
Direction of Management

NISSHIN STEEL CO., LTD.

November 5, 2010

Summary of the Results of Operations for the Fiscal Year ending March 31, 2011

		(Billions of yen)						
		1st half of FY ending March 31, 2011 Actual	2nd half of FY ending March 31, 2011 Forecast	FY ending March 31, 2011 Forecast	FY ended March 31, 2010 Actual	Difference	1st half of FY ending March 31, 2011 (Current forecast)	FY ending March 31, 2011 (Current forecast)
Consolidated	Net sales	276.0	254.0	530	441.4	88.6	275	550
	Operating income	14.8	7.2	22	(43.2)	65.2	14	24
	Income before special items	11.7	6.3	18	(53.7)	71.7	12	20
	Net income	9.4	3.6	13	(61.7)	74.7	10	17
	Net income per share (Yen)	10.51	3.87	14.38	(68.28)	82.66	11.06	18.81
Non-consolidated	Net sales	219.7	210.3	430	345.1	84.9	220	445
	Operating income	11.8	7.2	19	(46.2)	65.2	11	21
	Income before special items	9.8	3.2	13	(52.5)	65.5	10	16
	Net income	8.8	2.2	11	(58.0)	69.0	9	14
Unrealized holding gains on inventories		6.0	3.0	9	(26.5)	35.5	8	—
(Of which) Stainless Steel Business Results								
Net sales		70.0	70.0	140.0	115.0	25.0	70	145
Operating income		5.0	2.5	7.5	(16.5)	24.0	5	8
Unrealized holding gains on inventories		2.0	0.5	2.5	(11.5)	14.0	3	—

- The first half remained in the black as did the second half of the last fiscal year, based on improved sales prices and continued streamlining of our operations.
- The second half of the term is faced with a harsh environment accompanied by many factors of concern such as advancing appreciation of the yen.
- However, we are working hard to stay in the black in the second half of the term as well, with further streamlining efforts and development of new applications.
- Focused on medium- to long-term growth, we will steadily enforce measures and policies of the medium-term management plan.

Outline of Medium-term Management Plan①

Company's direction	Entire Group	Adhere to our basic philosophy: “Create Markets Together with Our Customers”	
	Carbon steel (feedstock)	<ul style="list-style-type: none"> ● Establish cost competitiveness to survive the times of high competition; ensure vertical flexibility 	
	Stainless steel	<ul style="list-style-type: none"> ● Ensure overwhelming competitive edge in commercial grades; become the No. 1 manufacturer in Japan using our overall abilities (technical/development prowess, sales strength, earning power) by enhancing the sales of original steel products ● Become a top global manufacturer 	Establish our position in overseas emerging markets
	Surface treatment	<ul style="list-style-type: none"> ● Expand our business as “Nisshin for coated steel” with a production system of 100,000-ton-per month of ZAM, aggressive overseas/domestic promotion of our unique coated products and the development of next-generation products 	
	Special steel	<ul style="list-style-type: none"> ● Maintain the No.1 domestic share of steel sheets; Overseas business development 	
	New business	<ul style="list-style-type: none"> ● Create steel demand especially in the construction field by utilizing our materials development prowess and processing technologies. 	



Specific actions (Next sheet)

Outline of Medium-term Management Plan②

Specific actions

◎Enhancement of Our Competitive Edge

- Intensive enhancement of our cost competitiveness
- Enhancing our sales basis

◎New Market Development and Investment in Growth Fields

- Provide a varied repertoire of services from supply of steel products to processing and propose comprehensive solutions
- Enhancing “Joint Development with Consumers” and using overall group capacity

◎Business Expansion in Emerging Overseas Markets

- Aggressive sales expansion and business activities in overseas emerging markets
- Utilizing our global network
- Enhance existing overseas business and consider the possibility of new business

◎Enhancing Our Earning Power and Financial Constitution to Invest Management Resources

- Balance the efficient investment of management resources
- Establish strong organization and human resources toward a tough structure that can respond flexibly to the changing environment

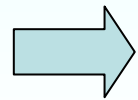
◎Approach to Global Environmental Problems

◎“Compliance First” as the Basis of Our Corporate Management

Progress of the 22nd Consolidated Medium-term Management Plan①

New establishment of Project Team (May, 2010)

- ◎ Streamlining and total cost reduction project
- ◎ Lead time reduction project for carbon steel and special steel
- ◎ Competitive edge enhancement project for stainless steel
- ◎ Sales and production expansion project for ZAM
- ◎ Competitive edge enhancement project for special steel
- ◎ Product development and sales enhancement project for building materials
- ◎ Company-wide integrated production system project



Interdepartmental review will be made for each theme, and specific measures will be implemented within the time frame of the medium-term management plan (for FY 2010 and 2011).

Progress of the 22nd Consolidated Medium-term Management Plan②

Priority deployment of human resources

- ◎ Establishment of Overseas Business Dept. (April, 2010)
- ◎ New establishment of the Environment & Resource Conservation Office (April, 2010)
- ◎ New establishment of the Advanced Building Materials Team (August, 2010)
- ◎ New establishment of the Stainless Steel Market Development Office <South East Asia> (November, 2010)
- ◎ Human resources shift to the sales · development · strategy departments
- ◎ Introduction of Assistant Manager system (April, 2010)



Steady promotion of policies and measures

Progress of the 22nd Consolidated Medium-term Management Plan③

Development of surface treatment business

◎ Modification of the system for increased production of ZAM (commercial production scheduled for August, 2011)

- ➡ Upgrade of coating lines to produce ZAM in Ichikawa in addition to Toyo and Sakai → to establish a production system for 60,000-ton annual output
- Enhancement of flexibility in the coated steel production to expand sales of special-coating products

◎ Sales expansion of high performance coated steel sheet SELiOS

- ➡ Creation of building materials demand with supply of high-performance SELiOS and processing techniques as well as strengthened linkage with distributors

◎ Consolidation of painting lines with Nisshin A&C Co., Ltd. (April, 2011)

- ➡ Consolidation of production equipment and functions of NISSOKEN Ltd. (Yachiyo) into Ichikawa and Sakai in order to enhance the coated building materials business for group-wide operation
- Improvement of the supply system by producing SELiOS in Sakai in addition to Ichikawa

Progress of the 22nd Consolidated Medium-term Management Plan④

Business Expansion in Emerging Overseas Markets

◎Ningbo Baoxin Stainless Steel Expansion Plan (Operations in 2012)

- Production volume of BA stainless steel (60,000 →120,000tons/year)
- Cold rolling capacity 600,000 → 660,000tons/year

◎Bahru Stainless; Proceeding with its 1st-phase construction (Operations in 2011) and decided 2nd-phase expansion plan (Operations in 2013)

- Production capacity 240,000 → 400,000tons/year
- Under the second-phase expansion plan, the venture contemplates to construct facilities geared to produce value-added stainless steel in anticipation of future needs for greater sophistication and higher quality, and to commence operations in 2013.



New Market Development and Investment in Growth Fields
Business Expansion in Emerging Overseas Markets



Bahru Stainless (Oct. 2010)

Creating Markets Together with Our Customers

Nisshin Steel Group will:

- ① Promote further strengthening of "development capabilities (sales, technology, and business)" in order to vigorously promote creation of unique markets at home and abroad.
- ② Aim to become a lean company having "strength" and "flexibility" to respond appropriately to global shifts in the industrial structure attendant rapid changes in the business environment surrounding the steel industry.

Consolidated Financial Results for
the Second Quarter of the Fiscal
Year ending March 31, 2011

NISSHIN STEEL CO., LTD.

November 5, 2010

Qualitative Information about the 1st half of FY ending March 31, 2011

◎ While the domestic demand generally remained strong except for the weak building materials sector, concerns increased over the latter months of the term with persistent appreciation of the yen and termination of the government subsidies for eco-friendly car purchases.

◎ Overseas markets rapidly turned harsh as the latter months of the term saw inventory adjustment set in, preceded by the high-level demand in the earlier months in China and other countries and worsening exports profitability caused by the stronger yen.

◎ Higher costs including those of raw materials were compensated by improved sales prices and continued streamlining programs, etc.

◎ Revenue remained in the black as did in the October to March of the last fiscal year, thanks to certain positive factors including inventory valuation gains.

Other Information (Non-Consolidated)

	1st half of FY ending March 31, 2011	2nd half of FY ending March 31, 2011	FY ending March 31, 2011 Forecast	FY ended March 31, 2010 Actual	Difference	1st half of FY ending March 31, 2011 Current forecast
Crude steel production (1,000 tons)	1,920	1,850	3,770	3,321	449	1,950
Of which, stainless steel	285	265	550	540	10	280
Sales volume (1,000 tons)	1,844	1,716	3,560	3,342	218	1,840
Of which, stainless steel	249	241	490	477	13	250
Average sales price of steel products (¥1,000/ton)	119	124	121	105	16	121
Export ratio (monetary basis:%)	16	13	15	19	(4)	17
Export exchange rate (¥/US\$)	89	85	87	92	(5)	91
Excess of imports over exports (US\$ million)	636	928	1,564	625	939	669

Sales by major divisions in Japan (Volume basis)

	Automotive	Construction	Electronics	Spot	Others	Total
1st half of FY ended March 31, 2010	35%	23%	11%	13%	18%	100%
2nd half of FY ended March 31, 2010	35%	21%	12%	13%	19%	100%
FY ended March 31, 2010	35%	22%	11%	13%	19%	100%
1st half of FY ending March 31, 2011	34%	21%	12%	13%	20%	100%

Export ratio

	Ordinary steel	Stainless steel	Total
1st half of FY ended March 31, 2010	16%	37%	23%
2nd half of FY ended March 31, 2010	13%	26%	17%
FY ended March 31, 2010	14%	31%	19%
1st half of FY ending March 31, 2011	14%	21%	16%

Results of Operations for the 2Q of Fiscal Year ending March 31, 2011

(Billions of yen)

		1st half of FY ending March 31, 2011	2nd half of FY ended March 31, 2010	Difference	1st half of FY ending March 31, 2011 (Current forecast)
		Actual	Actual		
Consolidated	Net sales	276.0	253.5	22.5	275
	Operating income	14.8	14.0	0.8	14
	Income before special items	11.7	11.4	0.3	12
	Net income	9.4	12.2	(2.8)	10
	Net income per share (Yen)	10.51	13.53	(3.02)	11.06
Non-consolidated	Net sales	219.7	203.8	15.9	220
	Operating income	11.8	12.2	(0.4)	11
	Income before special items	9.8	8.5	1.3	10
	Net income	8.8	9.8	(1.0)	9
Unrealized holding gains on inventories		6.0	2.5	3.5	8
(Of which) Stainless Steel Business Results					
Net sales		70.0	65.0	5.0	70
Operating income		5.0	1.5	3.5	5
Unrealized holding gains on inventories		2.0	2.5	(0.5)	3

Income Before Special Items Differential Breakdown

(Billions of yen)(Of which, stainless steel)

2nd half of FY ended March 31, 2010	11.4	Breakdown	1.5
Sales related	21.0	Price difference 18.5, Volume and composition difference 2.5	7.5
Purchasing price	(28.5)	Coke(9.0), Iron ore(13.5), Nickels(3.5), Chromium(2.0)	(5.0)
Cost improvement, etc.	2.3	Rationalization, Exchange rate(2.0)	1.5
Subsidiaries	2.0		-
Unrealized holding gains on inventories	3.5	2.5→6.0 (Of which, Stainless steel2.5→2.0)	(0.5)
Total	0.3		3.5
1st half of FY ending March 31, 2011	11.7		5.0

Ex. rate : 90→89¥/\$ FeNi: 8.0→9.6\$/Lb FeCr: 104→127 ¢ /Lb

Balance Sheet (Summary)

(Billions of yen)

Debit	Vs. March, 2010		Credit	Vs. March, 2010	
Cash on hand and in banks	27.3	(14.4)	Interest-bearing debt	293.8	(4.0)
Accounts receivable	88.2	16.6	Other liabilities	172.9	5.7
Inventories	129.2	9.7	Total liabilities	466.8	1.7
Other current assets	15.0	5.0	Common stock and additional paid-in capital	129.8	—
Property, plant and equipment	257.9	(8.2)	Retained earnings	93.2	8.5
Defferred tax aseets	12.7	4.4	Treasury stock, at cost	(26.4)	(0.0)
Investments	138.9	(14.0)	Valuation and translation adjustments	(0.0)	(11.3)
			Minority interests	6.1	0.2
Total assets	669.5	(0.8)	Total net assets	202.6	(2.6)
			Total liabilities and total net assets	669.5	(0.8)

Qualitative Information about the 2nd half of FY ending March 31, 2011

- ◎ The domestic demand will remain at a low level in the building materials sector and is deemed to have entered an adjustment phase in such manufacturing sectors as once-robust automobiles, while further downturn is feared due to the impact of the strong yen.
- ◎ In overseas markets a harsh environment will persist with the stagnant Chinese economy and prolonged inventory adjustment elsewhere.
- ◎ Our sales activity will be tailored to demand and, taking into account the current market situation, and will factor in anticipated decline in sales volume, primarily in exports.
- ◎ Revenue is predicted to remain in the black for the October to March term.
- ◎ Current sales prices do not reflect the increased material costs in the April to September term, and vigorous efforts will be continually made to improve sales prices, achieve better product mix, streamline operations, and develop new applications.

Other Information (Non-Consolidated)

	1st half of FY ending March 31, 2011	2nd half of FY ending March 31, 2011	FY ending March 31, 2011 Forecast	FY ended March 31, 2010 Actual	Difference
Crude steel production (1,000 tons)	1,920	1,850	3,770	3,321	449
Of which, stainless steel	285	265	550	540	10
Sales volume (1,000 tons)	1,844	1,716	3,560	3,342	218
Of which, stainless steel	249	241	490	477	13
Average sales price of steel products (¥1,000/ton)	119	124	121	105	16
Export ratio (monetary basis;%)	16	13	15	19	(4)
Export exchange rate (¥/US\$)	89	85	87	92	(5)
Excess of imports over exports (US\$ million)	636	928	1,564	625	939

Forecasts of Results of Operations for the Fiscal Year ending March 31, 2011

(Billions of yen)

		1st half of FY ending March 31, 2011 Actual	2nd half of FY ending March 31, 2011 Forecast	FY ending March 31, 2011 Forecast	FY ended March 31, 2010 Actual	Difference	FY ending March 31, 2011 (Current forecast)
Consolidated	Net sales	276.0	254.0	530	441.4	88.6	550
	Operating income	14.8	7.2	22	(43.2)	65.2	24
	Income before special items	11.7	6.3	18	(53.7)	71.7	20
	Net income	9.4	3.6	13	(61.7)	74.7	17
	Net income per share (Yen)	10.51	3.87	14.38	(68.28)	82.66	18.81
Non-consolidated	Net sales	219.7	210.3	430	345.1	84.9	445
	Operating income	11.8	7.2	19	(46.2)	65.2	21
	Income before special items	9.8	3.2	13	(52.5)	65.5	16
	Net income	8.8	2.2	11	(58.0)	69.0	14
Unrealized holding gains on inventories		6.0	3.0	9	(26.5)	35.5	—
(Of which) Stainless Steel Business Results							
Net sales		70.0	70.0	140.0	115.0	25.0	145
Operating income		5.0	2.5	7.5	(16.5)	24.0	8
Unrealized holding gains on inventories		2.0	0.5	2.5	(11.5)	14.0	—

Income Before Special Items Differential Breakdown

(Billions of yen)(Of which, stainless steel)

1st half of FY ending March 31, 2011	11.7	Breakdown	5.0
Sales related	6.0	Price difference 7.5, Volume and composition difference(1.5)	1.5
Purchasing price	(12.0)	Coke(3.0), Iron ore(7.0), Nickeles(1.0), Chromium(1.0)	(2.0)
Cost improvement, etc.	5.6	Rationalization, Exchange rate 4.0	(0.5)
Subsidiaries	(2.0)		-
Unrealized holding gains on inventories	(3.0)	6.0→3.0(Of which, Stainless steel 2.0→0.5)	(1.5)
Total	(5.4)		(2.5)
2nd half of FY ending March 31, 2011	6.3		2.5

Ex. rate : 89→85円/\$ FeNi: 9.6→9.8\$/Lb FeCr: 127→138 ¢ /Lb

Income Before Special Items Differential Breakdown

(Billions of yen)(Of which, stainless steel)

FY ended March 31, 2010	(53.7)	Breakdown	(16.5)
Sales related	78.0	Price difference 56.0, Volume and composition difference 22.0	28.5
Purchasing price	(62.5)	Coke(12.5), Iron ore(28.5), Nickeles(12.0), Chromium(5.5)	(18.5)
Cost improvement, etc.	13.2	Rationalization, Exchange rate 7.5	0.0
Subsidiaries	7.5		-
Unrealized holding gains on inventories	35.5	26.5→9.0(Of which, Stainless steel(11.5)→2.5)	14.0
Total	71.7		24.0
FY ending March 31, 2011	18.0		7.5

Ex. rate : 92→87円/\$ FeNi: 6.6→9.7\$/Lb FeCr: 93→132 ¢ /Lb

Interest-bearing debt and D/E ratio

	March 2010	June 2010	September 2010
Interest-bearing debt (Billions of yen)	297.8	297.4	293.8
D/E ratio	1.49	1.55	1.50
" (based on the credit rating)※	1.22	1.26	1.21

※ 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.

Dividends

We regret to announce that we are obliged to forgo the payment of mid-term dividends at the end of the 2nd Quarter.

Dividends for the full fiscal year will be decided taking future performance and other factors into account, and thus are undetermined at the moment.

Reference

Investment and Depreciation

(Billions of yen)

	FY ended March 31, 2010	FY ending March 31, 2011		
		1st half	2nd half	Total
Investment	28.4	10.2	14.4	24.6
Depreciation	39.0	19.5	19.5	39.0

Labor cost and Number of employee

	FY ended March 31, 2010			1st half of FY ending March 31, 2011
	1st half	2nd half	Total	
Labor cost (non-consolidated)(Billions of yen)	15.9	16.5	32.4	16.0
Number of employee	6,264	—	6,143	6,156

Purchase Price

	FY ended March 31, 2010						
	1Q	2Q	1st half	3Q	4Q	2nd half	Full year
Nickel(\$/lb)	4.75	5.86	5.31	8.03	7.95	7.99	6.65
Chrome(¢ /lb)	87.0	77.0	82.0	97.0	111.0	104.0	93.0
Molybdenum(\$/lb)	8.9	9.1	9.0	14.5	11.6	13.0	11.0
Oil(\$/bl)	51.2	68.5	59.9	72.8	75.2	74.0	67.0
Scrap(thousand of yen/t)	19.4	27.4	23.4	24.6	29.1	26.8	25.1
Zinc(\$/t)	1,473	1,762	1,618	2,214	2,289	2,251	1,935

	FY ending March 31, 2011						
	1Q	2Q	1st half	3Q	4Q	2nd half	Full year
Nickel(\$/lb)	9.05	10.19	9.62	9.61	10.00	9.81	9.71
Chrome(¢ /lb)	109.0	144.0	126.5	138.0	138.0	138.0	132.3
Molybdenum(\$/lb)	15.6	16.4	16.0	15.0	13.0	14.0	15.0
Oil(\$/bl)	79.2	73.5	76.4	80.0	80.0	80.0	78.2
Scrap(thousand of yen/t)	36.7	30.2	33.5	30.0	30.0	30.0	31.7
Zinc(\$/t)	2,026	2,013	2,020	2,400	2,400	2,400	2,210

Distribution Ownership by Shareholder Group

(Thousands)

	End of Sep. 2009		End of Mar. 2010		End of Sep. 2010	
		%		%		%
Financial institutions	379,171	38.1%	367,809	37.0%	383,653	38.6%
Securities companies	17,675	1.8%	19,982	2.0%	12,679	1.3%
Other companies	198,897	20.0%	195,940	19.7%	198,248	19.9%
Foreign	117,222	11.8%	131,354	13.2%	126,201	12.7%
Treasury stock	89,036	9.0%	89,060	9.0%	89,079	9.0%
Individuals	192,499	19.3%	190,355	19.1%	184,640	18.5%
Total	994,500					

Quarterly Operating Results

〔Consolidated〕		(Billions of yen)				
		FY ending March 31, 2011 (Forecast)				
		1Q	2Q	1st half	2nd half	Total
Net sales		132.8	143.2	276.0	254.0	530.0
Operating income		4.3	10.5	14.8	7.2	22.0
Income before special items		1.6	10.1	11.7	6.3	18.0
Net income		0.3	9.1	9.4	3.6	13.0
Unrealized holding gains on inventories		4.0	2.0	6.0	3.0	9.0
〔Non-consolidated〕						
Net sales	Ordinary steel	70.5	79.2	149.7	140.3	290.0
	Stainless steel	35.0	35.0	70.0	70.0	140.0
	Total	105.5	114.2	219.7	210.3	430.0
Operating income		2.4	9.4	11.8	7.2	19.0
Income before special items	Ordinary steel	(0.9)	5.7	4.8	0.7	5.5
	Stainless steel	1.0	4.0	5.0	2.5	7.5
	Total	0.1	9.7	9.8	3.2	13.0
Net income		(0.5)	9.3	8.8	2.2	11.0
Unrealized holding gains on inventories	Ordinary steel	2.0	2.0	4.0	2.5	6.5
	Stainless steel	2.0	0.0	2.0	0.5	2.5
	Total	4.0	2.0	6.0	3.0	9.0

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This presentation was created based on the contents of business results for the second quarter of the fiscal year ending March 31, 2011, announced on October 29, 2010. Forward-looking statements regarding the plans, strategies and business results contained in this presentation may differ from actual results due to a variety of significant factors, including domestic and foreign politico-economic conditions, steel demand in major markets, and changes in laws and regulations.

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Contact:

Public relations & investor relations team,

General administration dept.

Nisshin Steel Co., Ltd.

Tel:+81 3 3216 5566