

# **Financial Results for Fiscal 2007**

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

Nippon Steel Corporation

April 25, 2008

# 1. Nippon Steel Consolidated Operating Results

## (1) Operating Results Analysis

### Operating Highlights for Fiscal 2007 Overview of Conditions in Fiscal 2007

Despite signs of deceleration in the U.S. economy due to the credit contraction sparked by the U.S. subprime loan problem, the global economy as a whole continued a fundamental trend of expansion as emerging countries—led by Brazil, Russia, India, and China (the BRICs)—achieved GDP growth.

Against the backdrop of global economic expansion, the Japanese economy sustained a gradual recovery led by external demand and capital investments.

Amid these conditions, the overall supply/demand picture in the steel market continued to be tight, owing to a worldwide rise in demand as well as to further growth in Japanese demand for products centered on high grade steel from manufacturing industries that are sustaining high levels of business activities. As a result, Japan's crude steel production in fiscal 2007, ended March 31, 2008, increased to 121.52 million metric tons, exceeding the previous year's level by 3.77 million metric tons. This is a new record high level of production volume, surpassing the previous record level of 120.02 million metric tons attained in fiscal 1973.

The Nippon Steel Group embarked from the previous fiscal year on a Medium-Term Consolidated Business Plan that runs for three years through to the end of fiscal 2008, and earnings in the first year of the plan exceeded targets. During fiscal 2007—the second year of the plan—however, the global economic expansion caused a general trend of increase in commodity prices, and tight markets for steelmaking raw materials led to higher prices, which led to cost increases that were greater than expected. In light of these cost increases and other factors, the Group has been developing its operations in a profitability environment that is undergoing great change.

In view of this, the Group's steelmaking and steel fabrication business and five non-steel businesses—engineering and construction, urban development, chemicals, new materials, and system solutions—are each seeking to quickly respond to changing operating environment conditions and further strengthen profitability through autonomous management efforts in their respective fields. In this way, the Group has moved forward with business promotion measures designed to enable sustained growth as well as a further increase in the Group's corporate value.

## Performance Review by Business Area in Fiscal 2007

An overview of operating performance by business segment is as shown below.

(Billions of yen)

Fiscal Year	Net sales		Operating profit	
	FY07	FY06	FY07	FY06
Steelmaking and steel fabrication	<b>3,994.5</b>	3,482.3	<b>475.9</b>	514.5
Engineering and construction	<b>359.8</b>	367.9	<b>21.4</b>	13.0
Urban development	<b>93.8</b>	94.3	<b>12.6</b>	14.3
Chemicals	<b>289.0</b>	318.7	<b>21.0</b>	23.6
New materials	<b>76.1</b>	65.6	<b>0.5</b>	3.1
System solutions	<b>165.3</b>	156.5	<b>14.7</b>	13.9
Total	<b>4,978.7</b>	4,485.5	<b>546.4</b>	582.6
Elimination of inter-segment transactions	<b>(151.8)</b>	(183.4)	<b>(0.8)</b>	(2.5)
Consolidated total	<b>4,826.9</b>	4,302.1	<b>545.5</b>	580.0

### Steelmaking and Steel Fabrication

Regarding the overseas steel market, although U.S. demand weakened, demand in other regions continued to be abundant, reflecting the economic growth of emerging countries centered on the BRICs. Moreover, while China has greatly increased its production capacity, Chinese steel exports have fallen off due to export restrictions the government has put into place. As a result, market conditions were generally tight.

With respect to the domestic steel market, the amendment of the building code reduced the level of some types of construction activity and lowered related demand for certain steel construction materials, but overall demand continued to be robust, especially from the automotive, shipbuilding, machinery, and other manufacturing industries due to expanding demand overseas.

Amid the continued abundant demand for steel, the Company steadily implemented facilities countermeasures, particularly those for responding to rising demand for high grade steel. To promote increases in production and shipment capacities, the countermeasures encompassed numerous moves to shrink work periods and increase efficiency through comprehensive operational reforms covering all frontline operations from order taking through shipment dispatching. During fiscal 2007, we completed such projects as the construction of the No. 5 coke oven at the Oita Works, the expansion and relining of the No. 1 blast furnace at the Nagoya Works, and construction of a new basic oxygen furnace at the Nagoya Works, and these new and expanded facilities were placed in operation. Regarding products for the domestic construction market segment, in which the level of activity has declined, and other market segments in the commodity-grade steel product field, we have worked to make flexible responses through such efforts as those to monitor trends in real demand and inventory levels as well as make decisions to reduce production levels when necessary.

Since the latter half of the fiscal year, however, the challenges stemming from tight markets and surging prices for such items as crude oil, steel scrap, nonferrous metals, and ocean freight were supplemented by a sharp tightening of market conditions for coking coal resulting from such factors as two heavy rainstorms in Australia during the first two months of 2008 and a cold wave in China that spurred China to institute coal export restrictions. These situations increased procurement costs. The Company continued striving to maximize the efficaciousness of its autonomous efforts to reduce costs, expanded its production and shipment volumes of high grade steel, and moved ahead with steel materials price revisions, but the procurement cost rises accompanying the increase in raw materials costs and ocean freight costs were considerably more rapid and larger than had previously been anticipated.

Amid these rapid and sharp changes in its operating environment, the Company is projecting that growth in the global economy over the medium-to-long term will be accompanied by a rise in demand for steel. In view of this, the Nippon Steel Group is continuing its efforts to further reinforce its consolidated management base by moving ahead with such measures as those involving the reorganization of Group companies as well as the arrangement of joint businesses and production systems in cooperation with its domestic and overseas partners in business alliances.

Specifically, during fiscal 2007, the Company moved ahead with such initiatives as those to convert Nippon Steel Drum Co., Ltd., and Hokkai Koki Co., Ltd., into wholly owned subsidiaries and make Godo Steel, Ltd., an equity-method affiliate. We deepened and expanded our alliances with Sumitomo Metal Industries, Ltd., and Kobe Steel, Ltd., through such measures as those regarding the cooperative use of facilities and mutual supply arrangements for semi-finished products, and all three allies supplemented their cross-shareholdings as a means of further strengthening the alliance. Overseas, we are supporting the expansion investment plan of our Brazilian-based equity-method affiliate, Usinas Siderúrgicas de Minas Gerais S.A. (USIMINAS), including plans for the construction of a new steelworks for semi-finished steel, while in China we are expanding the capacity of a joint venture with Baoshan Iron & Steel Co., Ltd., and ArcelorMittal that manufactures and sells automotive steel sheets. In these and other ways, we have been progressively strengthening and expanding our global supply systems.

In addition, regarding the Company's interests in overseas coal and ferrous ore mines, we have decided to invest in the upgrade of mining equipment and expansion of capacity in a new area (Mesa A) of the Robe River mine in Australia and at the Moranbah North coal mines in Australia, and we are proceeding with various other measures aimed at ensuring the long-term stability of our supplies of raw materials.

Regarding product development, the Company is seeking to further increase the sophistication of its technologies and striving to concertedly wield manufacturing, marketing, technical, and research units to meet customer needs. We are proactively moving ahead with various joint development projects in cooperation with customers. During fiscal 2007, these projects generated many results, including the development and commercialization of the world's first highly corrosion-resistant steel plate adopted for use on crude oil tankers.

As for environmental activities, the Japan Iron and Steel Federation (JISF) has drafted a voluntary action plan that calls for reducing energy consumption to approximately 10% below the fiscal 1990 level by 2010, and we are pressing forward on many fronts to achieve the plan's targets, including measures to recover waste heat; use by-product gases; reuse waste plastic and tires as raw materials;

and reline blast furnaces and other aging facilities to boost efficiency. Moreover, as part of a strategic alliance with Korea-based POSCO, we established a joint venture to utilize dry-dust recycling technologies and provide direct reduced iron (DRI) supplies. Plans call for the joint venture to construct and operate Nippon Steel type DRI making and dry-dust recycling equipment at POSCO plants in Korea and supply DRI to both its parent companies. By promoting more-efficient use of steelmaking raw materials as well as recycling, the project is expected to reduce CO<sub>2</sub> emissions and enable the receipt of Clean Development Mechanism (CDM) emission rights

### **Engineering and Construction**

In the engineering and construction business, Nippon Steel Engineering Co., Ltd., obtained numerous new orders to maintain a large order backlog, just as in the previous fiscal year, and generated a record-high level of earnings. In Japan, Nippon Steel Engineering is focusing on solutions-based marketing, particularly in waste treatment facility projects for which public finance initiative (PFI) methods are applicable, along with steel production plant and large-scale distribution facility construction projects. Outside Japan, this business is focusing on securing orders for energy development related projects in Southeast Asia, where demand is burgeoning.

### **Urban Development**

In the urban development business, Nippon Steel City Produce, Inc., the Group's real estate developer, focuses on the property value revitalization business. This business encompasses the planning, proposal, and promotion of projects to redevelop idle land owned by Group companies. It also includes operating as a developer with special expertise to handle the redevelopment of urban districts, the reconstruction of condominiums, and other activities. In fiscal 2007, Nippon Steel City Produce completed a large-scale commercial facility—MORUE Nakajima complex—on the former grounds of the Muroran Works. Also completed was the Livio Higashida Ville Courte I residential district within the Yawata-Higashida development project in Kitakyushu, which was the first such project in Japan to be selected by the Ministry of the Environment for recognition as an environment-friendly residential community that realizes a 20% reduction in CO<sub>2</sub> emissions.

### **Chemicals**

In the chemicals business, Nippon Steel Chemical Co., Ltd., faced intensifying competition in the electronics materials field and, from the latter half of the year, also was impacted by such factors as the surging prices of crude oil, naphtha, and other raw materials and the deterioration of supply-demand conditions in chemicals markets. However, the company maintained overall profits at approximately the previous year's level thanks to positive conditions for operations centered on business in the fields of coal tar and carbon materials. To strengthen and expand its operations in the coal tar, carbon materials, and chemicals fields, Nippon Steel Chemical has worked to increase its capacity for various products, and it also worked during fiscal 2007 to enhance the structure of its operations through such initiatives as that to begin the construction of a manufacturing facility for SealPlus, a transparent material that is highly heat resistant.

### **New Materials**

In the new materials business, earnings at the Nippon Steel Materials Co., Ltd., Group were depressed by factors that included the unexpectedly lengthy protraction of an adjustment period in the semiconductor market, a key source of demand, along with a delay in the start of operations at the factory of NS Solar Material Co., Ltd., which will soon begin manufacturing and marketing solar cell polycrystalline silicon products. In contrast, in the basic industrial components and

materials field, orders for pitch-based carbon fiber and materials, in particular, have been strong due to robust demand worldwide.

### **System Solutions**

In the system solutions business, the NS Solutions Group is focusing on system life cycle (SLC) total solutions, which encompass the planning, configuration, operation, and maintenance of IT systems. NS Solutions is also leveraging its sophisticated system development technologies to create and provide highly differentiated and competitive solution services. In fiscal 2007, NS Solutions achieved a strong performance by providing numerous solutions to a diverse range of customers, particularly customers in the financial industry and public sector.

### **Sales and Earnings**

In fiscal 2007, the Company benefited from a rise in its steel products shipment volume and the revision of their selling prices. On a consolidated basis in fiscal 2007, net sales came to ¥ 4,826.9 billion, up ¥ 524.8 billion compared with fiscal 2006, achieving net sales increases for six consecutive fiscal years and record-high net sales for four consecutive fiscal years. However, it is also faced such challenges as those associated with large surges in raw materials procurement costs. Operating profit came to ¥ 545.5 billion, down ¥ 34.5 billion from the level in fiscal 2006, and ordinary profit came to ¥ 564.1 billion, down ¥33.5 billion versus the level in fiscal 2006. Net income came to ¥ 354.9 billion, up ¥ 3.8 billion versus the level in fiscal 2006, achieving net income increases for five consecutive fiscal years and record-high net income for four consecutive fiscal years.

On a non-consolidated basis in fiscal 2007, net sales came to ¥ 2,782.9 billion, up ¥220.0 billion compared with fiscal 2006; operating profit came to ¥ 376.1 billion, down ¥ 26.1 billion from the level in fiscal 2006; ordinary profit came to ¥ 353.1 billion, down ¥36.6 billion from the level in fiscal 2006; and net income came to ¥ 235.8 billion, down ¥ 12.9 billion from the level in fiscal 2006.

### **Purchases of Company Stock**

Based on approval granted by the Board of Directors for share buybacks at a meeting held on March 1, 2007, the Company spent about ¥100 billion in total to repurchase 119,930,000 of its own shares from March 22, 2007, through June 20, 2007.

### **Fiscal 2008 Outlook**

Global demand for steel is projected to grow approximately 7%, mainly due to growth in demand from the BRICs, and Japanese consumption of steel materials is also expected to show an increase centered on manufacturing industries. These situations are expected to keep the overall supply/demand picture in the domestic and overseas steel markets tight. Against this backdrop, the structural problem of tight supply/demand relationships for raw materials, particularly in the case of coking coal is becoming more severe. Spot prices for coking coal during fiscal 2007 shot up to levels roughly three times as high as levels in the previous fiscal year, owing to special circumstances that greatly reduced shipments, such as heavy rains in eastern Australia and heavy snows in China. As this had spurred major European steel companies and the Australia-based BHP Billiton Mitsubishi Alliance (BMA) to agree on coking coal prices three times their fiscal 2007 levels, the Company also agreed to the new price levels in early April 2008 in accordance with its emphasis on ensuring supplies of coking coal and sustaining stable production and supplies of steel

materials. As a result, because the currently projected cost of coking coal is considerably higher than previously anticipated, the Company has adopted the policy of explaining this situation to its customers and requesting that customers agree to adjust prices in line with the new conditions.

There remain many uncertainties regarding the prospective prices of such raw materials as iron ore and coal, and negotiations regarding the adjustment of the Company's selling prices are ongoing. In view of the many undetermined factors, the Company is tentatively projecting a consolidated net ordinary profit of ¥ 370 billion in fiscal 2008, but the Company will do its utmost to maximize the benefits of its own self-help efforts while also seeking to gain the understanding of its customers with respect to the need to adjust selling prices and improve its more earnings.

## **(2) Financial Analysis**

(Analysis of Assets, Liabilities, Net Assets, and Cash Flows)

Nippon Steel harnessed ¥525.7 billion in net cash provided by operating activities to meet robust demand centered on high-grade steel. To drive earnings growth, the Company spent ¥297.8 billion on capital expenditures aimed primarily at expanding production capacity. Nippon Steel also invested ¥195.5 billion to strengthen alliances with Sumitomo Metal Industries, Ltd., and Kobe Steel, Ltd., convert Godo Steel, Ltd., into an equity-method affiliate, convert Oji Steel Co., Ltd., into a consolidated subsidiary, and take other measures to enhance Group management as well as to strengthen and expand business alliances with users.

Reflecting dividend payments of ¥69.9 billion from distributable earnings and treasury stock purchases of ¥93.4 billion, the Group's total interest-bearing debt was ¥1,192.0 billion, down ¥21.0 billion from the end of fiscal 2006. By contrast, net worth came to ¥1,908.7 billion, up ¥15.8 billion from the end of fiscal 2006. As a result, the ratio of interest-bearing debt to net assets (debt-to-equity ratio) improved 0.02 percentage point, to 0.62.

As a result, total consolidated assets were ¥5,193.4 billion, compared with ¥5,344.9 billion at the end of fiscal 2006, a decrease of ¥151.4 billion. This reflected a ¥91.8 billion drop in investments and others because of a ¥341.2 billion decrease in unrealized gains on investment securities that accompanied a general drop in stock prices and exceeded the amount of new investments executed. It also reflected such factors as the drawing down of cash deposits by ¥120.6 billion.

Total liabilities amounted to ¥2,779.5 billion, down ¥196.1 billion from ¥2,975.6 billion a year earlier. This increase reflected a ¥21.0 billion decrease in interest-bearing debt and a ¥114.9 billion fall in deferred tax liabilities stemming from a decrease in unrealized gains on investment securities.

Net assets stood at ¥2,413.9 billion, up ¥44.7 billion compared with ¥2,369.2 billion at the end of fiscal 2006. Items contributing to this increase include a gain of ¥354.9 billion in consolidated net income, which largely offset such countervailing factors as ¥69.9 billion in cash dividend payments, ¥93.4 billion in share buybacks, and a ¥203.3 billion decrease in unrealized gains on other marketable securities.

## **(3) Trends in Cash Flow Indicators**

Fiscal year	2003	2004	2005	2006	2007
Ratio of net worth (%)	25.3	30.7	36.9	35.4	36.8
Ratio of net worth at market price (%)	44.3	47.2	66.7	99.1	61.2
Debt redemption term (years)	5.4	2.4	3.1	2.5	2.3
Interest coverage ratio (times)	12.0	24.9	23.7	31.1	30.2

Notes:

Ratio of net worth: 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.

\* 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 cover all debt bearing interest (short-term loans, commercial paper, corporate bonds due within one year, convertible bonds due within one year, corporate bonds, other convertible bonds, and long-term loans).

\* 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.

#### **(4) Basic Profit Distribution Policy and Dividends in Fiscal 2007 and Fiscal 2008**

Nippon Steel's basic profit distribution policy is to pay dividends from distributable funds while based on the consideration of the consolidated operating results of each fiscal year and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also endeavoring to further reinforce the Company's financial structure. The Company has set itself the consolidated payout ratio target of approximately 20% (non-consolidated payout ratio target of approximately 30%) for use as an indicator for the distribution of profits based on due consideration of consolidated operating results. However, because the Company's top priority for the time being is to improve the corporate financial structure, a temporary target of approximately 15%-20% is in effect for the consolidated payout ratio (non-consolidated payout ratio at approximately 20%-30%), which is slightly lower than the above-indicated standard level. Thus, for the time being, interim and year-end dividends are to be implemented so as to keep the consolidated payout ratio within those target ranges.

The level of interim dividends is set based on the consideration of the dividend policy for the fiscal year, the interim performance figures, and the forecast for performance for the full fiscal year.

Regarding year-end dividends, in accordance with the basic profit distribution policy described above, the Company intends to pay a dividend of ¥6 per share. Together with interim dividends of ¥5 per share, dividends for the fiscal year as a whole will amount to ¥11 per share, or ¥1 per share higher than the level in the previous fiscal year (This level corresponds to a consolidated payout ratio target of 19.5% and a non-consolidated payout ratio target of 29.4%).

Regarding dividends for fiscal 2008, the Company will consider the optimal level of dividends in accordance with the basic profit distribution policy described above but has not yet made a decision about the specific level.



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# Financial Statements

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## Consolidated Balance Sheets

*Nippon Steel Corporation and Consolidated Subsidiaries*

*As of March 31, 2008 and 2007*

ASSETS	Millions of yen	
	2008	2007
<b>Current assets :</b>		
Cash and bank deposits	159,455	280,117
Notes and accounts receivable	516,858	597,155
Marketable securities	9,015	8,714
Inventories	867,157	789,486
Deferred tax assets	65,592	69,533
Other	142,031	117,227
Less: Allowance for doubtful accounts	(7,685)	(12,045)
<b>Total current assets</b>	<b>1,752,424</b>	<b>1,850,188</b>
<b>Fixed assets :</b>		
Tangible fixed assets :		
Buildings and structures	468,315	456,587
Machinery and equipment	959,955	894,202
Land	319,651	324,160
Construction in progress	76,801	104,138
	<b>1,824,724</b>	<b>1,779,089</b>
Intangible fixed assets :		
Patents and utility rights	17,979	17,963
Software	1,580	1,793
Goodwill	3,543	10,829
	<b>23,103</b>	<b>30,586</b>
Investments and others :		
Investments in securities	1,396,521	1,507,335
Deferred tax assets	31,832	28,953
Other	170,004	154,911
Less: Allowance for doubtful accounts	(5,112)	(6,140)
	<b>1,593,245</b>	<b>1,685,060</b>
<b>Total fixed assets</b>	<b>3,441,074</b>	<b>3,494,736</b>
<b>Total assets</b>	<b>5,193,498</b>	<b>5,344,924</b>

<b>LIABILITIES</b>	Millions of yen	
	2008	2007
<b>Current liabilities :</b>		
Notes and accounts payable	619,974	612,952
Short-term loans and portion of long-term loans due within one year	272,009	338,825
Commercial paper	135,000	163,000
Bonds due within one year	95,300	43,050
Accrued expenses	226,872	238,557
Allowance for losses on construction contracts	3,384	5,250
Provision for environmental remediaton	5,402	8,466
Other	364,003	398,951
<b>Total current liabilities</b>	<b>1,721,947</b>	<b>1,809,053</b>
<b>Long-term liabilities :</b>		
Bonds and notes	223,274	238,614
Long-term loans	466,433	429,473
Deferred tax liabilities	160,099	275,416
Accrued pension and severance costs	125,536	123,695
Allowance for retirement benefits of directors and corporate auditors	4,191	3,744
Reserve for repairs to blast furnaces	39,230	51,211
Other	38,830	44,486
<b>Total long-term liabilities</b>	<b>1,057,596</b>	<b>1,166,642</b>
<b>Total liabilities</b>	<b>2,779,543</b>	<b>2,975,695</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity :</b>		
Common stock	419,524	419,524
Capital surplus	114,364	111,693
Retained earnings	1,377,823	1,087,908
Treasury stock, at cost	(261,272)	(170,563)
	<b>1,650,440</b>	<b>1,448,563</b>
<b>Valuation and translation adjustments :</b>		
Unrealized gains on available-for-sale securities	234,673	438,056
Deferred hedge income (loss)	(1,508)	300
Unrealized gains on revaluation of land	11,247	9,922
Foreign currency translation adjustments	13,923	(3,958)
	<b>258,336</b>	<b>444,320</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>505,176</b>	<b>476,344</b>
<b>Total net assets</b>	<b>2,413,954</b>	<b>2,369,228</b>
<b>Total liabilities and net assets</b>	<b>5,193,498</b>	<b>5,344,924</b>

## Consolidated Statements of Income

*Nippon Steel Corporation and Consolidated Subsidiaries*

*Years ended March 31, 2008 and 2007*

	2008	Millions of yen 2007
<b>Operating revenues :</b>		
Net sales	4,826,974	4,302,145
Cost of sales	3,952,976	3,408,197
<b>Gross margin</b>	<b>873,997</b>	893,947
Selling, general and administrative expenses	328,417	313,849
<b>Operating profit</b>	<b>545,580</b>	580,097
<b>Non-operating profit and loss :</b>		
Non-operating profit :		
Interest and dividend income	24,555	23,427
Equity in net income of unconsolidated subsidiaries and affiliates	52,507	43,480
Miscellaneous	27,456	22,591
	<b>104,519</b>	89,498
Non-operating loss :		
Interest expenses	17,773	15,218
Miscellaneous	68,207	56,737
	<b>85,980</b>	71,955
<b>Ordinary profit</b>	<b>564,119</b>	597,640
<b>Special profit :</b>		
Gain on sales of tangible fixed assets	41,366	17,765
Gain on sales of investments in securities and investments in subsidiaries and affiliates	-	6,013
	<b>41,366</b>	23,778
<b>Income before income taxes and minority interest</b>	<b>605,485</b>	621,419
Income taxes - current	201,330	225,566
Income taxes - deferred	22,164	23,038
Minority interest in net income (loss) of consolidated subsidiaries	27,001	21,632
<b>Net income</b>	<b>354,989</b>	351,182

## Consolidated Statements of Changes in Net Assets

Nippon Steel Corporation and Consolidated Subsidiaries  
Years ended March 31, 2008 and 2007

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries
<b>Balance at March 31, 2007</b>	<b>419,524</b>	<b>111,693</b>	<b>1,087,908</b>	<b>(170,563)</b>	<b>438,056</b>	<b>300</b>	<b>9,922</b>	<b>(3,958)</b>	<b>476,344</b>
Cash dividends			(69,966)						
Net income for fiscal year 2007			354,989						
Acquisition of treasury stock				(94,516)					
Disposal of treasury stock		2,671		4,369					
Increase due to the change in the number of consolidated companies			5,533	(561)					
Increase due to reversal of unrealized gains on revaluation of land			(640)						
Other change for fiscal year 2007(net)					(203,382)	(1,809)	1,325	17,882	28,832
Total change for this fiscal year 2007	-	2,671	289,915	(90,709)	(203,382)	(1,809)	1,325	17,882	28,832
<b>Balance at March 31, 2008</b>	<b>419,524</b>	<b>114,364</b>	<b>1,377,823</b>	<b>(261,272)</b>	<b>234,673</b>	<b>(1,508)</b>	<b>11,247</b>	<b>13,923</b>	<b>505,176</b>

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries
<b>Balance at March 31, 2006</b>	<b>419,524</b>	<b>111,671</b>	<b>818,572</b>	<b>(60,200)</b>	<b>389,209</b>	<b>-</b>	<b>9,980</b>	<b>(10,868)</b>	<b>104,117</b>
Cash dividends for the previous fiscal year			(59,834)						
Cash interim dividends for fiscal year 2006			(25,686)						
Net income for fiscal year 2006			351,182						
Acquisition of treasury stock				(110,268)					
Disposal of treasury stock		21		67					
Increase due to the change in the number of consolidated companies			3,651	(161)					
Increase due to reversal of unrealized gains on revaluation of land			22						
Other change for fiscal year 2006(net)					48,846	300	(57)	6,909	372,227
Total change for this fiscal year 2006	-	21	269,335	(110,362)	48,846	300	(57)	6,909	372,227
<b>Balance at March 31, 2007</b>	<b>419,524</b>	<b>111,693</b>	<b>1,087,908</b>	<b>(170,563)</b>	<b>438,056</b>	<b>300</b>	<b>9,922</b>	<b>(3,958)</b>	<b>476,344</b>

## Consolidated Statements of Cash-Flows

*Nippon Steel Corporation and Consolidated Subsidiaries*

*Years ended March 31, 2008 and 2007*

	Millions of yen	
	2008	2007
<b>Cash flows from operating activities :</b>		
Income before income taxes and minority interests	605,485	621,419
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization	244,038	192,454
Interest and dividend income (accrual basis)	(24,555)	(23,427)
Interest expense (accrual basis)	17,773	15,218
Exchange loss(gain) on foreign currency transactions	10,111	(1,206)
Amortization of goodwill	3,007	(1,069)
Equity in net (income) loss of unconsolidated subsidiaries and affiliates	(52,507)	(43,480)
Loss (gain) on sales of investments in securities	114	(6,013)
Loss on disposal of tangible and intangible fixed assets	8,070	9,662
Gain on sales of tangible and intangible fixed assets	(41,366)	(17,765)
Changes in allowance for doubtful accounts	(5,283)	(3,323)
Changes in notes and accounts receivable	63,953	(42,094)
Changes in inventories	(80,119)	(134,603)
Changes in notes and accounts payable	43,008	122,062
Other	(53,836)	23,669
Interest and dividend income (cash basis)	34,520	27,476
Interest expense (cash basis)	(17,435)	(15,368)
Income taxes (cash basis)	(229,203)	(245,151)
<b>Net cash provided by operating activities</b>	<b>525,777</b>	<b>478,460</b>
<b>Cash flows from investing activities :</b>		
Acquisition of investments in securities	(195,554)	(191,677)
Proceeds from sales of investments in securities	6,959	12,147
Acquisition of tangible and intangible fixed assets	(297,890)	(227,288)
Proceeds from sales of tangible and intangible fixed assets	58,444	31,650
Other	(10,080)	499
<b>Net cash used in investing activities</b>	<b>(438,121)</b>	<b>(374,669)</b>
<b>Cash flows from financing activities :</b>		
Net increase (decrease) in short-term loans	(28,492)	(21,124)
Net increase (decrease) in commercial paper	(28,000)	13,000
Proceeds from long-term loans	181,550	124,159
Proceeds from issuance of preferred securities	-	300,000
Payments of long-term loans	(183,509)	(192,565)
Proceeds from bonds and notes	79,707	-
Redemption of bonds and notes	(43,074)	(74)
Payments for purchase of treasury stock	(93,430)	(109,706)
Cash dividends	(69,966)	(85,521)
Other	(15,388)	(8,780)
<b>Net cash provided by (used in) financing activities</b>	<b>(200,604)</b>	<b>19,387</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(8,868)</b>	<b>3,007</b>
<b>Net increase in cash and cash equivalents</b>	<b>(121,817)</b>	<b>126,186</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>282,766</b>	<b>156,713</b>
<b>Increase (decrease) from the change in the number of companies consolidated</b>	<b>(635)</b>	<b>(134)</b>
<b>Cash and cash equivalents at end of year</b>	<b>160,313</b>	<b>282,766</b>

## Consolidated Segment Information

*Nippon Steel Corporation and Consolidated Subsidiaries*

*Years ended March 31, 2008 and 2007*

	2008	Millions of yen 2007
<b>Sales</b>		
Steelmaking and steel fabrication		
Customers	3,940,232	3,449,304
Intersegment	54,294	33,073
Total Sales	3,994,526	3,482,377
Engineering and construction		
Customers	316,994	310,367
Intersegment	42,889	57,600
Total Sales	359,884	367,968
Urban development		
Customers	88,482	88,696
Intersegment	5,357	5,651
Total Sales	93,839	94,347
Chemicals		
Customers	267,695	257,678
Intersegment	21,333	61,076
Total Sales	289,029	318,755
New materials		
Customers	75,635	64,578
Intersegment	521	1,022
Total Sales	76,157	65,601
System solutions		
Customers	137,932	131,519
Intersegment	27,427	24,986
Total Sales	165,360	156,505
Elimination of intersegment transactions	(151,823)	(183,410)
<b>Consolidated total</b>	<b>4,826,974</b>	<b>4,302,145</b>
<b>Operating profit (loss)</b>		
Steelmaking and steel fabrication	475,951	514,562
Engineering and construction	21,496	13,031
Urban development	12,602	14,301
Chemicals	21,050	23,645
New materials	559	3,129
System solutions	14,756	13,992
Elimination of intersegment transactions	(835)	(2,564)
<b>Consolidated total</b>	<b>545,580</b>	<b>580,097</b>

## Non-Consolidated Balance Sheets

Nippon Steel Corporation

As of March 31, 2008 and 2007

ASSETS	Millions of yen	
	2008	2007
<b>Current assets :</b>		
Cash and bank deposits	49,262	174,513
Notes and accounts receivable	129,428	175,693
Inventories	483,527	430,809
Deferred tax assets	31,500	36,300
Other	87,550	95,903
Less: Allowance for doubtful accounts	(8,802)	(13,488)
<b>Total current assets</b>	<b>772,467</b>	<b>899,732</b>
<b>Fixed assets :</b>		
Tangible fixed assets :		
Buildings and structures	293,512	282,407
Machinery and equipment	703,636	638,683
Land	189,226	191,636
Construction in progress	62,210	74,416
	<b>1,248,585</b>	<b>1,187,143</b>
Intangible fixed assets :		
Patents and utility rights	572	653
Software	181	249
	<b>754</b>	<b>903</b>
Investments and others :		
Investments in securities	914,592	1,064,936
Investments in subsidiaries and affiliates	493,270	454,190
Other	120,988	109,420
Less: Allowance for doubtful accounts	(2,159)	(2,415)
	<b>1,526,691</b>	<b>1,626,131</b>
<b>Total fixed assets</b>	<b>2,776,031</b>	<b>2,814,177</b>
<b>Total assets</b>	<b>3,548,498</b>	<b>3,713,909</b>



<b>LIABILITIES</b>	Millions of yen	
	2008	2007
<b>Current liabilities :</b>		
Notes and accounts payable	224,037	217,316
Short-term loans and portion of long-term loans due within one year	194,301	202,299
Commercial paper	133,000	163,000
Bonds due within one year	85,000	40,000
Accrued expenses	214,843	210,852
Allowance for bonus of directors and corporate auditors	210	270
Provision for environmental remediation	5,315	8,190
Other	188,146	191,065
<b>Total current liabilities</b>	<b>1,044,853</b>	<b>1,032,994</b>
<b>Long-term liabilities :</b>		
Bonds and notes	219,984	225,000
Convertible bonds	300,000	300,000
Long-term loans	362,679	304,669
Deferred tax liabilities	142,900	255,300
Accrued pension and severance costs	56,032	53,865
Reserve for repairs to blast furnaces	38,521	48,916
Other	14,319	18,265
<b>Total long-term liabilities</b>	<b>1,134,438</b>	<b>1,206,017</b>
<b>Total liabilities</b>	<b>2,179,291</b>	<b>2,239,011</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity :</b>		
<b>Common stock</b>	419,524	419,524
<b>Capital surplus</b>	114,145	111,564
<b>Retained earnings :</b>		
Special tax purpose reserve	90,435	81,591
Accumulated earnings carried forward	794,060	636,973
	<b>884,495</b>	<b>718,564</b>
<b>Treasury stock, at cost</b>	<b>(257,888)</b>	<b>(168,261)</b>
	<b>1,160,277</b>	<b>1,081,393</b>
<b>Valuation and translation adjustments :</b>		
<b>Unrealized gains on available-for-sale securities</b>	210,275	393,813
<b>Deferred hedge income (loss)</b>	<b>(1,345)</b>	<b>(309)</b>
	<b>208,929</b>	<b>393,504</b>
<b>Total net assets</b>	<b>1,369,206</b>	<b>1,474,897</b>
<b>Total liabilities and net assets</b>	<b>3,548,498</b>	<b>3,713,909</b>

## Non-Consolidated Statements of Income

Nippon Steel Corporation

Years ended March 31, 2008 and 2007

	2008	2007
Millions of yen		
<b>Operating revenues :</b>		
Net sales	2,782,944	2,562,899
Cost of sales	2,243,326	1,994,216
<b>Gross margin</b>	<b>539,617</b>	568,682
Selling, general and administrative expenses	163,488	166,405
<b>Operating profit</b>	<b>376,128</b>	402,277
<b>Non-operating profit and loss :</b>		
Non-operating profit :		
Interest and dividend income	27,758	28,831
Miscellaneous	18,066	11,914
	<b>45,825</b>	40,745
Non-operating loss :		
Interest expenses	19,185	13,207
Miscellaneous	49,623	40,038
	<b>68,808</b>	53,246
<b>Ordinary profit</b>	<b>353,144</b>	389,776
<b>Special profit and loss :</b>		
Special profit :		
Gain on sales of tangible fixed assets	29,174	11,254
Gain on sales of investments in securities and investments in subsidiaries and affiliates	-	8,013
	<b>29,174</b>	19,267
<b>Income before income taxes</b>	<b>382,319</b>	409,044
Income taxes - current	128,100	145,900
Income taxes - deferred	18,321	14,300
<b>Net income</b>	<b>235,897</b>	248,844

## Non-Consolidated Statements of changes in net assets

Nippon Steel Corporation

	Millions of yen						
	Common stock	Capital surplus	Special tax purpose reserve	Accumulated earnings carried forward	Treasury stock, at cost	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)
<b>Balance at March 31, 2007</b>	<b>419,524</b>	<b>111,564</b>	<b>81,591</b>	<b>636,973</b>	<b>(168,261)</b>	<b>393,813</b>	<b>(309)</b>
Withdrawal of special tax purpose reserve			(8,233)	8,233			
Reserve of special tax purpose reserve			17,076	(17,076)			
Cash dividends				(69,966)			
Net income for fiscal year 2007				235,897			
Acquisition of treasury stock					(93,430)		
Disposal of treasury stock		2,580			3,802		
Other change for fiscal year 2007(net)						(183,538)	(1,036)
Total change for fiscal year 2007		2,580	8,843	157,087	(89,627)	(183,538)	(1,036)
<b>Balance at March 31, 2008</b>	<b>419,524</b>	<b>114,145</b>	<b>90,435</b>	<b>794,060</b>	<b>(257,888)</b>	<b>210,275</b>	<b>(1,345)</b>

	Millions of yen							
	Common stock	Capital surplus	Special tax purpose reserve	Voluntary reserve	Accumulated earnings carried forward	Treasury stock, at cost	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)
<b>Balance at March 31, 2006</b>	<b>419,524</b>	<b>111,556</b>	<b>86,953</b>	<b>160,000</b>	<b>308,288</b>	<b>(58,589)</b>	<b>364,252</b>	<b>-</b>
Withdrawal of voluntary reserve				(160,000)	160,000			
Withdrawal of special tax purpose reserve			(21,252)		21,252			
Reserve of special tax purpose reserve			15,890		(15,890)			
Cash dividends for the previous fiscal year					(59,834)			
Cash interim dividends for fiscal year 2006					(25,686)			
Net income for fiscal year 2006					248,844			
Acquisition of treasury stock						(109,706)		
Disposal of treasury stock		8				34		
Other change for fiscal year 2006(net)							29,560	(309)
Total change for fiscal year 2006		-	8	5,363	(160,000)	328,684	(109,671)	(309)
<b>Balance at March 31, 2007</b>	<b>419,524</b>	<b>111,564</b>	<b>81,591</b>	<b>-</b>	<b>636,973</b>	<b>(168,261)</b>	<b>393,813</b>	<b>(309)</b>

[Reference]

**Recent Quarterly Operating Results**

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

	1st quarter		2nd quarter		1st half		2nd half		Fiscal 2007	
	Apr.-June 2007	July-Sept. 2007	Apr.-Sept. 2007	Oct.-Dec. 2007	Jan.-Mar. 2008	Oct. 2007-Mar. 2008	Apr. 2007-Mar. 2008			
	Million	Million	Million	Million	Million	Million	Million			
Sales	1,115,751	1,200,599	2,316,350	1,189,842	1,320,781	2,510,624	4,826,974			
Steelmaking and steel fabrication	935,664	1,027,256	1,962,920	988,389	1,043,217	2,031,606	3,994,526			
Engineering and construction	71,519	79,123	150,642	82,547	126,694	209,241	359,884			
Urban development	16,355	15,103	31,458	25,103	37,277	62,380	93,839			
Chemicals	80,227	69,252	149,479	71,840	67,708	139,549	289,029			
New materials	16,929	19,102	36,031	20,960	19,165	40,126	76,157			
System solutions	32,953	43,013	75,966	36,396	52,997	89,393	165,360			
Elimination of intersegment transactions	(37,899)	(52,250)	(90,149)	(35,394)	(26,279)	(61,674)	(151,823)			
Operating profit	129,464 [11.6%]	134,993 [11.2%]	264,457 [11.4%]	143,648 [12.1%]	137,474 [10.4%]	281,123 [11.2%]	545,580 [11.3%]			
Steelmaking and steel fabrication	113,969 [12.2%]	121,021 [11.8%]	234,990 [12.0%]	124,978 [12.6%]	115,982 [11.1%]	240,960 [11.9%]	475,951 [11.9%]			
Engineering and construction	3,715 [5.2%]	2,909 [3.7%]	6,624 [4.4%]	5,619 [6.8%]	9,252 [7.3%]	14,871 [7.1%]	21,496 [6.0%]			
Urban development	3,298 [20.2%]	1,072 [7.1%]	4,370 [13.9%]	3,390 [13.9%]	4,841 [13.0%]	8,231 [13.2%]	12,602 [13.4%]			
Chemicals	7,434 [9.3%]	5,668 [8.2%]	13,102 [8.8%]	5,490 [7.6%]	2,456 [3.6%]	7,947 [5.7%]	21,050 [7.3%]			
New materials	20 [0.1%]	194 [1.0%]	214 [0.6%]	499 [2.4%]	▲ 155 [▲0.8%]	344 [0.9%]	559 [0.7%]			
System solutions	2,890 [8.8%]	3,540 [8.2%]	6,430 [8.5%]	3,174 [8.7%]	5,152 [9.7%]	8,326 [9.3%]	14,756 [8.9%]			
Elimination of intersegment transactions	(1,865)	589	(1,276)	496	(55)	440	(835)			
Ordinary profit	148,691 [13.3%]	135,321 [11.3%]	284,012 [12.3%]	150,656 [12.7%]	129,449 [9.8%]	280,106 [11.2%]	564,119 [11.7%]			
Net income	86,701 [7.8%]	89,708 [7.5%]	176,409 [7.6%]	86,647 [7.3%]	91,932 [7.0%]	178,580 [7.1%]	354,989 [7.4%]			
Net income per share	13.70	14.25	27.96	13.77	14.61	28.38	56.33			

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

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

	1st quarter		2nd quarter		1st half		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 [6.1%]	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			

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 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	30.88	30.84	61.72	121.52

#### 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 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
Dec. 2007	5.66	114.1	4.09	0.279
Jan. 2008	5.62	112.1	4.18	0.264
Feb 2008	5.38	104.3	4.08	0.229

\*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	8.20	16.29	31.92

**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	9.36	18.59	36.23

(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	8.53	16.90	33.11

**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	8.63	16.86	32.90

**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	80.2	80.2	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	33.0	32.6	33.4

**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	108	111	115

## 9. Unrealized Gains on Available-for-Sale Securities

(billion yen)

	2007FY	2006FY	difference
Consolidated	393.6(234.6)	734.8(438.0)	-341.2(-203.3)
Non-consolidated	352.7(210.2)	660.7(393.8)	-307.9(-183.5)
【Nikkei 225】	【12,526yen】	【17,288 yen】	【-4,762yen】

\* Figures in parentheses were after adopting deferred tax accounting.

## 10. Amount of Capital Expenditure and Depreciation

## •Capital Expenditure (billion yen)

	2007FY	2006FY
Consolidated	310.0	270.0
Non-consolidated	230.0	200.0

## •Depreciation (billion yen)

	2007FY	2006FY
Consolidated	* 244.0	192.5
Non-consolidated	174.9	134.2

\*Included influence of tax system revisions 35 ¥ billion