

Summary of Consolidated Financial and Operating Results for the Third Quarter of Fiscal 2007

January 28, 2008

Listed Company Name: Nippon Steel Corporation

Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
Stock Exchange

Code No.: 5401

URL <http://www.nsc.co.jp>

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1. Outline of Financial and Operating Results up to the Third Quarter of Fiscal 2007 (April 1, 2007 to December 31, 2007)

(1) Outline of Operating Results

	Sales		Operating profit		Ordinary profit		Net income	
	¥million	(%)	¥million	(%)	¥million	(%)	¥million	(%)
Third quarter of fiscal 2007	3,506,192	14.3	408,105	△4.7	434,669	△0.7	263,056	△0.1
Third quarter of fiscal 2006	3,066,221	8.9	428,400	0.9	437,933	5.1	263,377	△2.5
Fiscal 2006	4,302,145	—	580,097	—	597,640	—	351,182	—

	Net income per share	Net income per share after dilution
	¥	¥
Third quarter of fiscal 2007	41.73	39.60
Third quarter of fiscal 2006	40.60	40.16
Fiscal 2006	54.29	53.19

(2) Outline of Financial Results

	Total assets	Net Assets	Ratio of shareholders' equity to total assets	Net Assets per share
	¥million	¥million	%	¥
Third quarter of fiscal 2007	5,519,504	2,485,416	35.9	314.98
Third quarter of fiscal 2006	5,085,577	2,226,383	34.6	274.55
Fiscal 2006	5,344,924	2,369,228	35.4	295.79

Notes 1) Amounts below ¥1 million are rounded down.

2) Percentages for sales, operating profits, ordinary profits and net income indicate changes over the corresponding term of the previous fiscal year.

2. Dividends

(Standard day)	Dividend per share		
	Interim	Year-end	Total
Fiscal 2006	¥ 4.0	¥ 6.0	¥ 10.0
Fiscal 2007	5.0		
Fiscal 2007(Forecast)		Undecided	Undecided

(Reference)

The full-year forecast for consolidated operating results in fiscal 2007 (April 1, 2007 to March 31, 2008) is slated for release, as usual, at the beginning of March 2008. No revisions have been made to the forecast released.

3. Others

- 1) Significant changes in scope of consolidation: No
- 2) Adoption of concise accounting method: Yes
- 3) Changes in accounting methods from most recent consolidated fiscal year: Yes

Notes: See attached page4 “Qualitative Information / Financial Statements” Others .

Qualitative Information / Financial Statements

Consolidated Operating Results

While it will be important to monitor closely the impact of the credit contraction in global financial markets sparked by the U.S. subprime loan problem, the global economy as a whole continues to expand as emerging countries, led by Brazil, Russia, India, and China (the BRICs), continue to report GDP growth and investment in the fields of energy and infrastructure remains active.

In the domestic steel market, production in the field of construction materials has been pared back because of the steep decline in construction activity since the amended building code took effect. Even so, demand continues to be robust, especially from the automotive, shipbuilding, machinery, and other manufacturing industries due to expanding demand overseas, and the overall supply/demand picture in Japan remains tight. In the overseas steel market, while the economic slowdown in the United States has exposed some weakness in real demand, there is solid demand expansion in other regions arising from economic growth, and Chinese steel exports have fallen off due to export restrictions the government has put into place. The overall trend is consequently firm, and buoyed by these conditions, domestic crude steel production volume in 2007 exceeded 120 million metric tons, reaching a new peak.

While supply/demand conditions are strong, cost increases have been greater than we anticipated as market prices for raw materials and fuels, especially steel scrap, ocean freight, and crude oil, have soared. While we are still striving to reduce costs as much as possible through in-house initiatives, we will continue to seek price increases from our customers by asking for their understanding in view of the higher market prices for raw materials and fuel.

The engineering and construction business, buttressed by an order backlog that approaches a record high, is working to improve its profitability through better earnings on projects as well as revenue expansion. Despite changes in the condominium business environment, the performance of the urban development business is trending in line with the Company plan. At the chemicals business, higher prices for naphtha have impacted chemical products, and fiercer competition among companies has impacted electronic materials, but sales of coal chemicals remain brisk, supported by firm and demand. As a result, the performance of the chemicals business as a whole is roughly even with the Company plan. At the new materials business, the adjustment phase in the electronics industry, a key market for this business, is dragging on longer than anticipated, and we are doing our utmost to improve earnings through cost reduction initiatives. The system solutions business is faring well, driven by business solutions, including projects for the financial industry.

As a result of the above, in the first quarter through the third quarter (April 1, 2007, to December 31, 2007) of the fiscal year ending March 31, 2008, consolidated net sales

came to ¥3,506.1 billion, consolidated operating profit to ¥408.1 billion, consolidated ordinary profit to ¥434.6 billion, and consolidated net income to ¥263.0 billion.

Consolidated Assets and Liabilities

Compared with the end of March 2007, consolidated total assets came to ¥5,519.5 billion at the end of December 2007, an increase of ¥174.5 billion. Net assets totaled ¥2,485.4 billion, boosting the ratio of shareholders' equity to total assets by 0.5 percentage point, to 35.9%. Outstanding interest-bearing debt amounted to ¥1,412.1 billion, a rise of ¥199.0 billion compared with the level at the end of March 2007.

Other

(1) Significant changes in scope of consolidation

There were no significant changes in scope of consolidation.

(2) Adoption of concise accounting method

A concise accounting method has been adopted in part for the standard applied to corporate taxes, allowances, and other items.

(3) Changes in accounting methods from most recent consolidated fiscal year

(a) Changes in accounting policies

Attendant with amendments to the corporate tax law, from the fiscal year ending March 31, 2008, we have booked depreciation expenses for tangible fixed assets purchased since April 1, 2007, using the depreciation method stipulated in the amended corporate tax law.

(b) Additional information

Attendant with amendments to the corporate tax law, from the fiscal year ending March 31, 2008, we have applied the straight-line depreciation method for a five-year period to the residual book value of tangible fixed assets acquired on or prior to March 31, 2007, that have already been fully depreciated down to the former maximum allowable amount.

Concomitant with the adoption of (a) and (b) above, compared with the prior depreciation method, the depreciation expense is ¥25,277 million higher, gross margin is ¥20,842 million lower, operating profit is ¥21,773 million lower, and ordinary profit and income before income taxes and minority interests are each ¥22,882 million lower.

Consolidated Balance Sheets (summarized)

Nippon Steel Corporation and Consolidated Subsidiaries

ASSETS	Millions of yen	
	December 31, 2007	March 31, 2007
Current assets :	1,931,429	1,850,188
Cash and bank deposits	171,075	280,117
Notes and accounts receivable-trade	596,953	597,155
Inventories	943,952	789,486
Other	219,447	183,429
Fixed assets :	3,588,074	3,494,736
Tangible fixed assets	1,815,116	1,779,089
Intangible fixed assets	24,329	30,586
Investments and others	1,748,629	1,685,060
Total assets	5,519,504	5,344,924

LIABILITIES	Millions of yen	
	December 31, 2007	March 31, 2007
Current liabilities :	1,848,533	1,809,053
Notes and accounts payable - trade	577,264	612,952
Short-term loans and long-term loans due within one year	329,310	338,825
Commercial paper	320,000	163,000
Bonds due within one year	58,100	43,050
Other	563,857	651,225
Long-term liabilities :	1,185,554	1,166,642
Bonds and notes	213,481	238,614
Long-term loans	491,069	429,473
Other	481,003	498,554
Total liabilities	3,034,087	2,975,695
NET ASSETS		
Shareholders' equity :	1,554,830	1,448,563
Common stock	419,524	419,524
Capital surplus	114,335	111,693
Retained earnings	1,282,089	1,087,908
Treasury stock, at cost	(261,120)	(170,563)
Valuation and transaction adjustments:	427,186	444,320
Unrealized gains on available-for-sale securities	401,823	438,056
Deferred hedge income (loss)	770	300
Unrealized gains on revaluation of land	11,760	9,922
Foreign currency translation adjustments	12,832	(3,958)
Minority interest in consolidated subsidiaries	503,399	476,344
Total net assets	2,485,416	2,369,228
Total liabilities and net assets	5,519,504	5,344,924

Consolidated Statements of Income (summarized)

Nippon Steel Corporation and Consolidated Subsidiaries

	Millions of yen	
	Third quarter of fiscal 2007	Third quarter of fiscal 2006
Net sales	3,506,192	3,066,221
Cost of sales	2,859,153	2,407,896
Gross margin	647,039	658,325
Selling, general and administrative expenses	238,933	229,924
Operating profit	408,105	428,400
Non-operating profit :		
Interest and dividend income	19,150	16,131
Equity in net income of unconsolidated subsidiaries and affiliates	39,755	25,509
Miscellaneous	16,311	13,683
	75,218	55,323
Non-operating loss :		
Interest expenses	13,099	12,272
Miscellaneous	35,555	33,518
	48,654	45,790
Ordinary profit	434,669	437,933
Special profit :		
Gain on sales of tangible fixed assets	20,623	13,523
Gain on sales of investments in securities	-	7,018
	20,623	20,542
Income before income taxes and minority interest	455,293	458,475
Income taxes - current and deferred	171,202	182,691
Minority interest in net income of consolidated subsidiaries	21,033	12,405
Net income	263,056	263,377

Consolidated Segment Information

Nippon Steel Corporation and Consolidated Subsidiaries

(Information of business segment)

Third quarter of fiscal 2007 (April 1, 2007 to December 31, 2007)

Millions of yen

							Total	Elimination of intersegment transactions	Consolidated total
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions			
Sales	2,951,309	233,190	56,561	221,320	56,991	112,363	3,631,736	(125,543)	3,506,192
Operating costs and expenses	2,591,340	220,945	48,800	202,727	56,277	102,758	3,222,850	(124,763)	3,098,087
Operating profit	359,968	12,244	7,760	18,593	714	9,604	408,886	(780)	408,105

Third quarter of fiscal 2006 (April 1, 2006 to December 31, 2006)

Millions of yen

							Total	Elimination of intersegment transactions	Consolidated total
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions			
Sales	2,522,944	240,809	42,980	240,480	48,962	101,154	3,197,331	(131,109)	3,066,221
Operating costs and expenses	2,132,554	235,483	37,743	221,752	46,553	93,760	2,767,847	(130,026)	2,637,821
Operating profit	390,389	5,326	5,237	18,728	2,408	7,393	429,483	(1,082)	428,400

[Reference]

Recent Quarterly Operating Results

Fiscal 2007 (April 1, 2007 to March 31, 2008)

	1st quarter		2nd quarter		1st half		3rd quarter		Cumulative total of 9 months	
	Apr.-June 2007		July-Sept. 2007		Apr.-Sept. 2007		Oct. 2007-Dec. 2008		Apr. 2007-Dec. 2008	
	Million		Million		Million		Million		Million	
Sales	1,115,751	1,200,599	2,316,350	1,189,842	3,506,192					
Steelmaking and steel fabrication	935,664	1,027,256	1,962,920	988,389	2,951,309					
Engineering and construction	71,519	79,123	150,642	82,547	233,190					
Urban development	16,355	15,103	31,458	25,103	56,561					
Chemicals	80,227	69,252	149,479	71,840	221,320					
New materials	16,929	19,102	36,031	20,960	56,991					
System solutions	32,953	43,013	75,966	36,396	112,363					
Elimination of intersegment transactions	(37,899)	(52,250)	(90,149)	(35,394)	(125,543)					
Operating profit	129,464 [11.6%]	134,993 [11.2%]	264,457 [11.4%]	143,648 [12.1%]	408,105 [11.6%]					
Steelmaking and steel fabrication	113,969 [12.2%]	121,021 [11.8%]	234,990 [12.0%]	124,978 [12.6%]	359,968 [12.2%]					
Engineering and construction	3,715 [5.2%]	2,909 [3.7%]	6,624 [4.4%]	5,619 [6.8%]	12,244 [5.3%]					
Urban development	3,298 [20.2%]	1,072 [7.1%]	4,370 [13.9%]	3,390 [13.5%]	7,760 [13.7%]					
Chemicals	7,434 [9.3%]	5,668 [8.2%]	13,102 [8.8%]	5,490 [7.6%]	18,593 [8.4%]					
New materials	20 [0.1%]	194 [1.0%]	214 [0.6%]	499 [2.4%]	714 [1.3%]					
System solutions	2,890 [8.8%]	3,540 [8.2%]	6,430 [8.5%]	3,174 [8.7%]	9,604 [8.5%]					
Elimination of intersegment transactions	(1,865)	589	(1,276)	496	(780)					
Ordinary profit	148,691 [13.3%]	135,321 [11.3%]	284,012 [12.3%]	150,656 [12.7%]	434,669 [12.4%]					
Net income	86,701 [7.8%]	89,708 [7.5%]	176,409 [7.6%]	86,647 [7.3%]	263,056 [7.5%]					
Net income per share	13.70	14.25	27.96	13.77	41.73					

Forecast for 2nd half of fiscal 2007 (data released on October 30, 2007)		Forecast for fiscal 2007 (data released on October 30, 2007)	
Oct. 2007-Mar. 2008		Apr. 2007-Mar. 2008	
Million		Million	
	2,433,649		4,750,000
	1,947,079		3,910,000
	219,357		370,000
	68,541		100,000
	130,520		280,000
	33,968		70,000
	89,033		165,000
	(54,850)		(145,000)
	315,542 [13.0%]		580,000 [12.2%]
	280,009 [14.4%]		515,000 [13.2%]
	16,375 [7.5%]		23,000 [6.2%]
	9,129 [13.3%]		13,500 [13.5%]
	6,897 [5.3%]		20,000 [7.1%]
	1,785 [5.3%]		2,000 [2.9%]
	8,569 [9.6%]		15,000 [9.1%]
	(7,223)		(8,500)
	315,987 [13.0%]		600,000 [12.6%]
	188,590 [7.7%]		365,000 [7.7%]
	x		x

Fiscal 2006 (April 1, 2006 to March 31, 2007)

	1st quarter		2nd quarter		1st half		3rd quarter		4th quarter		2nd half		Fiscal 2006	
	Apr.-June 2006		July-Sept. 2006		Apr.-Sept. 2006		Oct.-Dec. 2006		Jan.-Mar. 2007		Oct. 2006-Mar. 2007		Apr. 2006-Mar. 2007	
	Million		Million		Million		Million		Million		Million		Million	
Sales	942,788	1,040,642	1,983,431	1,082,790	1,235,923	2,318,713	4,302,145							
Steelmaking and steel fabrication	776,579	841,844	1,618,423	904,520	959,433	1,863,954	3,482,377							
Engineering and construction	71,800	87,576	159,376	81,432	127,159	208,591	367,968							
Urban development	14,032	18,843	32,875	10,105	51,366	61,471	94,347							
Chemicals	75,059	82,988	158,047	82,433	78,274	160,708	318,755							
New materials	15,704	16,149	31,853	17,108	16,638	33,747	65,601							
System solutions	30,832	39,273	70,105	31,048	55,351	86,400	156,505							
Elimination of intersegment transactions	(41,220)	(46,031)	(87,251)	(43,857)	(52,301)	(96,159)	(183,410)							
Operating profit	119,590 [12.7%]	146,777 [14.1%]	266,368 [13.4%]	162,032 [15.0%]	151,697 [12.3%]	313,729 [13.5%]	580,097 [13.5%]							
Steelmaking and steel fabrication	109,582 [14.1%]	132,321 [15.7%]	241,903 [14.9%]	148,486 [16.4%]	124,172 [12.9%]	272,659 [14.6%]	514,562 [14.8%]							
Engineering and construction	55 [0.1%]	1,194 [1.4%]	1,250 [0.8%]	4,075 [5.0%]	7,705 [6.1%]	11,780 [5.6%]	13,031 [3.5%]							
Urban development	1,571 [11.2%]	2,742 [14.6%]	4,314 [13.1%]	922 [9.1%]	9,064 [17.6%]	9,987 [16.2%]	14,301 [15.2%]							
Chemicals	4,190 [5.6%]	6,928 [8.3%]	11,119 [7.0%]	7,609 [9.2%]	4,917 [6.3%]	12,526 [7.8%]	23,645 [7.4%]							
New materials	935 [6.0%]	905 [5.6%]	1,841 [5.8%]	566 [3.3%]	721 [4.3%]	1,287 [3.8%]	3,129 [4.8%]							
System solutions	2,532 [8.2%]	2,604 [6.6%]	5,137 [7.3%]	2,256 [7.3%]	6,598 [11.9%]	8,855 [10.2%]	13,992 [8.9%]							
Elimination of intersegment transactions	721	80	802	(1,885)	(1,481)	(3,366)	(2,564)							
Ordinary profit	123,079 [13.1%]	145,828 [14.0%]	268,907 [13.6%]	169,025 [15.6%]	159,707 [12.9%]	328,733 [14.2%]	597,640 [13.9%]							
Net income	74,748 [7.9%]	89,356 [8.6%]	164,105 [8.3%]	99,272 [9.2%]	87,804 [7.1%]	187,077 [8.1%]	351,182 [8.2%]							
Net income per share	11.26	13.93	25.15	15.49	13.69	29.17	54.29							

[]: Return on sales
() in "Elimination of intersegment transactions" row indicate negative numbers

(Reference) Consolidated ordinary profit analysis
<Compared with the same period of the previous year>

Fiscal 2007 3rd Quarter: 150.6¥billion
Fiscal 2006 3rd Quarter: 169.0¥billion

-18.4¥billion

- 1) Substantial increase of ordinary profits, etc. +12.0¥billion
- 2) Inventory evaluation in group company -21.0¥billion
- 3) Tax system revisions of depreciation -9.0¥billion

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 2007

Japanese Steel Industry

1. Crude Steel Production

	(million tons)						
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2006FY	28.97	29.08	58.05	30.16	29.53	59.69	117.75
2007FY	29.89	29.91	59.80	30.87			

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. 2006	5.26	97.7	4.14	0.295
Apr. 2006	5.27	111.6	4.08	0.285
May 2006	5.41	115.0	4.13	0.280
June 2006	5.25	101.5	4.03	0.280
July 2006	5.31	104.0	4.04	0.278
Aug. 2006	5.41	112.8	4.17	0.273
Sep. 2006	5.35	101.0	4.05	0.269
Oct. 2006	5.35	98.0	3.98	0.260
Nov. 2006	5.21	97.6	3.81	0.257
Dec. 2006	5.37	106.3	3.89	0.257
Jan. 2007	5.54	109.2	4.06	0.267
Feb. 2007	5.37	105.8	3.98	0.270
Mar. 2007	5.37	95.7	4.03	0.277
Apr. 2007	5.43	106.8	4.07	0.271
May 2007	5.65	108.5	4.20	0.274
June 2007	5.43	101.2	4.07	0.270
July 2007	5.49	106.0	4.11	0.256
Aug. 2007	5.63	113.6	4.25	0.253
Sep. 2007	5.61	107.1	4.19	0.267
Oct. 2007	5.63	103.5	4.16	0.278
Nov. 2007	5.52	105.6	4.10	0.281

*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
2006FY	7.54	7.87	15.41	7.97	7.25	15.22	30.64
2007FY	7.67	7.96	15.63	8.09			

4. Crude Steel Production

(Consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2006FY	8.45	8.71	17.16	8.94	8.43	17.37	34.52
2007FY	8.72	8.92	17.64	9.24			

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2006FY	7.70	8.01	15.71	8.16	7.73	15.89	31.60
2007FY	7.99	8.22	16.21	8.37			

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2006FY	7.59	7.83	15.42	7.96	8.13	16.09	31.51
2007FY	7.89	8.15	16.04	8.23			

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2006FY	71.6	75.2	73.4	76.3	77.9	77.1	75.3
2007FY	78.3	80.3	79.3	80.2			

7. Export Ratio of Steel Products (Value basis)

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2006FY	32.2	32.4	32.3	31.4	33.3	32.4	32.3
2007FY	33.3	34.9	34.1	32.3			

8. Foreign Exchange Rate

(¥/US\$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2006FY	115	116	115	117	120	119	117
2007FY	120	119	119	113			

9. Unrealized Gains on Available-for-Sale Securities

(billion yen)

	3rd quarter of 2007FY	2006FY	difference
Consolidated	674.2(401.8)	734.8(438.0)	-60.7(-36.2)
Non-consolidated	622.5(371.0)	660.7(393.8)	-38.1(-22.7)
【Nikkei 225】	【15,308yen】	【17,288 yen】	【-1,980yen】

* Figures in parentheses were after adopting deferred tax accounting.