

(Presentation Materials)

I. Financial Results for the Second Quarter of the Fiscal Year ending March 31, 2010

1. Results of Operations

(Billions of yen)

	2Q of FY ending March 31, 2010	2Q of FY ended March 31, 2009	Difference a-b	2Q of FY ending March 31, 2010	Difference a-c
	Actual a	Actual b		Current Forecast c	
Net sales	187.9	354.9	(167.0)	190.0	(2.1)
Operating income	(57.2)	23.1	(80.3)	(55.0)	(2.2)
Income before special items	(65.1)	22.2	(87.3)	(62.0)	(3.1)
Net income	(73.9)	13.0	(86.9)	(69.0)	(4.9)
Net income per share (Yen)	(81.81)	14.43	(96.24)	(76.34)	(5.47)
Unrealized holding gains on inventories	(29.0)	4.0	(33.0)	(25.0)	(4.0)

(Of which) Stainless Steel Business Results

Net sales	50.0	100.0	(50.0)	50.0	0.0
Income before special items	(18.0)	2.5	(20.5)	(18.0)	0.0
Unrealized holding gains on inventories	(14.0)	(4.5)	(9.5)	(18.0)	4.0

2. Othe Information(Non-Consolidated)

	2Q of FY ending March 31, 2010	2Q of FY ended March 31, 2009	Difference
Crude steel production (1,000tons)	1,474	2,039	(565)
Of which, stainless steel	251	298	(47)
Sales volume (1,000 tons)	1,453	1,981	(528)
Average sales price of steel products (¥1,000/ton)	99	143	(44)
Export ratio (monetary basis, %)	23	21	2
Export exchange rate (¥/US\$)	95	106	11 (Yen appreciation)
Excess of imports over exports (US\$ million)	286	773	(487)

3. Income Before Special Items Differential Breakdown
2Q of FY ended March 31, 2009 vs 2Q of FY ending March 31, 2010

	(Amount)		(Ofwhich, Stainless steel)
2Q of FY ended Mar. 31, 2009 (Actual)	22.2	Breakdown	2.5
Sales related	(84.0)	Price difference (55.0) Volume and composition difference (29.0)	(34.5)
Purchasing price	20.0	Coke (5.0), Nickels 15.0, Chromium 1.5, Oil and gas 3.0	18.5
Cost improvement, etc.	19.7	Rationalization 13.0, Exchange rate 2.0, Cost for reduced production (2.0)	5.0
Subsidiaries	(10.0)		-
Special items	(33.0)	Unrealized holding gains on inventories	(9.5)
Total	(87.3)		(20.5)
2Q of FY ending Mar. 31, 2010 (Forecast)	(65.1)		(18.0)

4. Balance Sheet (Summary)

			(Billions of yen)		
Debit		As of	Credit		As of
		March			March
		2009			2009
Cash on hand and in banks	41.2	1.5	Interest-bearing debt	314.0	27.7
Accounts receivable	57.2	0.2	Other liabilities	159.2	(16.0)
Inventories	131.6	(45.8)	Total liabilities	473.3	11.7
Other current assets	9.8	(10.6)	Common stock and additional paid-in capital	129.8	-
Property, plant and equipment	269.1	(6.0)	Retained earnings	72.4	(78.6)
Intangible assets	8.8	(2.6)	Treasury stock, at cost	(26.4)	(0.0)
Investments and long-term receivables	146.0	5.2	Valuation and translation adjustments	(9.3)	8.7
			Minority interests	5.5	0.0
			Total net assets	190.7	(69.8)
Total assets	664.1	(58.1)	Total liabilities and total net assets	664.1	(58.1)

II. Forecasts of Results of Operations for the Fiscal Year ending March 31, 2010

1. Results of Operations

(Billions of yen)

		FY ending March 31, 2010			FY ended March 31, 2009 Actual	Difference
		Forecast	Current forecast	Difference		
Consolidated	Net sales	440.0	420.0	20.0	617.3	(177.3)
	Operating income	(42.0)	(55.0)	13.0	(7.3)	(34.7)
	Income before special items	(51.0)	(62.0)	11.0	(12.3)	(38.7)
	Net income	(61.0)	(69.0)	8.0	(25.4)	(35.6)
	Net income per share (Yen)	(67.49)	(76.34)	8.85	(28.15)	(39.34)
Non-consolidated	Net sales	340.0	320.0	20.0	477.2	(137.2)
	Operating income	(44.0)	(55.0)	11.0	(12.9)	(31.1)
	Income before special items	(50.0)	(60.0)	10.0	(16.1)	(33.9)
	Net income	(57.0)	(67.0)	10.0	(26.7)	(30.3)
	Net income per share (Yen)	(62.95)	(73.99)	11.04	(29.57)	(33.38)
Unrealized holding gains on inventories		(21.0)	(25.0)	4.0	(17.5)	(3.5)

(Of which) Stainless Steel Business Results

Net sales	115.0	110.0	5.0	150.0	(35.0)
Income before special items	(13.0)	(13.0)	0.0	(30.0)	17.0
Unrealized holding gains on inventories	(9.0)	(16.0)	7.0	(28.0)	19.0

2. Other Information (Non-Consolidated)

	FY ending March 31, 2010 full year (Forecast)	FY ended March 31, 2009 full year (Actual)	Difference
Crude steel production (1,000 tons)	3,240	3,680	(44)
Of which, stainless steel	530	474	56
Sales volume (1,000 tons)	3,330	3,474	(144)
Average sales price of steel products (¥1,000/ton)	104	138	(34)
Export ratio (monetary basis, %)	21	17	4
Export exchange rate (¥/US\$)	92	103	11 (Yen appreciation)
Excess of imports over exports (US\$ million)	588	1,688	(1,100)

3. Income Before Special Items Differential Breakdown

①FY ended March 31, 2009 (Actual) vs FY ending March 31, 2010 (Forecast)

		(Amount)	(Ofwhich, Stainless steel)
FY ended Mar. 31, 2009 (Actual)	(12.3)	Breakdown	(30.0)
Sales related	(123.5)	Price difference (102.0) Volume and composition difference (21.5)	(47.0)
Purchasing price	52.0	Coke (11.5), Iron ore 8.5, Nickels 13.5, Chromium 7.0, Oil and gas 4.5	24.0
Cost improvement, etc.	39.8	Rationalization 22.5, Exchange rate 7.0, Cost for reduced production (2.0)	21.0
Subsidiaries	(3.5)		-
Special items	(3.5)	Unrealized holding gains on inventories	19.0
Total	(38.7)		17.0
FY ending Mar. 31, 2010 (Forecast)	(51.0)		(13.0)

[Reference]

①Investment and Depreciation (Billions of yen)

	FY ended March 31, 2009	FY ending March 31, 2010		
	Actual	1st half Actual	2nd half Forecast	Total Forecast
Investment	38.0	11.3	23.6	34.9
Depreciation	40.4	18.2	20.8	39.0

②Interest-bearing debt and D/E ratio

	March 2009	June 2009	September 2009	December 2009	March 2010
	Actual	Actual	Actual	Forecast	Forecast
Interest-bearing debt (Billions of yen)	286.2	309.5	314.0	312.1	299.0
D/E ratio	1.12	1.46	1.70	1.66	1.52
D/E ratio<net>※1	0.97	1.27	1.47	1.44	1.32
〃 (based on the credit rating)※2	-	-	-	1.15	1.05

※1 (Balance of interest-bearing debt—Current balance of saving)/Equity

※2 Hybrid securities that are accepted as capital according to the credit rating by the Japan Credit Rating Agency

(Interest payment deferral provision·Unsecured corporate bond with prepayment provision
<Subordinated corporate bond·Limited to qualified institutional investors>)

D/E ratio for 5 billion yen, 50% of which is considered to be capital.