

Flash Report
Consolidated Basis
Results for the First Quarter of Fiscal 2012
(April 1, 2012—June 30, 2013)

July 30, 2012

Company name: Nippon Steel Corporation
Stock listing: Tokyo, Osaka, Nagoya, Sapporo, Fukuoka stock exchanges
Code number: 5401
URL: <http://www.nsc.co.jp/en/index.html>
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Scheduled date to submit Securities Report: August 6, 2012
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 2012

(April 1, 2012—June 30, 2012)

(1) Consolidated Operating Results (Accumulated)

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of Fiscal 2012	960,684	(2.5)	(6,268)	—	9,284	(83.7)	(87,530)	—
First quarter of Fiscal 2011	985,548	1.5	38,591	(24.5)	57,015	(7.9)	29,090	8.4

(For reference) Comprehensive income: First quarter of Fiscal 2012 ¥(52,020)million (_ %)

First quarter of Fiscal 2011 ¥32,748 million (_ %)

	Net income per share	Net income per share after full dilution
	Yen	Yen
First quarter of Fiscal 2012	(13.92)	—
First quarter of Fiscal 2011	4.63	4.49

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
First quarter of Fiscal 2012	4,844,641	2,285,870	36.5
Fiscal 2011	4,924,711	2,347,343	37.1

(For reference) Shareholders' equity: First quarter of Fiscal 2012 ¥ 1,766,974million
Fiscal 2011 ¥ 1,828,902 million

2. Dividends

Base date	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2011	—	1.50	—	1.00	2.50
Fiscal 2012	—				
Fiscal 2012 (Forecast)		0.00	—	—	—

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

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

The Company's consolidated results forecast for the first half of fiscal 2012 are for net sales of ¥1,950 billion, ordinary profit of ¥10 billion, and a net loss of ¥85 billion (¥13.51 net loss per share). The net loss forecast amount includes same special loss (loss on valuation of investments in securities) amount as was recorded in the first quarter. The Company plans to announce performance forecasts for fiscal 2012 (ending March 31, 2013) after the merger with Sumitomo Metal Industries, Ltd., scheduled for October 1, 2012.

Note: For further details, please refer to page 4, "2. Consolidated Forecast Qualitative Information."

4. Notes

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

(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: Yes

(b) Changes other than those in (a) above: None

(c) Changes in accounting estimates: Yes

(d) Retrospective restatements: None

Note: For further details, please refer to page 6, "3. (3) 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 2012	6,806,980,977 shares
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Fiscal 2011	6,806,980,977 shares
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(b) Number of treasury stock at the end of the period

First quarter of Fiscal 2012	517,346,822 shares
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Fiscal 2011	517,325,579 shares
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(c) Average number of shares issued during the term

First quarter of Fiscal 2012	6,289,645,336 shares
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First quarter of Fiscal 2011	6,289,782,298 shares
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* 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.

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1. Qualitative Information and Financial Review

Global and Domestic Economic Conditions in the First Quarter of Fiscal 2012

The overall pace of global economic growth slowed in the term under review amid ongoing gradual economic growth in the United States while economic conditions stagnated in Europe and the economic growth slowed in China and other emerging economies. The gradual recovery of the Japanese economy continued despite persisting record-high yen rates as corporate production activity rebounded nearly to pre-Great East Japan Earthquake levels, and government stimulus policies and emerging reconstruction-related demand supported brisk consumer spending and private capital investment.

Performance Review by Business Segment in the First Quarter of Fiscal 2012

The Nippon Steel Group companies continued efforts to improve revenue responding to the changing operating environments in each of their business segments.

Overview of operating performance by business segment is as follows.

(Billions of yen)

	Net Sales		Ordinary Profit	
	1Q FY12	1Q FY11	1Q FY12	1Q FY11
Steelmaking and steel fabrication	823.6	851.9	6.6	48.5
Engineering and construction	69.6	44.0	4.0	0.2
Urban development	16.6	12.7	2.3	2.3
Chemicals	41.6	48.3	0.7	3.6
New materials	11.0	14.2	0.3	0.2
System solutions	37.8	36.2	2.4	2.9
Total	1,000.4	1,007.5	16.5	57.9
Adjustment	(39.7)	(22.0)	(7.2)	(0.9)
Consolidated Total	960.6	985.5	9.2	57.0

Steelmaking and Steel Fabrication

Domestic steel demand remained at a constant level overall as solid demand in the construction, automobile, and industrial machinery industries balanced out sharply declining demand in the shipbuilding industry. Steel exports increased to newly emerging countries in Asia supported in part by the recovery in production levels after the flood damage in Thailand. In the first quarter of fiscal 2012, total crude steel production volume in Japan amounted to 27.50 million tons, representing an increase of 930,000 tons compared with the fourth quarter of fiscal 2011.

At the same time, market conditions softened for steel materials due to the ongoing historical high yen value and consequent weakening of the Company's export competitiveness along with the continuing strong supply pressure from steel mills in South Korea and China, which created a backdrop of excessive supply in East Asia and increasing volume of imported steel materials. In this severe operating environment, the Company continued its

efforts to maximize cost improvements. The steelmaking and steel fabrication business recorded net sales of ¥823.6 billion and an ordinary profit of ¥6.6 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 focused on conducting meticulous risk management of projects currently under way and improving its cost structure. As a result, the engineering and construction business recorded first-quarter net sales of ¥69.6 billion and an ordinary profit of ¥4.0 billion.

Urban Development

Nippon Steel City Produce, Inc., recorded solid condominium market sales centered on the Tokyo metropolitan area. In the rental building market, vacancy rates continued at a high level with the exception of certain large-scale highly functional structures in urban centers. The urban development business posted net sales of ¥16.6 billion and an ordinary profit of ¥2.3 billion in the first quarter of fiscal 2012.

Chemicals

Nippon Steel Chemical Co. Ltd. recorded a recovery in sales of epoxy resin for electronic materials and a brisk market for acid phthalic anhydride. Sales volume fell sharply for styrene monomer, and market conditions were severe for sales of circuit board materials for smartphones. The chemical business posted first-quarter net sales of ¥41.6 billion and an ordinary profit of ¥0.7 billion.

New Materials

Nippon Steel Materials Co., Ltd., sustained its strong shipments of surface-treated copper wire in its core electronic materials business segment but otherwise faced declining demand in all business segments. The new materials business recorded net sales of ¥11.0 billion and an ordinary profit of ¥0.3 billion in the first quarter of fiscal 2012.

System Solutions

NS Solutions Corporation brought its number 5 data center on-line in May of this year as it fortified and expanded its cloud computing services business and progressed with the expansion of business operations in the Asian region to fulfill the global development needs of its corporate customers. The system solutions business recorded first-quarter net sales of ¥37.8 billion and an ordinary profit of ¥2.4 billion.

Sales and Income in the First Quarter of Fiscal 2012

The Company posted consolidated net sales of ¥960.6 billion, an operating loss of ¥6.2 billion, ordinary profit of ¥9.2 billion, and a net loss of ¥87.5 billion, which was due to the reporting of a special loss on the valuation of investments in securities, including domestic listed securities owing to weakness in stock market prices.

2. Consolidated Forecast Qualitative Information

We anticipate continuing strong steel demand from the domestic construction, automobile, and industrial machinery industries and ongoing strong export demand to Southeast Asia. Due to the excessive supply conditions in East Asia and list price reductions by major steel mills in China and other countries, the steel materials market is deteriorating.

In these conditions, Nippon Steel will continue closely monitoring the domestic and overseas economic conditions as well as steel material supply and demand trends. In Asia, we anticipate deteriorating profitability at the major steel mills in China and other countries. In Japan, we believe the undertone of relatively firm demand is producing a growing sense that prices have bottomed out. We also believe the conditions may support a rise off the bottom levels in each region and anticipate a gradual recovery in steel material prices.

The Company will continue making every effort to improve its cost structure and maximize efficiency as it further strengthens its ability to market proposals to customers while seeking the understanding of its customers in setting 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 2012 are for net sales of ¥1,950 billion, ordinary profit of ¥10 billion, and a net loss of ¥85 billion. The net loss forecast amount includes same special loss (loss on valuation of investments in securities) amount as was recorded in the first quarter. The Company plans to announce performance forecasts for fiscal 2012 (ending March 31, 2013) after the merger with Sumitomo Metal Industries, Ltd., scheduled for October 1, 2012.

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 of the fiscal year etc., the Company sincerely regrets to announce that it will forego the first-half (interim) dividend at this time.

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 2012

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:

Beginning in the first quarter of fiscal 2012, accompanying revisions in the corporate tax law, the Company and its domestic consolidated subsidiaries have changed their method(s) of depreciation for tangible fixed assets acquired on or after April 1, 2012, based on the corporate tax law after revisions.

Please note that the effects of these changes on the consolidated financial statements for the first quarter were not material.

4. Consolidated Financial Statements

Nippon Steel Corporation (5401)
First Quarter, Fiscal Year 2012

(1) Consolidated Balance Sheets

	(Millions of yen)	
ASSETS	March 31, 2012	June 30, 2012
Current assets :		
Cash and bank deposits	53,878	85,089
Notes and accounts receivable	442,621	421,615
Inventories	947,534	917,515
Other	260,076	217,458
Less: Allowance for doubtful accounts	(594)	(380)
Total current assets	1,703,515	1,641,298
Fixed assets :		
Tangible fixed assets :		
Buildings and structures	498,057	503,028
Machinery and equipment	808,559	837,403
Other	509,249	493,852
	1,815,866	1,834,284
Intangible fixed assets	70,020	73,043
Investments and others :		
Investments in securities	1,112,084	1,062,702
Other	227,332	237,342
Less: Allowance for doubtful accounts	(4,109)	(4,028)
	1,335,307	1,296,016
Total fixed assets	3,221,195	3,203,343
Total assets	4,924,711	4,844,641

(Millions of yen)

LIABILITIES	March 31, 2012	June 30, 2012
Current liabilities :		
Notes and accounts payable	471,663	441,503
Short-term loans and long-term loans due within one year	277,424	293,857
Bonds due within one year	55,000	75,000
Accrued income taxes and enterprise taxes	22,514	11,556
Reserve	6,812	5,145
Other	502,796	482,774
Total current liabilities	1,336,211	1,309,838
Long-term liabilities :		
Bonds and notes	380,073	360,074
Long-term loans	615,255	648,363
Accrued pension and severance costs	153,293	151,421
Reserve	22,934	19,197
Other	69,598	69,876
Total long-term liabilities	1,241,155	1,248,933
Total liabilities	2,577,367	2,558,771
NET ASSETS		
Shareholders' equity :		
Common stock	419,524	419,524
Capital surplus	114,546	114,545
Retained earnings	1,552,826	1,459,164
Less: Treasury stock, at cost	(262,573)	(262,578)
	1,824,324	1,730,656
Accumulated other comprehensive income:		
Unrealized gains on available-for-sale securities	70,834	81,282
Deferred hedge income (loss)	(1,698)	(4,270)
Unrealized gains on revaluation of land	12,770	12,770
Foreign currency translation adjustments	(77,327)	(53,463)
	4,578	36,318
Minority interest in consolidated subsidiaries	518,440	518,895
Total net assets	2,347,343	2,285,870
Total liabilities and net assets	4,924,711	4,844,641

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

Consolidated Statements of Operations	(Millions of yen)	
	First quarter of fiscal 2011	First quarter of fiscal 2012
Operating revenues :		
Net sales	985,548	960,684
Cost of sales	864,872	885,981
Gross margin	120,676	74,702
Selling, general and administrative expenses	82,085	80,971
Operating profit (loss)	38,591	(6,268)
Non-operating profit and loss :		
Non-operating profit :		
Interest	839	834
Dividend income	6,321	5,054
Equity in net income of unconsolidated subsidiaries and affiliates	15,350	17,575
Other	11,908	7,844
	34,420	31,310
Non-operating loss :		
Interest expense	4,465	4,560
Other	11,530	11,197
	15,995	15,757
Ordinary profit	57,015	9,284
Special loss :		
Loss on sales of investment securities	7,440	-
Loss on valuation of investments in securities	-	96,329
	7,440	96,329
Income before income taxes and minority interest (loss)	49,575	(87,045)
Income taxes - current and deferred	16,382	(1,745)
Income before minority interest (loss)	33,192	(85,299)
Minority interest in net income of consolidated subsidiaries	4,101	2,231
Net income (loss)	29,090	(87,530)

Consolidated Statements of Comprehensive Income	(Millions of yen)	
	First quarter of fiscal 2011	First quarter of fiscal 2012
Income before minority interest (loss)	33,192	(85,299)
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	(14,579)	11,060
Deferred hedge income (loss)	(559)	(2,576)
Foreign currency translation adjustments	5,871	12,019
Share of other comprehensive income of associates accounted for using equity method	8,822	12,775
Total other comprehensive income (loss)	(443)	33,278
Comprehensive income (loss)	32,748	(52,020)
attribute to		
Comprehensive income attribute to owner's of the parent	27,982	(55,790)
Comprehensive income attribute to minority interests	4,765	3,769

(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 2011	For the first quarter of fiscal 2012
Depreciation and amortization	66,686	59,292

(5) Consolidated Segment Information

(Information about segment sales, profit (loss))

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

(Millions of yen)

	Reported segment							Total	Adjustment	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions				
Net 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>	48,592	228	2,302	3,638	297	2,908	57,968	(952)	57,015	

First quarter of fiscal 2012 (April 1, 2012 to June 30, 2012)

(Millions of yen)

	Reported segment							Total	Adjustment	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Urban development	Chemicals	New materials	System solutions				
Net sales	823,619	69,619	16,613	41,694	11,032	37,898	1,000,478	(39,793)	960,684	
Segment profit (loss) <Ordinary Profit>	6,621	4,067	2,347	741	311	2,439	16,530	(7,246)	9,284	

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

None

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 2012

Japanese Steel Industry

1. Crude Steel Production

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2011FY	26.37	26.95	53.32	26.58	26.57	53.15	106.46
2012FY	27.50	(※)27.10	54.60				

(※)METI forecast

2. Inventory Volume

At the end of:	Inventory at manufacturers and distributors (million tons)	Inventory /shipment ratio (%)	Rolled sheets *1 (million tons)	H-flange beams *2 (million tons)
June 2010	4.95	(120.1)	3.63	0.209
July 2010	4.91	(121.7)	3.69	0.203
Aug. 2010	5.03	(134.0)	3.84	0.183
Sep. 2010	5.05	(125.2)	3.81	0.165
Oct. 2010	5.23	(134.0)	3.92	0.160
Nov. 2010	5.00	(124.0)	3.75	0.149
Dec. 2010	5.16	(138.2)	3.82	0.149
Jan. 2011	5.18	(130.7)	3.87	0.160
Feb. 2011	5.19	(136.1)	3.74	0.175
Mar. 2011	5.17	(128.5)	3.83	0.183
Apr. 2011	5.38	(152.1)	4.04	0.188
May 2011	5.66	(155.7)	4.20	0.206
June 2011	5.60	(141.9)	4.21	0.215
July 2011	5.43	(139.6)	4.18	0.206
Aug. 2011	5.62	(152.1)	4.35	0.193
Sep. 2011	5.64	(141.7)	4.38	0.181
Oct. 2011	5.57	(132.4)	4.35	0.179
Nov. 2011	5.55	(137.3)	4.25	0.173
Dec. 2011	5.58	(146.7)	4.32	0.174
Jan. 2012	5.62	(147.4)	4.28	0.175
Feb. 2012	5.55	(139.1)	4.15	0.188
Mar. 2012	5.51	(126.1)	4.11	0.203
Apr. 2012	5.52	(149.7)	4.04	0.203
May 2012	5.53	(141.4)	4.07	0.195

*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
2011FY	7.76	8.03	15.79	7.57	7.41	14.98	30.77
2012FY	7.78	Approx.8.30	Approx.16.10				

4. Crude Steel Production

(Consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2011FY	8.30	8.31	16.61	7.85	7.98	15.83	32.44
2012FY	8.29	Approx.8.60	Approx.16.90				

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2011FY	7.75	7.78	15.53	7.29	7.39	14.67	30.20
2012FY	7.70	Approx.8.00	Approx.15.70				

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2011FY	7.40	7.28	14.68	7.20	7.21	14.41	29.09
2012FY	7.46	Approx.7.70	Approx.15.20				

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2011FY	85.8	89.8	87.8	87.6	81.5	84.5	86.2
2012FY	80.0	Approx.79	Approx.80				

7. Export Ratio of Steel Products (Value basis)

(%)

	1st half		2nd half			total	
	1st quarter	2nd quarter	3rd quarter	4th quarter	2nd half		
2011FY	41.9	40.1	41.0	36.9	37.8	37.4	39.2
2012FY	42.2	Approx.41	Approx.42				

8. Foreign Exchange Rate

(¥/US\$)

	1st half		2nd half			total
	1st quarter	2nd quarter	3rd quarter	4th quarter	2nd half	
2011FY	82	78	80	78	78	79
2012FY	81	Approx.80	Approx.80			