, the main markets in the new materials sector. As a result, operating results in the chemicals and nonferrous materials sector as a whole are firm. In the system solutions sector, operations are progressing steadily as planned, supported by steady receipts of inquiries and orders mainly from manufacturing and logistics industries.

Pursuant to the foregoing, settlement of accounts for the period up to the third quarter of fiscal 2005 (April 1, 2005 to December 31, 2005) shows the following consolidated operating results: sales of ¥2,816.1 billion, operating profits of ¥424.4 billion, ordinary profits of ¥416.7 billion, and a net income of ¥270.1 billion.

Recent Quarterly Operating Results

Fiscal 2005 (April 1, 2005 to March 31, 2006)

Fiscal 2004 (April 1, 2004 to March 31, 2005)

	1st quarter	2nd quarter	Interim term	3rd quarter	Cumulative total of 9 months	Forecast for 2nd half of fiscal 2005 (data released on October 31, 2005)	Forecast for fiscal 2005 (data released on October 31, 2005)	1st quarter	2nd quarter	Interim term	3rd quarter	4th quater	2nd half	Fiscal 2004
	AprJune 2005	July-Sept. 2005	AprSept. 2005	OctDec. 2005	Apr. 2005-Dec. 2005	Oct. 2005-Mar. 2006	Apr. 2005-Mar. 2006	AprJune 2004	July-Sept. 2004	AprSept. 2004	OctDec. 2004	JanMar. 2005	Oct. 2004-Mar. 2005	Apr. 2004-Mar. 2005
,	¥million	¥million	¥million	¥million	¥million	¥million	¥million	¥million	¥million	¥million	¥million	¥million	¥million	¥million
Sales	904,771	958,633	1,863,404	952,701	2,816,106	2,001,596	3,865,000	702,156	807,110	1,509,266	859,494	1,020,595	1,880,089	3,389,356
Steelmaking and steel fabrication	738,231	770,874	1,509,105	762,259	2,271,365	1,555,895	3,065,000	560,305	648,639	1,208,944	692,034	719,753	1,411,787	2,620,732
Engineering and construction	57,283	70,515	127,799	71,918	199,717	172,201	300,000	41,953	45,079	87,032	47,767	145,066	192,833	279,866
Urban development	21,134	17,383	38,516	15,711	54,228	64,484	103,000	11,042	14,004	25,046	22,103	42,125	64,229	89,275
Chemicals and nonferrous materials	86,500	93,581	180,081	97,160	277,241	189,919	370,000	69,517	89,053	158,570	83,467	89,130	172,597	331,168
System solutions	27,202	37,583	64,786	30,479	95,265	85,214	150,000	29,691	36,044	65,736	26,786	54,008	80,794	146,531
Other businesses	17,194	15,875	33,069	17,606	50,676	34,931	68,000	17,273	19,256	36,529	18,806	20,909	39,715	76,244
Elimination of intersegment transactions	(42,776)	(47,177)	(89,953)	(42,435)	(132,389)	(101,047)	(191,000)	(27,626)	(44,967)	(72,594)	(31,472)	(50,397)	(81,869)	(154,463)
Operating profits	146,091	155,225	301,316	123,138	424,454	223,684	525,000	55,989	86,227	142,216	125,864	161,866	287,731	429,948
operating profits	[16.1%]	[16.2%]	[16.2%]	[12.9%]	【15.1%】	【11.2%】	[13.6%]	[8.0%]	[10.7%]	[9.4%]	[14.6%]	[15.9%]	[15.3%]	[12.7%]
Steelmaking and steel	137,347	145,133	282,480	108,970	391,451	185,520	468,000	52,583	78,008	130,591	112,667	133,666	246,334	376,926
fabrication	[18.6%]	[18.8%]	[18.7%]	[14.3%]	[17.2%]	[11.9%]	[15.3%]	[9.4%]	[12.0%]	[10.8%]	[16.3%]	[18.6%]	[17.4%]	[14.4%]
Engineering and	1,481	1,001	2,483	2,365	118	11,483	9,000	2,036	3,725	5,762	799	11,659	12,458	6,696
construction	[2.6%]	[1.4%]	[1.9%]	[3.3%]	[0.1%]	[6.7%]	[3.0%]	[4.9%]	[8.3%]	[6.6%]	[1.7%]	[8.0%]	[6.5%]	[2.4%]
Urban	3,538	987	4,525	1,881	6,406	5,475	10,000	1,328	435	1,764	3,088	3,651	6,739	8,503
development	[16.7%]	[5.7%]	[11.7%]	[12.0%]	[11.8%]	[8.5%]	[9.7%]	[12.0%]	[3.1%]	[7.0%]	[14.0%]	[8.7%]	[10.5%]	[9.5%]
Chemicals and	6,165	5,520	11,686	8,218	19,904	14,314	26,000	3,842	7,751	11,593	6,952	7,828	14,781	26,374
nonferrous materials	[7.1%]	[5.9%]	[6.5%]	[8.5%]	[7.2%]	[7.5%]	[7.0%]	[5.5%]	[8.7%]	[7.3%]	[8.3%]	[8.8%]	[8.6%]	[8.0%]
	1,686	2,998	4,683	2,025	6,709	7,317	12,000	1,610	2,551	4,161	1,854	5,368	7,222	11,384
System solutions	[6.2%]	[8.0%]	[7.2%]	[6.6%]	[7.0%]	[8.6%]	[8.0%]	[5.4%]	[7.1%]	[6.3%]	[6.9%]	[9.9%]	[8.9%]	[7.8%]
	104	313	208	347	138	208	0	438	594	156	393	165	227	384
Other businesses	[0.6%]	[2.0%]	[0.6%]	[2.0%]	[0.3%]	[0.6%]	[0.0%]	[2.5%]	[3.1%]	[0.4%]	[2.1%]	[0.8%]	[0.6%]	[0.5%]
Elimination of intersegment transactions	(1,060)	(1,275)	(214)	(25)	(239)	(214)	(-)	(900)	(611)	(288)	(108)	(141)	(32)	(321)
0.1	153,139	141,343	294,482	122,294	416,777	200,518	495,000	47,479	88,439	135,919	106,402	129,124	235,527	371,446
Ordinary profits	[16.9%]	[14.7%]	[15.8%]	[12.8%]	[14.8%]	[10.0%]	[12.8%]	[6.8%]	[11.0%]	[9.0%]	[12.4%]	[12.7%]	[12.5%]	[11.0%]
No.	91,612	104,073	195,685	74,422	270,108	124,315	320,000	23,302	57,736	81,039	66,074	73,487	139,561	220,601
Net income	[10.1%]	[10.9%]	[10.5%]	[7.8%]	[9.6%]	[6.2%]	[8.3%]	[3.3%]	[7.2%]	[5.4%]	[7.7%]	[7.2%]	[7.4%]	[6.5%]
	¥	¥	¥	¥	¥	¥	¥	¥	¥	¥	¥	¥	¥	¥
Net income per share	13.59	15.43	29.02	11.03	40.05	18.44	47.45	3.47	8.56	12.05	9.80	10.90	20.69	32.73

^{[] :} Return on sales

<Breakdown of + 21.9 billion yen:>

(1) Seasonal differences between the third and fourth quarters: +17.0 billion yen Increase of inventory, exchange gain and loss on foreign currency transactions, receipt of dividends, etc.

(2)Others: + 5.0 billion yen

^() in "Elimination of intersegment transactions" row indicate negative numbers

Nippon Steel Corporation

Code Number: 5401

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

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Supplementary Information on the Financial Result for the Third Quarter of Fiscal 2005

Japanese Steel Industry

1. Crude Steel Production

(millions of tons)

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	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2004FY	28.22	28.16	56.38	28.75	27.76	56.51	112.89
2005FY	28.96	27.83	56.80	27.92	-	-	-

$^{\circ}$	Inventory	T 7 - 1	
,	inventory	VO	nne

At tl	ne end of:	Inventory at manufacturers and distributors (millions of tons)	Inventory /shipment ratio (%)	Rolled sheets *1 (millions of tons)	H-flange beams *2 (millions of tons)
Aug.	2001	6.19	136.3 (Peak)	4.70 (Peak)	0.320
Sep.	2001	6.15	125.4	4.63	0.307
Mar.	2002	5.42	107.6	3.93	0.314
Sep.	2002	5.12	102.2	3.71	0.264
Mar.	2003	5.33	104.0	3.76	0.256
Sep.	2003	5.67	114.1	4.13	0.274
Mar.	2004	5.03	94.7	3.77	0.240
Sep.	2004	5.37	101.3	3.86	0.312
Oct.	2004	5.46	109.2	3.81	0.300
Nov.	2004	5.30	101.4	3.76	0.294
Dec.	2004	5.36	111.1	3.84	0.296
Jan.	2005	5.50	114.2	4.02	0.301
Feb.	2005	5.42	116.2	3.98	0.296
Mar.	2005	5.26	98.2	3.93	0.294
Apr.	2005	5.30	109.6	4.03	0.279
May	2005	5.51	112.2	4.19	0.276
June.	2005	5.48	108.3	4.21	0.274
July.	2005	5.60	114.1	4.30	0.271
Aug.	2005	5.81	125.0	4.66	0.253
Sep.	2005	5.73	111.8	4.58	0.231
Oct.	2005	5.79	111.7	4.56	0.231
Nov.	2005	5.59	108.4	4.43	0.231
Dec.	2005*3	5.55	117.1	4.28	0.246

^{*1} Hot-rolled, cold-rolled and coated sheets

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

^{*3} Preliminary report

Nippon Steel (Non-consolidated basis)

3. Pig Iron Production (Nippon Steel Corporation and Hokkai Iron & Coke Co., Ltd)

(millions of tons)

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	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2004FY	7.00	7.66	14.65	7.66	7.75	15.41	30.07
2005FY	7.88	7.93	15.81	7.90	-	-	-

4. Crude Steel Production

(Consolidated basis)

(millions of tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2004FY	7.78	8.30	16.08	8.34	8.37	16.71	32.79
2005FY	8.56	8.52	17.08	8.34	-	-	-

(Non-consolidated basis)

(millions of tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2004FY	7.04	7.57	14.61	7.61	7.66	15.27	29.88
2005FY	7.85	7.88	15.73	7.62	-	-	-

5. Steel Products Shipment

(millions of tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2004FY	6.94	7.36	14.29	7.41	7.81	15.22	29.51
2005FY	7.43	7.33	14.76	7.17	-	-	-

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2004FY	55.9	60.1	58.1	63.0	66.6	64.9	61.6
2005FY	70.8	(*) 76.0	73.4	75.6	-	-	-

^(*) The increase of the average price for the 2nd quarter (compared to that for the 1st quarter) includes positive price adjustments to the 1st quarter sales.

7. Export Ratio of Steel Products (Value basis)

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2004FY	29.8	32.3	31.1	31.0	33.0	32.1	31.6
2005FY	32.2	31.1	31.6	29.8	-	-	-

8. Foreign Exchange Rate

(¥/US\$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2004FY	109	110	109	107	104	106	107
2005FY	107	112	109	116	-	-	-

9 . Breakdown of Special Profit and Losses(Consolidated)

(billions of yen)

		(6)	mons of yen,
			Cumulative
			total of 9
	1st half	3rd quarter	months
Gain on sales of tangible fixed assets	76	17	94
Gain on sales of investments in securities	3	24	27
total	80	42	122