Flash Report

Consolidated Basis

Results for the First Quarter of Fiscal 2011 (April 1, 2011—June 30, 2011)

July 27, 2011

Company name: Nippon Steel Corporation

Stock listing: Tokyo, Osaka, Nagoya, Sapporo, Fukuoka stock exchanges

Code number: 540

URL: http://www.nsc.co.jp/en/index.html

Representative: Shoji Muneoka, Representative Director and President **Contact:** Nozomu Takahashi, General Manager, Public Relations Center

Telephone:81-3-6867-2130Scheduled date to submit Securities Report:August 3, 2011

Preparation of supplemental explanatory materials: Yes

Holding of quarterly financial results meeting: Yes (for investment analysts)

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

1. Consolidated Financial and Operating Results through the First Quarter of Fiscal 2011 (April 1, 2011—June 30, 2011)

(1) Consolidated Operating Results (Accumulated)

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

	Net sales		Net sales Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of Fiscal 2011	985,548	1.5	38,591	(24.5)	57,015	(7.9)	29,090	8.4
First quarter of Fiscal 2010	970,619	30.3	51,092	_	61,885	_	26,828	_

(For reference) Comprehensive income: First quarter of Fiscal 2011 ¥32,748 million (_ %)

First quarter of Fiscal 2010 ¥(65,912) million (_ %)

	Net income per share	Net income per share after full dilution
	Yen	Yen
First quarter of Fiscal 2011	4.63	4.49
First quarter of Fiscal 2010	4.26	4.16

(2) Consolidated Financial Results

(2) Consolitation I maneral results						
	Total assets	Net assets	Ratio of shareholders' equity to total assets			
	Millions of yen	Millions of yen	%			
First quarter of Fiscal 2011	4,981,081	2,390,675	37.5			
Fiscal 2010	5,000,860	2,380,925	37.2			

(For reference) Shareholders' equity: First quarter of Fiscal 2011 ¥ 1,869,882 million Fiscal 2010 ¥ 1,860,799 million

2. Dividends

2. Dividends								
		Dividends per share						
Base date	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	_							
Fiscal 2011 (Forecast)		1.50	_	_	_			

Note: Whether the dividend forecast under review has been revised: Yes

Note: The dividend forecast is not decided since the level of that is set based on the consideration of the forecast for performance. The Company will decide and announce its decision regarding the year-end dividend payment when announcing the third quarter performance results.

3. Consolidated Financial Forecasts for Fiscal 2011 (April 1, 2011—March 31, 2012)

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

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	Net sales		Operating profi	it	Ordinary prof	it
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of fiscal 2011	2,100,000	3.9	90,000	(23.8)	110,000	(18.4)
Fiscal 2011	_	_	_	_	230,000	1.6

	Net income	Net income		
	Millions of yen	%	Yen	
First half of fiscal 2011	55,000	(22.6)	8.74	
Fiscal 2011	_	_	_	

Note: Whether the forecasts for consolidated figures under review have been revised: Yes

Note: Since it is difficult at this time to make reasonable estimates of net sales, operating profit, net income, and net income per share for consolidated results for fiscal 2011, only ordinary profit has been calculated and shown here, please refer to the item "2. Consolidated Forecast Qualitative Information" on page 4

4. Others

(1) Changes in the state of material subsidiaries during the period: None

Newly included: — Excluded: —

Note: Changes regarding specific companies accompanying changes in the scope of consolidation

- (2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements: Yes Note: This indicates whether special accounting methods were applied for the preparation of the quarterly consolidated financial statements.
- (3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements
 - (a) Changes in accounting principles accompanying revisions in accounting standards: None
 - (b) Changes other than those in (a) above: None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None

Note: This indicates whether there were changes in accounting principles, changes in accounting estimates, and retrospective restatements for the preparation of the quarterly consolidated financial statements.

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

First quarter of Fiscal 2011 6,806,980,977 shares Fiscal 2010 6,806,980,977 shares

(b) Number of treasury stock at the end of the period

First quarter of Fiscal 2011 517,216,185 shares Fiscal 2010 517,192,896 shares

(c) Average number of shares issued during the term

First quarter of Fiscal 2011 6,289,782,298 shares First quarter of Fiscal 2010 6,290,483,965 shares

* Status of Performance of Quarterly Review Procedures

This quarterly flash report is exempt from the quarterly review procedures based on Japan's Financial Instruments and Exchange Law. At the time when this quarterly flash report was disclosed, the quarterly review procedures based on the Financial Instruments and Exchange Law had not been completed.

* Explanation of the appropriate use of performance forecasts and other related items

The forward-looking statements included in this flash report are based on the assumptions, forecasts, and plans of the Company as of the date on which this document is made public. The Company's actual results may differ substantially from such statements due to various risks and uncertainties.

Index of Attached Documents

1.	Qualitative Information and Financial Review	2
2.	Consolidated Forecast Qualitative Information	1
3.	Others ····	7
4.	Consolidated Financial Statements	
	(1) Consolidated Balance Sheets····	3
	(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income	1
	(5) Consolidated Segment Information	L
	(6) Notes in Case of Significant Changes to Shareholders' Equity	l

1. Qualitative Information and Financial Review

Global and Domestic Economic Conditions in the First Quarter of Fiscal 2011

The global economy continued its overall steady recovery trend supported by gradual recovery in the advanced countries of the United States and Europe and brisk economic expansion of emerging countries, particularly in Asia.

The Japanese economy bounced back faster than anticipated from the temporary setback caused by the Great East Japan Earthquake as manufacturing and export activity recovered particularly quickly with the reestablishment of supply chain infrastructure.

Performance Review by Business Segment in the First Quarter of Fiscal 2011

Overview of operating performance by business segment

				(Billions of yen)
	Net Sales		Operating l	Profit
	1Q FY11	1Q FY10	1Q FY11	1Q FY10
Steelmaking and steel fabrication	851.9	824.5	48.5	56.4
Engineering and construction	44.0	58.9	0.2	2.6
Urban development	12.7	18.7	2.3	1.9
Chemicals	48.3	45.9	3.6	1.7
New materials	14.2	14.7	0.2	0.7
System solutions	36.2	33.9	2.9	1.9
Total	1,007.5	996.9	57.9	65.4
Adjustment	(22.0)	(26.3)	(0.9)	(3.5)
Consolidated total	985.5	970.6	57.0	61.8

Steelmaking and Steel Fabrication

Total crude steel production volume in Japan declined 6.1% year on year, to 26.37 million tons, in the first quarter as steel demand slumped due to the slowed production activity, particularly in the manufacturing industry, following the Great East Japan Earthquake. The Company's steel material shipment volume also inevitably declined. In addition, the brisk steel demand overseas is tightening the supply and demand balance for raw materials and leading to the development of supply-side monopolies for raw materials. The result is higher contractual prices for iron ore and coal and sharply rising prices for the materials used in our production processes. The Company continued to maximize cost improvements and to revise product prices with the understanding of its customers.

The steelmaking and steel fabrication business recorded net sales of ¥851.9 billion and an ordinary profit of ¥48.5 billion.

Engineering and Construction

In the engineering and construction business, Nippon Steel Engineering Co., Ltd., continues to face a severe order environment in Japan and overseas. The company is conducting meticulous risk management of projects currently under way and is focused on improving its cost structure. However, with the majority of the year's project sales concentrated in the second half of the fiscal year, the engineering and construction business recorded first-quarter net sales of ¥44.0 billion and an ordinary profit of ¥0.2 billion.

Urban Development

Nippon Steel City Produce, Inc., suffered a slump in condominium market sales after the Great East Japan Earthquake but as time passed signs of recovery began to appear. In the rental building market, vacancy rates hovered at a high level with the exception of certain new large-scale structures. The urban development business ultimately posted net sales of ¥12.7 billion and an ordinary profit of ¥2.3 billion in the first quarter of fiscal 2011.

Chemicals

Nippon Steel Chemical Co., Ltd., after the Great East Japan Earthquake, recorded declining sales volumes, particularly for the coal-based chemical business, and confronted severe conditions for sales of materials used in circuit boards for smartphones and other devices. At the same time, sales grew for display-related materials for flat-screen TVs, and conditions improved in the chemical products market and for manufacturing costs. In the first quarter of fiscal 2011, the chemicals business recorded net sales of ¥48.3 billion and an ordinary profit of ¥3.6 billion.

New Materials

Nippon Steel Materials Co., Ltd., in the core semiconductor and electronic materials business segments posted strong sales of new copper wire products alongside sales declines for other products in the quarter. Sales were also strong for carbon fiber in the basic industrial materials and components business segment. Results in the energy and environment-related materials and components business segment started to recover during the term supported by new orders and brisk demand for metal substrates for catalytic

converters in emerging countries. The new materials business posted net sales of ¥14.2 billion and an ordinary profit of ¥0.2 billion.

Systems Solutions

NS Solutions Corporation provided support for customer post-earthquake reconstruction activities and continued advancing its business structural reform aimed at enhancing its abilities to expand orders and sales and improve profitability. In the cloud computing services business*, the company continued expanding its service menu, setting in place its operational service structure, and progressing with construction of its next-generation high-specification data center. The system solutions business recorded first-quarter net sales of ¥36.2 billion and an ordinary profit of ¥2.9 billion.

* Cloud computing is an Internet-based computer usage configuration enabling services that allow users to access dynamically scalable resources via the Internet.

Sales and Income in the First Quarter of Fiscal 2011

The Nippon Steel Group companies continued efforts to improve revenue and respond to the changing operating environments in each of their business segments. As a result of these efforts, the Company posted consolidated net sales of ¥985.5 billion, operating profit of ¥38.5 billion, ordinary profit of ¥57.0 billion, and net income of ¥29.0 billion in the first quarter of fiscal 2011.

2. Consolidated Forecast Qualitative Information

We anticipate the global economy to generally continue in a gradual recovery mode. Nevertheless, various risks exist, including risk of external debt issues impacting the economic stability of some European countries and rising inflationary pressure in emerging countries that could trigger economic downturns in the United States and Europe as well as Asia.

We also anticipate improving economic conditions in Japan on a backdrop of recovering domestic production activity, particularly in the manufacturing industry, as supply chains are reestablished and as overseas economies gradually improve. Several points of concern remain, however, including the potential for the yen to gain further strength and the consequent negative impact this would have on earnings, and electric power restrictions associated with the nuclear power plant accident.

In this operating environment, we believe private-sector demand will move into recovery that would support improvement in domestic steel demand. However, domestic steel inventories are currently at extremely high levels. Steel demand in emerging countries, particularly in Asia, remains strong but concerns remain about how the steel industry situation in China, specifically the swelling domestic inventory levels in China and the expanding export volumes from Chinese factories, will impact the steel supply and demand balance in east Asia.

Nippon Steel is responding to this operating environment by continuing to closely monitor domestic and overseas steel supply and demand trends and by attentively controlling production levels to match actual demand conditions. The Company is responding to the ongoing price rises for raw materials used in its operations through continued efforts to maximize cost structure efficiency while seeking the understanding of its corporate customers as it conducts cordial negotiations to revise its steel product prices.

Based on this outlook and the first quarter results, the Company's consolidated results forecast for the first half of fiscal 2011 are for net sales of ¥2,100.0 billion, operating profit of ¥90.0 billion, ordinary profit of ¥110.0 billion, and net income of ¥55.0 billion. The Company forecasts second half consolidated ordinary profit growing by ¥10.0 billion over the first half and is aiming to achieve full-year ordinary profit of ¥230.0 billion for the fiscal 2011.

The Company plans to announce the full-year forecast for fiscal 2011 as soon as it is able to formulate reasonably accurate assumptions and will provide a status update at the scheduled announcement of the results for the second quarter of fiscal 2011.

Basic Profit Distribution Policy and First Half (Interim) Dividend Distribution

Nippon Steel's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year in consideration of the consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also considering the financial structure of the Company on a consolidated and non-consolidated bases. The Company has set a consolidated payout ratio target of approximately 20% for use as an indicator for the distribution of profits based on due consideration of consolidated operating results.

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.

In accordance with the basic profit distribution policy described above and in consideration of the business performance forecasts for the first half and full fiscal year, the Company has set a first-half (interim) dividend payment level of ¥1.5 per share, representing a consolidated payout ratio of 17%.

The Company plans to announce its plan for the year-end dividend when announcing its earnings results for the third quarter of the fiscal year.

3. Others

- (1) Changes in the state of material subsidiaries during the first quarter of fiscal 2011: None
- (2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements:

Income taxes were computed by multiplying consolidated quarterly income before income taxes and minority interests by a rational estimate of the effective tax rate on consolidated income before income taxes and minority interests for the fiscal year including the quarterly period under review after adjustments for the application of tax-effect accounting.

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements for the preparation of the quarterly consolidated financial statements: None

(Supplementary Information)

For accounting changes and error corrections made after the beginning of the first quarter, the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24) have been applied.

(1) Consolidated Balance Sheets

		ven)

	(Millions of yen)
March 31, 2011	June 30, 2011
72,760	75,409
459,906	409,941
929,284	956,461
250,077	277,952
(1,453)	(1,005)
1,710,575	1,718,758
499,951	497,799
880,409	860,015
438,022	484,691
1,818,384	1,842,506
62,611	63,370
1,223,810	1,165,839
190,474	195,859
(4,994)	(5,253)
1,409,289	1,356,445
3,290,285	3,262,322
	72,760 459,906 929,284 250,077 (1,453) 1,710,575 499,951 880,409 438,022 1,818,384 62,611 1,223,810 190,474 (4,994) 1,409,289

Total assets	5,000,860	4,981,081

(Mill	lions	of	ven)

		(Millions of yen)
LIABILITIES	March 31, 2011	June 30, 2011
Current liabilities :		
Notes and accounts payable	476,592	462,510
Short-term loans and long-term loans due within one year	310,150	· ·
•		330,757
Commercial paper	32,000	9,000
Accrued income taxes and enterprise taxes	24,783	10,895
Reserve	23,636	18,598
Other	491,175	479,860
Total current liabilities	1,358,338	1,311,621
Long-term liabilities :		
Bonds and notes	385,065	425,064
Long-term loans	602,480	585,368
Accrued pension and severance costs	155,760	155,881
Reserve	26,689	24,757
Other	91,599	87,712
Total long-term liabilities	1,261,596	1,278,784
Total liabilities	2,619,935	2,590,406
NET ASSETS		
Shareholders' equity:		
Common stock	419,524	419,524
Capital surplus	114,553	114,551
Retained earnings	1,522,786	1,533,030
Less: Treasury stock, at cost	(262,524)	(262,524)
	1,794,340	1,804,581
Accumulated other comprehensive income:		
Unrealized gains on available-for-sale securities	104,783	89,518
Deferred hedge income (loss)	(3,099)	(3,884)
Unrealized gains on revaluation of land	11,523	11,497
Foreign currency translation adjustments	(46,748)	(31,830)
Toreign currency transmitton adjustments	66,459	65,300
Minority interest in consolidated subsidiaries	520,126	520,792
Total net assets	2,380,925	2,390,675
Total liabilities and net assets	5,000,860	4,981,081

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

Consolidated Statements of Operations		(Millions of yen)
	First quarter of	First quarter of
	fiscal 2010	fiscal 2011
Operating revenues :		
Net sales	970,619	985,548
Cost of sales	838,464	864,872
Gross margin	132,154	120,676
Selling, general and administrative expenses	81,062	82,085
Operating profit	51,092	38,591
Non-operating profit and loss :		
Non-operating profit :		
Interest	584	839
Dividend income	5,278	6,321
Equity in net income of unconsolidated	10.077	15 250
subsidiaries and affiliates	10,977	15,350
Other	14,142	11,908
	30,983	34,420
Non-operating loss :		
Interest expense	4,658	4,465
Other	15,532	11,530
	20,190	15,995
Ordinary profit	61,885	57,015
Special loss:		· · · · · · · · · · · · · · · · · · ·
Loss on impairment for fixed assets	7,227	-
Loss on sales of investment securities	-	7,440
	7,227	7,440
Income before income taxes and minority interest	54,658	49,575
Income taxes - current and deferred	21,899	16,382
Income before minority interest	32,758	33,192
Minority interest in net income of consolidated subsidiaries	5,929	4,101
Net income	26,828	29,090

Consolidated Statements of Comprehensive Income		(Millions of yen)
	First quarter of fiscal 2010	First quarter of fiscal 2011
Income before minority interest	32,758	33,192
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	(90,273)	(14,579)
Deferred hedge income (loss)	(5,169)	(559)
Unrealized gains (losses) on revaluation of land	874	-
Foreign currency translation adjustments	(1,256)	5,871
Share of other comprehensive income of associates accounted for using equity method	(2,844)	8,822
Total other comprehensive income (loss)	(98,670)	(443)
Comprehensive income (loss)	(65,912)	32,748
attribute to		
Comprehensive income attribute to owner's of the parent	(72,015)	27,982
Comprehensive income attribute to minority interests	6,102	4,765

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

None

(4) Notes

Consolidated Statements of Cash Flows

The Company does not prepare a cumulative Quarterly Consolidated Statement of Cash Flows for the first quarter of the fiscal year. Depreciation and amortization (including intangible fixed assets amortization other than goodwill) is as follows:

		(Millions of yen)
	For the first quarter of fiscal 2010	For the first quarter of fiscal 2011
Depreciation and amortization	67,610	66,686

(5) Consolidated Segment Information

(Information about reported segment sales, profit (loss))

First quarter of fiscal 2010 (April 1, 2010 to June 30, 2010)									
		Reported segment							
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions	Total	Adjustment	Consolidated
Sales	824,565	58,967	18,766	45,966	14,719	33,988	996,973	(26,353)	970,619
Segment profit (loss) <ordinary profit=""></ordinary>	56,406	2,654	1,925	1,788	764	1,933	65,472	(3,587)	61,885

(Information about reported segment sales, profit (loss))

First quarter of fiscal 2011 (April 1, 2011 to June 30, 2011)

									(Millions of yen)
			R	Reported segmen	it				
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions	Total	Adjustment	Consolidated
Sales	851,920	44,076	12,765	48,302	14,212	36,296	1,007,573	(22,024)	985,548
Segment profit (loss) <ordinary profit=""></ordinary>	48,592	228	2,302	3,638	297	2,908	57,968	(952)	57,015

(6) Notes in case of significant changes to shareholders' equity

None

Recent Quarterly Operating Results

Fiscal 2011 (April 1, 2011 to March 31, 2012) Forecast for 1st half of fiscal 2011 2nd quarter 1st quarter (Forcast) Apr. 2011-June. 2011 July 2011-Sep. 2011 Apr. 2011-Sep. 2011 Sales 985.5 1, 114. 5 2, 100. 0 Steelmaking and 851.9 948. 1 1,800.0 steel fabrication Engineering and 44.0 66.0 110.0 construction Urban development 12.7 17.3 30.0 48.3 51.7 100.0 Chemicals New materials 14. 2 15.8 30.0 System solutions 38.8 75.0 36. 2 Adjustment (22.0)(23.0)(45.0)38. 5 51.5 90.0 Operating profit [3.9%] [4.6%] [4.3%] 57.0 53.0 110.0 Ordinary profit [5.8%] [4.8%] [5.2%] 48.5 51.5 100.0 Steelmaking and steel fabrication [5.7%] [5.4%] [5.6%] 0. 2 0.8 1.0 Engineering and construction [0.5%] [1.2%] [0.9%] 2.3 1.2 3.5 Urban development [6.9%] [18.1%] [11.7%] 5. 5 3.6 1.9 Chemicals [7.5%] [3.7%] [5.5%] 0. 2 0.8 1.0 New materials [1.4%] [5.1%] [3.3%] 1.6 4. 5 2.9 System solutions [8.0%] [4.1%] [6.0%] Adjustment (0.9)(4.6)(5.5)29.0 26.0 55.0 Net income [2.9%] [2.3%] [2.6%] Net income per

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

1							
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	Fiscal 2010
	Apr. 2010-June. 2010	July 2010-Sep. 2010	Apr. 2010-Sep. 2010	Oct. 2010-Dec. 2010	Jan. 2011-Mar. 2011	Oct. 2010-Mar. 2011	Apr. 2010-Mar. 2011
	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion	¥billion
	970. 6	1, 051. 4	2, 022. 0	1, 003. 1	1, 084. 5	2, 087. 6	4, 109. 7
	824. 5	894. 0	1, 718. 6	859. 4	895. 4	1, 754. 8	3, 473. 4
	58. 9	64. 6	123. 6	55. 2	76. 0	131. 2	254. 9
	18. 7	19. 9	38. 7	15. 9	31.8	47. 7	86. 5
	45. 9	48. 4	94. 4	50. 2	49. 1	99. 4	193. 8
	14. 7	16. 2	30. 9	15. 1	14. 8	29. 9	60. 8
	33. 9	39. 7	73. 7	35. 4	50. 5	85. 9	159. 7
	(26. 3)	(31. 7)	(58. 0)	(28. 3)	(33. 2)	(61. 6)	(119. 7)
	51.0	67. 0	118.1	33. 9	13. 5	47. 4	165. 6
	[5.3%]	[6.4%]	[5.8%]	[3.4%]	[1.2%]	[2.3%]	[4.0%]
	61.8	72. 9	134. 8	53. 5	37. 9	91.4	226. 3
	[6.4%]	[6.9%]	[6.7%]	[5.3%]	[3.5%]	[4.4%]	[5.5%]
	56. 4	61. 2	117. 6	43. 5	20. 7	64. 3	181.9
	[6.8%]	[6.9%]	[6.8%]	[5. 1%]	[2.3%]	[3.7%]	[5. 2%]
	2. 6	4. 3	7. 0	2. 1	5. 7	7. 8	14. 8
	[4.5%]	[6.7%]	[5. 7%]	[3.9%]	[7.5%]	[6.0%]	[5.8%]
	1.9	2. 2	4. 2	2. 5	2. 5	5. 0	9. 2
	[10.3%]	【11. 4%】	[10.9%]	[15. 9%]	[8.0%]	【10. 6%】	【10. 7%】
	1.7	3. 1	4. 9	4. 4	3. 8	8. 3	13. 2
	[3.9%]	[6.5%]	[5. 2%]	[8.8%]	[7.9%]	[8.4%]	[6.8%]
	0. 7	0.7	1.5	0.0	0. 5	0.6	2. 1
	[5. 2%]	[4.6%]	[4. 9%]	[0.3%]	[3.8%]	[2.0%]	[3.5%]
	1.9	2. 4	4. 4	2. 7	4. 2	6. 9	11.3
	[5. 7%]	[6.2%]	[6.0%]	[7.6%]	[8.3%]	[8.0%]	[7. 1%]
	(3. 5)	(1. 2)	(4. 8)	(1.8)	0. 2	(1.6)	(6.4)
ĺ	26. 8	44. 2	71.0	33. 4	▲ 11.2	22. 1	93. 1
	[2.8%]	[4. 2%]	[3.5%]	[3.3%]	[▲1.0%]	[1.1%]	[2.3%]
	4. 26	* 7. 03	* 11. 29	* 5. 32	¥ ▲ 1.79	¥ 3. 52	* 14. 82

4.63

4. 13

8.74

^{[]:} Return on sales

^() in "Adjustment" row indicate negative numbers

Nippon Steel Corporation

Code Number: 5401

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

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Supplementary Information on the Financial Result for the First Quarter of Fiscal 2011

Japanese Steel Industry

1. Crude Steel Production

(million tons)

				1			
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2010F	Y 28.07	27.36	55.42	27.66	27.68	55.35	110.77
2011F	Y 26.37	(※)26.92	(※)53.29				

(*)METI forcast

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)
Sep.	2009	4.62	(121.3)	3.45	0.229
Oct.	2009	4.65	(122.4)	3.44	0.232
Nov.	2009	4.71	(126.8)	3.40	0.229
Dec.	2009	4.79	(132.9)	3.42	0.229
Jan.	2010	4.79	(130.5)	3.51	0.215
Feb.	2010	4.84	(133.3)	3.52	0.200
Mar.	2010	4.75	(108.0)	3.42	0.180
Apr.	2010	4.83	(127.8)	3.50	0.182
May	2010	4.99	(126.7)	3.63	0.196
June	2010	4.95	(120.1)	3.63	0.209
July	2010	4.91	(121.7)	3.69	0.203
Aug.	2010	5.03	(134.0)	3.84	0.183
Sep.	2010	5.05	(125.2)	3.81	0.165
Oct.	2010	5.23	(134.0)	3.92	0.160
Nov.	2010	5.00	(124.0)	3.75	0.149
Dec.	2010	5.16	(138.2)	3.82	0.149
Jan.	2011	5.18	(130.6)	3.87	0.160
Feb.	2011	5.13	(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	(155.0)	4.20	0.206

^{*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	Approx.8.20	Approx.16.00				

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	Approx.8.50	Apprpx.16.80				

(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	Approx.8.00	Approx15.70				

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	Approx.7.60	Approx.15.00				

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	Approx.92.0	Approx.89.0				

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	Approx.40.0	Approx.41.0				

8. Foreign Exchange Rate

(¥/US\$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2010FY	93	86	90	83	82	82	86
2011FY	82	Approx.80	Approx.81				

9. Unrealized Gains on Available-for-Sale Securities

(billion yen)

			() - /
	1st quarter of 2011FY	2010FY	difference
Consolidated	150.1 (89.5)	175.8 (104.7)	-25.6 (-15.2)
Nikkei 225	9.816ven	9.755ven	[+61ven]

^{*} Figures in parentheses were after adopting deferred tax accounting.

10. Amount of Capital Expenditure and Depreciation

·Capital Expenditure

(billion yen)

	2011FY (estimated)	2010FY
Consolidated	270.0	290.0
Non-consolidated	180.0	210.0

Depreciation

(billion yen)

	2011FY (estimated)	2010FY
Consolidated	290.0	291.5
Non-consolidated	220.0	220.1