

Financial Section

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For detailed financial information, please visit our website:

Financial information

<http://www.jfe-holdings.co.jp/en/investor/index.html>

FIVE-YEAR FINANCIAL SUMMARY

JFE Holdings, Inc. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen				
	2007	2006	2005	2004	2003
Operating Results (For the Year)					
Net sales	¥3,260,447	¥3,098,374	¥2,803,699	¥2,473,725	¥2,426,886
Operating income	503,938	517,171	467,237	253,605	146,879
Ordinary income before interest and discount expenses ^{*1*2}	528,919	533,114	482,451	246,668	143,476
Ordinary income ^{*1}	513,520	517,313	460,684	218,372	104,670
Net income	299,683	325,996	160,057	106,872	15,951
Cash Flows (For the Year)					
Cash flows from operating activities	417,645	401,973	462,535	357,077	240,691
Cash flows from investing activities	(292,750)	(116,224)	(109,518)	(135,068)	(126,871)
Free cash flows ^{*3}	124,895	285,749	353,017	222,009	113,820
Cash flows from financing activities	(113,304)	316,127	(369,873)	(229,258)	(183,746)
Financial Position (At the Year End)					
Total assets	3,872,142	3,630,322	3,656,389	3,724,441	3,831,643
Property, plant and equipment, net	1,816,514	1,827,342	1,846,109	2,013,638	2,078,037
Net assets ^{*4}	1,539,621	1,310,381	968,614	746,298	594,563
Debt outstanding	1,180,534	1,162,857	1,446,785	1,837,404	2,057,105
Capital Investment and Others					
Capital investment	193,596	178,358	157,235	160,826	137,410
Depreciation and amortization	176,794	175,057	179,770	185,684	173,219
R&D expenses	38,149	38,193	37,192	36,529	33,116
Crude steel output (thousand tons)	32,828	30,145	31,281	30,547	29,957
Employees	53,610	53,111	52,503	52,557	54,100
Ratio					
Return on sales (ROS) ^{*5}	15.8%	16.7%	16.4%	8.8%	4.3%
Return on assets (ROA) ^{*6}	14.1%	14.6%	13.1%	6.5%	3.7%
Return on equity (ROE) ^{*7}	21.3%	28.6%	18.7%	15.9%	2.7%
Equity capital ratio ^{*8}	38.8%	36.1%	26.5%	20.0%	15.5%
Debt-to-equity ratio ^{*9}	78.6%	88.7%	149.4%	246.2%	346.0%
Yen					
Per Share Data					
Net income	¥ 513.58	¥ 555.02	¥ 273.97	¥ 185.84	¥ 27.74
Net assets ^{*4}	2,548.09	2,236.32	1,652.31	1,289.54	1,035.98
Cash dividends	120.00	100.00	45.00	30.00	15.00

Notes: ^{*1} Ordinary income = Operating income + non-operating income - non-operating expenses

^{*2} Ordinary income before interest and discount expenses = Ordinary income + Interest and discount expenses

^{*3} Free cash flows = Cash flows from operating activities + cash flows from investing activities

^{*4} Figures for the year ended March 31, 2006 and earlier represent "shareholders' equity" prior to adoption of ASBJ Statement No.5, "Accounting Standard for Presentation of Net Assets in the Balance Sheet."

^{*5} Return on sales (ROS) = Ordinary income/Net sales x 100

^{*6} Return on assets (ROA) = (Ordinary income + interest and discount expenses) / total assets * x 100

^{*7} Return on equity (ROE) = Net income / total shareholders' equity * x 100

As for the calculation for the year ended March 2006 and earlier, Return on Equity = net income / average shareholders' equity for the term x 100

^{**} Total shareholders' equity at beginning of term + total shareholders' equity at end of term / 2

^{*8} Figures for the year ended March 2006 and earlier represent "shareholders' equity ratio."

^{*9} Debt-to-equity ratio = debt outstanding / total shareholders' equity x 100

As for the calculation for the year ended March 2006 and earlier, debt-to-equity ratio = debt outstanding / total shareholders' equity x 100

CONSOLIDATED BALANCE SHEETS

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Note 3)	¥ 45,170	¥ 32,567	\$ 382,634
Notes and accounts receivable	530,164	477,663	4,491,012
Allowance for doubtful accounts	(1,108)	(1,607)	(9,385)
Inventories	582,015	545,878	4,930,241
Deferred tax assets (Note 13)	44,907	43,630	380,406
Other current assets	65,769	66,714	557,128
TOTAL CURRENT ASSETS	1,266,919	1,164,847	10,732,054
PROPERTY, PLANT AND EQUIPMENT (Note 6):			
Land (Note 7)	508,868	514,251	4,310,614
Buildings and structures	1,620,367	1,628,563	13,726,107
Machinery and equipment	5,064,684	5,009,099	42,902,871
Construction in progress	45,848	64,452	388,377
SUBTOTAL	7,239,769	7,216,367	61,327,988
Accumulated depreciation	(5,423,254)	(5,389,024)	(45,940,313)
PROPERTY, PLANT AND EQUIPMENT, NET	1,816,514	1,827,342	15,387,666
INVESTMENTS AND OTHER ASSETS:			
Investments in unconsolidated subsidiaries and affiliates	175,136	140,551	1,483,574
Investments in securities (Notes 4 and 6)	443,171	311,024	3,754,095
Allowance for doubtful accounts	(10,874)	(8,124)	(92,113)
Deferred tax assets (Note 13)	12,763	32,471	108,115
Other assets (Note 6)	168,511	162,209	1,427,454
TOTAL INVESTMENTS AND OTHER ASSETS	788,707	638,132	6,681,126
TOTAL ASSETS	¥3,872,142	¥3,630,322	\$32,800,864

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
LIABILITIES			
CURRENT LIABILITIES:			
Short-term borrowings	¥ 21,393	¥ 14,328	\$ 181,219
Current portion of long-term debt (Note 5)	296,688	282,173	2,513,240
Commercial paper	62,937	–	533,138
Notes and accounts payable	435,220	396,396	3,686,742
Accrued income taxes	74,917	82,465	634,620
Other current liabilities	352,617	344,615	2,987,013
TOTAL CURRENT LIABILITIES	1,243,774	1,119,979	10,535,993
LONG-TERM LIABILITIES:			
Long-term debt (Note 5)	799,515	866,356	6,772,681
Accrued retirement benefits (Note 8)	152,303	156,427	1,290,156
Reserve for rebuilding furnaces	40,954	47,117	346,920
Deferred tax liabilities (Notes 7 and 13)	25,461	17,995	215,679
Other long-term liabilities	70,511	74,453	597,297
TOTAL LONG-TERM LIABILITIES	1,088,746	1,162,350	9,222,753
TOTAL LIABILITIES	2,332,520	2,282,330	19,758,746
MINORITY INTERESTS (Note 7)	–	37,609	–
CONTINGENCIES (Note 9)			
SHAREHOLDERS' EQUITY:			
Common stock			
Authorized 2,298,000,000 shares			
Issued 587,235,278 shares as of March 31, 2006	–	100,000	–
Capital surplus	–	610,403	–
Retained earnings	–	502,943	–
Revaluation reserve for land, net of tax (Note 7)	–	5,599	–
Net unrealized gain on securities	–	117,602	–
Translation adjustments	–	(21,907)	–
Treasury stock, at cost:			
1,682,000 shares as of March 31, 2006	–	(4,260)	–
TOTAL SHAREHOLDERS' EQUITY	–	1,310,381	–
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	–	¥3,630,322	–
NET ASSETS			
Shareholders' equity:			
Common stock			
Authorized 2,298,000,000 shares			
Issued 611,663,662 shares as of March 31, 2007	142,334	–	1,205,709
Capital surplus	652,820	–	5,530,029
Retained earnings	713,381	–	6,043,041
Treasury stock, at cost:			
22,558,219 shares as of March 31, 2007	(127,372)	–	(1,078,966)
Total shareholders' equity	1,381,164	–	11,699,822
Valuation and translation adjustments:			
Net unrealized gains on securities	132,985	–	1,126,514
Net unrealized gains on hedges	920	–	7,793
Revaluation reserve for land, net of tax (Note 7)	5,713	–	48,394
Translation adjustments	(19,689)	–	(166,785)
Total valuation and translation adjustments	119,929	–	1,015,916
Minority interests (Note 7)	38,527	–	326,361
TOTAL NET ASSETS	1,539,621	–	13,042,109
TOTAL LIABILITIES AND NET ASSETS	¥3,872,142	–	\$32,800,864

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2007 and 2006

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2006	¥100,000	¥610,403	¥502,943	¥ (4,260)	¥1,209,087
Issuance of common stock	42,334	42,310			84,644
Cash dividends			(87,825)		(87,825)
Directors' and corporate auditors' bonuses from appropriation			(897)		(897)
Net income			299,683		299,683
Acquisition of treasury stock				(123,392)	(123,392)
Disposal of treasury stock		106		280	387
Increase by newly consolidated or deconsolidated subsidiaries			132		132
Decrease by newly consolidated or deconsolidated subsidiaries			(17)		(17)
Transfer from land revaluation account			(113)		(113)
Decrease due to assets revaluation of a subsidiary in Thailand			(523)		(523)
Net changes in items other than shareholders' equity					
Total changes in items during the year	42,334	42,417	210,437	(123,112)	172,076
Balance at March 31, 2007	¥142,334	¥652,820	¥713,381	¥(127,372)	¥1,381,164

	Millions of yen						
	Valuation and translation adjustments						
	Net unrealized gains on securities	Net unrealized gains on hedges	Revaluation reserve for land, net of tax	Translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2006	¥117,602	¥ -	¥5,599	¥(21,907)	¥101,294	¥37,609	¥1,347,991
Issuance of common stock							84,644
Cash dividends							(87,825)
Directors' and corporate auditors' bonuses from appropriation							(897)
Net income							299,683
Acquisition of treasury stock							(123,392)
Disposal of treasury stock							387
Increase by newly consolidated or deconsolidated subsidiaries							132
Decrease by newly consolidated or deconsolidated subsidiaries							(17)
Transfer from land revaluation account							(113)
Decrease due to assets revaluation of a subsidiary in Thailand							(523)
Net changes in items other than shareholders' equity	15,383	920	113	2,217	18,635	917	19,552
Total changes in items during the year	15,383	920	113	2,217	18,635	917	191,629
Balance at March 31, 2007	¥132,985	¥920	¥5,713	¥(19,689)	¥119,929	¥38,527	¥1,539,621

The accompanying notes are an integral part of these statements.

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2006	\$847,098	\$5,170,715	\$4,260,423	\$ (36,086)	\$10,242,160
Issuance of common stock	358,610	358,407			717,018
Cash dividends			(743,964)		(743,964)
Directors' and corporate auditors' bonuses from appropriation			(7,598)		(7,598)
Net income			2,538,610		2,538,610
Acquisition of treasury stock				(1,045,252)	(1,045,252)
Disposal of treasury stock		897		2,371	3,278
Increase by newly consolidated or deconsolidated subsidiaries			1,118		1,118
Decrease by newly consolidated or deconsolidated subsidiaries			(144)		(144)
Transfer from land revaluation account			(957)		(957)
Decrease due to assets revaluation of a subsidiary in Thailand			(4,430)		(4,430)
Net changes in items other than shareholders' equity					
Total changes in items during the year	358,610	359,313	1,782,609	(1,042,880)	1,457,653
Balance at March 31, 2007	\$1,205,709	\$5,530,029	\$6,043,041	\$(1,078,966)	\$11,699,822

	Thousands of U.S. dollars (Note 1)						
	Valuation and translation adjustments						
	Net unrealized gains on securities	Net unrealized gains on hedges	Revaluation reserve for land, net of tax	Translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2006	\$ 996,204	\$ -	\$47,429	\$(185,573)	\$ 858,060	\$318,585	\$11,418,814
Issuance of common stock							717,018
Cash dividends							(743,964)
Directors' and corporate auditors' bonuses from appropriation							(7,598)
Net income							2,538,610
Acquisition of treasury stock							(1,045,252)
Disposal of treasury stock							3,278
Increase by newly consolidated or deconsolidated subsidiaries							1,118
Decrease by newly consolidated or deconsolidated subsidiaries							(144)
Transfer from land revaluation account							(957)
Decrease due to assets revaluation of a subsidiary in Thailand							(4,430)
Net changes in items other than shareholders' equity	130,309	7,793	957	18,780	157,856	7,767	165,624
Total changes in items during the year	130,309	7,793	957	18,780	157,856	7,767	1,623,286
Balance at March 31, 2007	\$1,126,514	\$7,793	\$48,394	\$(166,785)	\$1,015,916	\$326,361	\$13,042,109

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥508,640	¥509,261	\$4,308,682
Adjustments for:			
Depreciation and amortization	176,794	175,057	1,497,619
Decrease in reserves	(6,286)	(143)	(53,248)
Interest and dividend income	(8,432)	(7,212)	(71,427)
Interest expense	15,398	15,801	130,436
Profit on sales of investments in securities	(5,981)	(20,726)	(50,664)
Loss on inventory evaluation	–	9,850	–
Loss on disposal of property, plant and equipment, etc.	4,997	–	42,329
Write-down of investments in securities	1,158	1,444	9,809
Provision of allowance for doubtful accounts	1,223	–	10,360
Cost of treatment of PCB waste	–	12,611	–
Additional charges for early-retirement plan	1,112	2,557	9,419
Surcharge on violation of the Antimonopoly Act	1,333	2,315	11,291
Cost of voluntary dismantlement of snow melting equipment	1,036	–	8,775
Changes in assets and liabilities:			
Changes in notes and accounts receivable	(50,657)	39,920	(429,114)
Changes in inventories	(33,189)	(38,568)	(281,143)
Changes in notes and accounts payable	42,894	(45,087)	363,354
Other, net	(33,254)	(25,251)	(281,694)
Subtotal	616,788	631,829	5,224,803
Interest and dividend income received	16,533	12,027	140,050
Interest paid	(16,509)	(16,790)	(139,847)
Income taxes paid	(182,790)	(232,110)	(1,548,411)
Other, net	(16,375)	7,016	(138,712)
NET CASH PROVIDED BY OPERATING ACTIVITIES	417,645	401,973	3,537,865
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchases of property, plant and equipment	(186,874)	(176,324)	(1,583,007)
Proceeds from sales of property, plant and equipment	14,217	12,724	120,432
Payments for purchases of investments in securities	(130,852)	(6,270)	(1,108,445)
Proceeds from sales of investments in securities	7,446	43,980	63,074
Other, net	3,313	9,665	28,064
NET CASH USED IN INVESTING ACTIVITIES	(292,750)	(116,224)	(2,479,881)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Decrease in short-term borrowings, net	6,293	4,518	53,307
Increase in long-term debt	331,881	141,338	2,811,359
Repayments of long-term debt	(302,167)	(430,521)	(2,559,652)
Payments for purchases of treasury stock	(123,392)	–	(1,045,252)
Payments for dividends by parent company	(87,494)	(26,243)	(741,160)
Other, net	(1,361)	(5,220)	(11,529)
NET CASH USED IN FINANCING ACTIVITIES	(113,304)	(316,127)	(959,796)
Effect of exchange rate change on cash and cash equivalents	98	3,125	830
Net increase (decrease) in cash and cash equivalents	11,688	(27,253)	99,008
Cash and cash equivalents at beginning of the year	32,464	59,866	275,002
Increase (decrease) in cash and cash equivalents at beginning of the year by newly consolidated or deconsolidated subsidiaries	907	(148)	7,683
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 3)	¥ 45,061	¥ 32,464	\$ 381,711

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JFE Holdings, Inc. and Subsidiaries
Years ended March 31, 2007 and 2006

1. Basis of Presentation

The accompanying consolidated financial statements of JFE Holdings, Inc. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

The Company's overseas subsidiaries maintain their accounts and records in conformity with generally accepted accounting principles and practices prevailing in their respective countries of domicile.

The notes to the consolidated financial statements include information that is not required under the Japanese GAAP but is presented herein as additional information.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2007, which was ¥118.05 to US\$1.00. These convenient translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation Principles

The consolidated financial statements include the accounts of the Company's 213 domestic and foreign subsidiaries (the "Group" as JFE Holdings, Inc. consolidated group, hereinafter). All significant inter-company transactions and accounts are eliminated in consolidation.

41 affiliates are accounted for by the equity method whereby the Group includes in net income its share of income or losses of these companies, and records its investments at cost adjusted for its share of income, losses or dividends received.

(b) Translation of Foreign Currencies

Revenues and expenses are translated at the rates of exchange prevailing when transactions are made, and assets and liabilities are translated into Japanese yen at the exchange rates in effect on the respective balance sheet date.

The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet dates except for shareholders' equity, which is translated at historical rates. Differences arising from such translation are shown as "translation adjustments" in a separate component of net assets in the balance sheet.

(c) Valuation of Securities

Available-for-sale Securities

Marketable:

Valued primarily at market based on an average of the market prices for a period of one month prior to the settlement date. (Valuation differences are recorded as net unrealized gains on securities, net of tax, in net assets in balance sheet by the direct capitalization method, with the costs of sales calculated primarily by the moving average method.)

Non-marketable:

Valued primarily at cost by the moving average method.

(d) Valuation of Inventories

Valued primarily at cost by the last in first out (LIFO) method.

(e) Depreciation Method for Property, Plant and Equipment

Depreciation is calculated primarily by the declining balance method.

(f) Intangible Fixed Assets

Amortization of intangible assets is calculated primarily by the straight-line method.

Amortization of the software for internal use is computed by the straight-line method based on the estimated useful lives (5 years).

(g) Allowance for Doubtful Accounts

The projected uncollectible amount is provided as the allowance using historical default rates in the past for ordinary credits and individual collectability assessments for credits deemed to have a high likelihood of default and for other specific credits.

(h) Accrued Retirement Benefits

Accrued retirement benefits are provided based on the amount of projected benefit obligation reduced by pension plan assets at fair value at the end of the fiscal period.

Prior service cost is amortized in projected average years of service of the employees.

Actuarial losses are amortized in projected average years of service of the employees from the following fiscal year after the year in which they occurred.

(i) Changes in Accounting Principle

(i) Recognition of revenues from construction-type contracts

Prior to April 1, 2006, revenues from construction-type contracts in the Engineering was recorded on the percentage-of-completion method for contracts with more than 1-year scheduled term and a contract price of ¥500 million or more, and on the completed contract method for other contracts. However, for the purpose of more accurate revenues and costs calculation for the period, we decided to record revenues on the percentage-of-completion method for contracts with more than 1-year scheduled term and a contract price of ¥100 million or more of which orders were newly received during the year ended March 31, 2007.

The impact of this change on net sales, operating income, ordinary income, and net income before tax and minority interests for the year ended March 31, 2007 is insignificant.

(ii) Accounting standard for presentation of net assets in the balance sheet
Effective the year ended March 31, 2007, the Company has adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Board of Japan "ASBJ" Statement No.5 issued on December 9, 2005) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8 issued on December 9, 2005). In addition, effective the year ended March 31, 2007, the Company is required to prepare consolidated statements of changes in net assets instead of consolidated statements of shareholders' equity.

Total shareholders' equity prior to the adoption of this standard is ¥1,500,173 million (\$12,707,945 thousand).

(iii) Accounting standard for business combinations and accounting standard for business divestitures

Effective the year ended March 31, 2007, the Company has adopted "Accounting Standard for Business Combinations" (issued by Business Accounting Council on October 31, 2003), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 issued on December 27, 2005), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on December 27, 2005).

(iv) Tentative solution on accounting for deferred assets and accounting standard for financial instruments

Effective the year ended March 31, 2007, the Company has adopted "Tentative Solution on Accounting for Deferred Assets" (ASBJ Practical Solution No. 19 issued on August 11, 2006) and "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on August 11, 2006).

There is no impact on income or loss due to this change for the year ended March 31, 2007.

(j) Reserve for Rebuilding Furnaces

The estimated cost of the next repair is allocated to the reserves in equal amounts over the year to the next repair.

(k) Leases

Finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that applicable to ordinary operating leases.

(l) Revenue Recognition for Long-Term

Construction-Type Contracts

The revenue of long-term construction-type contracts, in respect of over 1-year duration and ¥100 million in amount, is recognized by the percentage-of-completion method.

(m) Consolidated Tax Return

The Company files a consolidated tax return with certain domestic subsidiaries.

(n) Per Share Information

Basic net income per share is computed by dividing net income available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Net income used in the computation was ¥299,683 million (\$2,538,610 thousand) and ¥325,098 million, the average number of shares used in the computation was 583,513 thousand and 585,741 thousand for the years ended March 31, 2007 and 2006, respectively.

Cash dividends per share shown in the statement of income are the amounts applicable to the respective year.

3. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash and deposits	¥45,170	¥32,567	\$382,634
Time deposits with a maturity of more than three months	(108)	(103)	(914)
	¥45,061	¥32,464	\$381,711

4. Securities

The following is a summary of held-to-maturity securities and available-for-sale securities at March 31, 2007 and 2006:

Marketable:

	Millions of yen					
	Held-to-maturity securities					
	2007			2006		
	Book value (Carrying amount)	Estimated fair value	Unrealized gain (loss)	Book value (Carrying amount)	Estimated fair value	Unrealized gain (loss)
Book value lower than estimated fair value:						
Bonds	¥223	¥224	¥0	¥ 23	¥ 24	¥ 0
Book value exceeding estimated fair value:						
Bonds	0	0	0	199	190	(9)
Total	¥223	¥224	¥0	¥223	¥214	¥(8)

	Millions of yen					
	Available-for-sale securities					
	2007			2006		
	Cost	Book value (Estimated fair value)	Unrealized gain (loss)	Cost	Book value (Estimated fair value)	Unrealized gain (loss)
Cost lower than book value:						
Equity securities	¥181,408	¥397,298	¥215,889	¥78,652	¥269,946	¥191,293
Bonds	-	-	-	-	-	-
Subtotal	181,408	397,298	215,889	78,652	269,946	191,293
Cost exceeding book value:						
Equity securities	8,371	7,524	(847)	1,594	1,244	(349)
Bonds	45	45	(0)	45	44	(1)
Subtotal	8,416	7,569	(847)	1,639	1,289	(350)
Total	¥189,825	¥404,867	¥215,042	¥80,292	¥271,235	¥190,942

	Thousands of U.S. dollars		
	Held-to-maturity debt securities		
	2007		
	Book value (Carrying amount)	Estimated fair value	Unrealized gain (loss)
Book value lower than estimated fair value:			
Bonds	\$1,889	\$1,897	\$0
Book value exceeding estimated fair value:			
Bonds	0	0	0
Total	\$1,889	\$1,897	\$0

	Thousands of U.S. dollars		
	Available-for-sale securities		
	2007		
	Cost	Book value (Estimated fair value)	Unrealized gain (loss)
Cost lower than book value:			
Equity securities	\$1,536,704	\$3,365,506	\$1,828,792
Bonds	-	-	-
Subtotal	1,536,704	3,365,506	1,828,792
Cost exceeding book value:			
Equity securities	70,910	63,735	(7,174)
Bonds	381	381	(0)
Subtotal	71,291	64,116	(7,174)
Total	\$1,608,005	\$3,429,623	\$1,821,617

Non-marketable: Available-for-sale securities:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Unlisted stocks, except OTC-traded stock	¥37,935	¥39,338	\$321,346
Unlisted bonds	131	204	1,109
Subscription certificates	12	22	101

5. Long-term Debt

Long-term debt at March 31, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
0.74% yen bonds, due November 2007	¥ 30,000	¥ 30,000	\$ 254,129
0.89% yen bonds, due October 2008	20,000	20,000	169,419
0.75% yen bonds, due February 2009	20,000	20,000	169,419
1.00% yen bonds, due July 2010	20,000	20,000	169,419
0.64% yen bonds, due July 2010	30,000	30,000	254,129
0.98% yen bonds, due November 2010	20,000	20,000	169,419
1.44% yen bonds, due October 2011	20,000	–	169,419
Euro Yen Zero Coupon Guaranteed Convertible Bonds, due June 2009 (Note 1)	17,612	100,000	149,191
2.10% yen bonds (issued by JFE Steel), due May 2006	–	10,000	–
0.87% yen bonds (issued by JFE Steel), due June 2006	–	10,000	–
2.10% yen bonds (issued by JFE Steel), due June 2006	–	10,000	–
0.94% yen bonds (issued by JFE Steel), due August 2006	–	10,000	–
0.90% yen bonds (issued by JFE Steel), due November 2006	–	30,000	–
3.10% yen bonds (issued by JFE Steel), due May 2007	20,000	20,000	169,419
3.225% yen bonds (issued by JFE Steel), due June 2007	10,000	10,000	84,709
0.93% yen bonds (issued by JFE Steel), due August 2007	10,000	10,000	84,709
Yen bonds (issued by JFE Steel), due December 2007 (Note 2)	10,000	10,000	84,709
0.83% yen bonds (issued by JFE Steel), due February 2008	40,000	40,000	338,839
3.00% yen bonds (issued by JFE Steel), due February 2008	10,000	10,000	84,709
2.70% yen bonds (issued by JFE Steel), due April 2008	10,000	10,000	84,709
2.70% yen bonds (issued by JFE Steel), due April 2008	10,000	10,000	84,709
2.50% yen bonds (issued by JFE Steel), due June 2008	10,000	10,000	84,709
1.03% yen bonds (issued by JFE Steel), due June 2008	10,000	10,000	84,709
Yen bonds (issued by JFE Steel), due May 2009 (Note 3)	–	20,000	–
2.375% yen bonds (issued by JFE Steel), due November 2009	10,000	10,000	84,709
3.27% yen bonds (issued by JFE Steel), due November 2009	10,000	10,000	84,709
3.00% yen bonds (issued by JFE Steel), due January 2010	10,000	10,000	84,709
1.06% yen bonds (issued by JFE Steel), due March 2010	10,000	10,000	84,709
3.50% yen bonds (issued by JFE Steel), due May 2012	20,000	20,000	169,419
Loans, principally from banks and insurance companies, due 2006 – 2022	718,590	618,530	6,087,166
Less current portion	(296,688)	(282,173)	(2,513,240)
Total long-term debt	¥ 799,515	¥ 866,356	\$ 6,772,681

Notes:

1. Details of the Convertible Bond are as follows:

1) Type of shares
Common stock

2) Issue value of stock acquisition rights
Non-assessable

3) Conversion price
¥3,465 per share

4) Total principal amount issued

The total of ¥102.5 billion plus 102.5% of the principal amount of the Bond portion for Stock Acquisition Rights issued, upon obtaining appropriate proof and compensation, to replace Euro Yen Zero Coupon Guaranteed Convertible Bonds, that are lost, stolen or destroyed.

5) Total principal amount issued of new shares by exercise of rights

No exercise

6) The rate of granting of stock acquisition rights
100%

7) Stock Acquisition Right exercise period

Stock Acquisition Rights may be exercised at any time from June 28, 2004 to the close of banking operations (local time of the party exercising) on June 10, 2009 (or the third banking day prior to redemption in the event of accelerated redemption of the Bond).

2. 10-year yen bond swap rate – 0.82%

3. From May 16, 2001 to May 15, 2006: 1.30% per annum – redeemed on May 15, 2006

From May 16, 2006 to May 15, 2009: 2.00% per annum

6. Pledged Assets

At March 31, 2007 and 2006, pledged assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Property, plant and equipment	¥46,027	¥58,647	\$389,894
Investments in securities	9,786	13,014	82,897
Others	478	39	4,049

In addition, the Company intends to set pledges for consolidated subsidiary shares (book value on the financial statements of individual consolidated subsidiaries of ¥2,335 million [\$19,779,000] at March 31, 2007 and 2006), respectively.

7. Revaluation of Land for Business

In the years ended March 31, 2001 and 2002, part of the subsidiaries and affiliates revaluated the land for business purposes based on the Law Concerning Revaluation of Land and its amendment issued on March 31, 2001 and 2002, respectively.

Revaluation differences, net of the portion charged to “deferred tax liabilities” and “minority interests,” were recorded as “revaluation reserve for land, net of tax” in net assets.

The fair value of these lands is lower than the revaluated book-value, and the difference was ¥17,544 million (\$148,614,000) and ¥15,473 million on March 31, 2007 and 2006, respectively.

8. Accrued Retirement Benefits

The following tables set forth the changes in the benefit obligation, plan assets and funded status of the Company and its subsidiaries at March 31, 2007 and 2006.

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Retirement benefit obligation	¥(504,791)	¥(517,770)	\$(4,276,077)
Fair value of plan assets	381,447	359,785	3,231,232
Unfunded retirement benefit obligation	(123,343)	(157,984)	(1,044,836)
Unrecognized net retirement benefit obligation at transition	1,043	1,174	8,835
Unrecognized actuarial losses	20,888	39,528	176,941
Unrecognized prior service cost	(10,014)	(11,933)	(84,828)
Net amount	(111,427)	(129,215)	(943,896)
Prepaid cost	40,876	27,211	346,260
Accrued retirement benefits	¥(152,303)	¥(156,427)	\$(1,290,156)

Retirement and pension costs of the Company and its subsidiaries included the following components for the years ended March 31, 2007 and 2006.

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Service cost (Note 1)	¥16,763	¥17,550	\$141,999
Interest cost	7,663	7,719	64,913
Expected return on plan assets	(6,187)	(5,364)	(52,409)
Amortization:			
Net retirement benefit obligation at transition	130	131	1,101
Actuarial losses	8,561	12,015	72,520
Prior service cost	(1,563)	(1,605)	(13,240)
Accrued retirement benefit cost	25,368	30,447	214,891
Other (Note 2)	93	25	787
Total	¥25,461	¥30,473	\$215,679

Notes:

1. Accrued retirement benefit cost incurred by consolidated subsidiaries applying a simplified method to calculate retirement benefit obligation is included under “service cost.”

2. Premiums on defined contribution plans for certain consolidated subsidiaries.

3. With implementation of the early-retirement plan, ¥1,112 million (\$9,419,000) is included in extraordinary loss in 2007 as additional charges in addition to the above accrued retirement benefit cost

The rationale for calculations of retirement benefit obligations for the years ended March 31, 2007 and 2006 is as follows:

	2007	2006
1. Retirement benefit projection amortization method:	Primarily, the straight-line method over the period	Primarily, the straight-line method over the period
2. Discount rate:	Primarily 1.5%	Primarily 1.5%
3. Expected return on plan assets:	Primarily 1.7%	Primarily 1.6%
4. Amortization period for prior service cost:	Primarily 10 years (Treated as cost using the straight-line method for a set number of years within the average remaining service period for employees at the time of accrual.)	Primarily 10 years (Treated as cost using the straight-line method for a set number of years within the average remaining service period for employees at the time of accrual.)
5. Amortization period for actuarial losses:	Primarily 10 years (Amortized using the straight-line method over a set number of years within the average remaining service period for the employees during the consolidated fiscal year in which discrepancies were accrued. These amounts are treated as cost posted to the next consolidated fiscal year after the year in which they were accrued.)	Primarily 10 years (Amortized using the straight-line method over a set number of years within the average remaining service period for the employees during the consolidated fiscal year in which discrepancies were accrued. These amounts are treated as cost posted to the next consolidated fiscal year after the year in which they were accrued.)

9. Contingencies

At March 31, 2007 and 2006, the Group was contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Guarantees of debt	¥26,499	¥31,847	\$224,472
Trade notes discounted	840	786	7,115
Trade notes endorsed	181	—	1,533
Other contingencies	6	17	50

At March 31, 2006 and 2007, commitments outstanding for loan commitments were ¥500 million (\$4,235,000).

10. Leases

The Group leases certain buildings and structures, machinery and equipment, office space and other assets. Total lease payments under these leases were ¥7,769 million (\$65,811,000) and ¥8,194 million for the years ended March 31, 2007 and 2006, respectively.

Pro forma information on leased property, such as acquisition costs, accumulated depreciation and net book value for property held under finance leases which do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2007 and 2006 was as follows:

	Millions of yen						Thousands of U.S. dollars		
	2007			2006			2007		
	Machinery and equipment	Others	Total	Machinery and equipment	Others	Total	Machinery and equipment	Others	Total
Acquisition costs	¥44,733	¥7,695	¥52,429	¥52,232	¥9,533	¥61,765	\$378,932	\$65,184	\$444,125
Accumulated depreciation	23,638	4,274	27,913	29,369	5,848	35,218	200,237	36,204	236,450
Net book value	¥21,094	¥3,421	¥24,516	¥22,862	¥3,684	¥26,547	\$178,686	\$28,979	\$207,674

Future minimum lease payments under finance leases as of March 31, 2007 and 2006, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Due within one year	¥ 7,479	¥ 7,233	\$ 63,354
Due after one year	17,037	19,314	144,320
Total	¥24,516	¥26,547	\$207,674

The acquisition costs and future minimum lease payments under finance leases include the imputed interest expense portion.

Depreciation expenses, which were not reflected in the accompanying consolidated statements of income, computed by the straight-line method, were ¥7,769 million (\$65,811,000) and ¥8,194 million for the years ended March 31, 2007 and 2006, respectively.

11. Derivatives and Hedging Activities

The Group's basic policy is that derivative financial instruments are used to reduce the interest rate risk and foreign exchange rate risk, not to speculate. The Group has established controls including policies and procedures for risk assessments and for the approval, reporting and

monitoring of transactions involving derivative financial instruments. The Group does not hold or issue derivative financial instruments for trading purposes.

The Group is exposed to certain market risks arising from its forward exchange contracts and swap agreements. The Group is also exposed to the risk of credit loss in the event of non-performance by the counterparties to the currency and interest; however, the Group does not anticipate non-performance by any of these counterparties, all of whom are financial institutions with high credit ratings.

Interest rate swap agreements outstanding at March 31, 2007 and 2006 were as follows:

	Millions of yen				Thousands of U.S. dollars
	2007		2006		2007
	Contracted amount	Recognized loss	Contracted amount	Recognized loss	Recognized loss
Interest rate swap agreements:					
To receive floating and pay fixed rates	¥8,900	¥(619)	¥11,860	¥(798)	\$(5,243)
Total		¥(619)		¥(798)	\$(5,243)

12. Research and Development Expenses

Research and development expenses charged to income were ¥38,149 million (\$323,159,000) and ¥38,193 million for the years ended March 31, 2007 and 2006, respectively.

13. Income Taxes

The reconciliation of the difference between the statutory tax rate and the effective tax rate is omitted since the difference is less than 5%.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2007 and 2006 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Deferred tax assets:			
Accrued retirement benefits	¥ 42,743	¥ 43,780	\$ 362,075
Loss on impairment of property, plant and equipment, etc.	25,340	25,823	214,654
Accrued expenses	23,089	23,788	195,586
Deferred tax assets recorded at subsidiaries in the United States	22,554	21,899	191,054
Reserve for rebuilding furnaces	15,467	18,094	131,020
Elimination of unrealized profits	—	17,246	—
Loss carry-forwards	16,900	—	143,159
Others	58,847	64,265	498,492
Total deferred tax assets	204,943	214,899	1,736,069
Valuation allowance	(36,462)	(33,218)	(308,869)
Valuation allowance at subsidiaries in the United States	(21,845)	(21,190)	(185,048)
Deferred tax assets net of valuation allowances	146,635	160,489	1,242,143
Deferred tax liabilities:			
Unrealized gain on securities	(84,744)	(74,809)	(717,865)
Others	(15,190)	(13,063)	(128,674)
Total deferred tax liabilities	(99,934)	(87,872)	(846,539)
Net deferred tax assets	¥ 46,700	¥ 72,617	\$ 395,595

14. Segment Information

Information regarding operations in industry segments, geographic segments and sales to foreign customers of the Group for the years ended and as of March 31, 2007 and 2006 was as follows:

(1) Industry Segments

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Sales:			
Steel			
Sales to customers	¥2,903,196	¥2,726,383	\$24,592,935
Inter-segment	21,914	27,480	185,633
Total sales	¥2,925,110	¥2,753,864	\$24,778,568
Engineering			
Sales to customers	¥ 279,991	¥ 298,740	\$ 2,371,800
Inter-segment	12,171	7,340	103,100
Total sales	¥ 292,163	¥ 306,080	\$ 2,474,908
Urban Development			
Sales to customers	¥ 32,921	¥ 27,077	\$ 278,873
Inter-segment	1,400	1,513	11,859
Total sales	¥ 34,322	¥ 28,590	\$ 290,741
LSI			
Sales to customers	¥ 44,338	¥ 46,172	\$ 375,586
Inter-segment	—	—	—
Total sales	¥ 44,338	¥ 46,172	\$ 375,586
Elimination / Corporate			
Sales to customers	¥ —	¥ —	\$ —
Inter-segment	(35,487)	(36,334)	(300,609)
Total sales	¥ (35,487)	¥ (36,334)	\$ (300,609)
Consolidated total			
Sales to customers	¥3,260,447	¥3,098,374	\$27,619,203
Inter-segment	—	—	—
Total sales	¥3,260,447	¥3,098,374	\$27,619,203

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Operating Expenses:			
Steel	¥2,425,199	¥2,240,072	\$(20,543,828)
Engineering	294,137	309,458	2,491,630
Urban Development	30,379	25,592	257,340
LSI	43,490	44,037	368,403
Elimination / Corporate	(36,697)	(37,957)	(310,859)
Consolidated total	¥2,756,509	¥2,581,202	\$ 23,350,351

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Operating Income:			
Steel	¥499,911	¥513,791	\$4,234,739
Engineering	(1,974)	(3,377)	(16,721)
Urban Development	3,942	2,998	33,392
LSI	847	2,135	7,174
Elimination / Corporate	1,210	1,623	10,249
Consolidated total	¥503,938	¥517,171	\$4,268,852

Report of Independent Auditors

The Board of Directors
JFE Holdings, Inc.

We have audited the accompanying consolidated balance sheets of JFE Holdings, Inc. and consolidated subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income and cash flows for the years then ended, changes in net assets for the year ended March 31, 2007 and shareholders' equity for the year ended March 31, 2006, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of JFE Holdings, Inc. and consolidated subsidiaries at March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

June 27, 2007



	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Ordinary Income:			
Steel	¥503,945	¥510,709	\$4,268,911
Engineering	5,882	928	49,826
Urban Development	3,655	2,810	30,961
LSI	514	2,022	4,354
Elimination / Corporate	(476)	843	(4,032)
Consolidated total	¥513,520	¥517,313	\$4,350,021

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2007 and 2006 amounted to ¥1,047,852 million (\$8,876,340,000) and ¥949,061 million, respectively.

15. Extraordinary Profit (Loss)

For the years ended March 31, 2007 and 2006, extraordinary profit (loss) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Profit on sales of investments in securities	¥5,981	¥20,726	\$50,664
Loss on inventory evaluation	—	(9,850)	—
Loss on sales of property, plant and equipment	(4,997)	—	(42,329)
Write-down of investments in securities	(1,158)	(1,444)	(9,809)
Provision of allowance for bad debts	(1,223)	—	(10,360)
PCB disposal	—	(12,611)	—
Additional charges for early-retirement plan	(1,112)	(2,557)	(9,419)
Penalties	(1,333)	(2,315)	(11,291)
Cost of voluntary dismantlement of snow melting equipment	(1,036)	—	(8,775)

16. Supplemental Cash Flow Information

For the year ended March 31, 2007, increases in common stock and additional paid-in capital, and a decrease in premium arising from conversion of convertible bonds amounted to ¥42,334 million (\$358,610 thousand), ¥42,310 million (\$358,407 thousand) and ¥2,064 million (\$17,484 thousand), respectively.

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Assets:			
Steel	¥3,562,734	¥3,304,473	\$30,179,872
Engineering	322,868	337,975	2,735,010
Urban Development	39,033	36,700	330,648
LSI	35,289	36,982	298,932
Elimination / Corporate	(87,784)	(85,809)	(743,617)
Consolidated total	¥3,872,142	¥3,630,322	\$32,800,864

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Depreciation and amortization:			
Steel	¥166,577	¥164,722	\$1,411,071
Engineering	5,338	5,427	45,218
Urban Development	409	404	3,464
LSI	4,420	4,434	37,441
Elimination / Corporate	49	69	415
Consolidated total	¥176,794	¥175,057	\$1,497,619

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Capital expenditures:			
Steel	¥185,138	¥168,913	\$1,568,301
Engineering	3,659	3,338	30,995
Urban Development	654	435	5,540
LSI	3,989	5,561	33,790
Elimination / Corporate	154	110	1,304
Consolidated total	¥193,596	¥178,358	\$1,639,949

(2) Geographic Segments

Geographic segment information has not been disclosed because the sales and assets of consolidated foreign subsidiaries for the years ended March 31, 2007 and 2006 were less than 10% of consolidated net sales and assets.

MAJOR CONSOLIDATED SUBSIDIARIES AND EQUITY METHOD AFFILIATES

(As of March 31, 2007)

Name	Paid-in Capital**	Main Business Operations	Voting Shares (%)
JFE Steel Corporation	239,644	Steel Business	100.0
JFE PRECISION CORPORATION	3,400	Resources/Raw Materials	100.0
JFE MINERAL COMPANY, LTD.	2,000	Resources/Raw Materials	99.5
MIZUSHIMA FERROALLOY CO., LTD.	1,257	Resources/Raw Materials	93.8
JFE Refractories Corporation	948	Resources/Raw Materials	99.0
JFE Bars & Shapes Corporation	45,000	Electric Furnaces/Shape Steel Makers	100.0
DAIWA STEEL CORPORATION	5,050	Electric Furnaces/Shape Steel Makers	92.4
Toyohira Steel Corporation	1,560	Electric Furnaces/Shape Steel Makers	51.3
Tohoku Steel Corporation	300	Electric Furnaces/Shape Steel Makers	94.2
JFE Galvanizing & Coating Co., Ltd.	5,000	Steel Product Processing/Processed Products	98.4
JFE Metal Products & Engineering Inc.	5,000	Steel Product Processing/Processed Products	96.4
JFE CONTAINER Co., Ltd.	2,365	Steel Product Processing/Processed Products	54.4
JFE Welded Pipe Manufacturing Co., Ltd.	1,437	Steel Product Processing/Processed Products	98.4
JFE Pipe Fitting Mfg. Co., Ltd.	958	Steel Product Processing/Processed Products	86.6
River Steel Co., Ltd.	450	Steel Product Processing/Processed Products	90.0
JFE KOHNAN STEEL CENTER CO., LTD.	250	Steel Product Processing/Processed Products	89.2
Nippon Chuzo Co., Ltd.*	2,102	Steel Product Processing/Processed Products	42.1
JFE Kozai Corporation	488	Distribution/Processing	94.5
JFE Civil Engineering & Construction Corp.	2,300	Facilities & Maintenance/Construction	100.0
JFE Mechanical Co., Ltd.	1,700	Facilities & Maintenance/Construction	93.8
JFE Electrical & Control Systems, Inc.	400	Facilities & Maintenance/Construction	100.0
Kawatetsu Bridge and Steel Structure Corporation	1,500	Steel Structures/Temporary Construction	100.0
GECOSS CORPORATION*	4,397	Steel Structures/Temporary Construction	39.4
JFE LOGISTICS CORPORATION	4,000	Logistics/Contracting	88.9
JFE Systems, Inc.	1,390	Information Systems	67.7
EXA CORPORATION*	1,250	Information Systems	49.0
Setouchi Joint Thermal Power Co., Ltd.*	5,000	Electric Power/Utilities	50.0
K.K. JFE SANSO CENTER	90	Electric Power/Utilities	40.0
JFE Chemical Corporation	6,000	Chemicals	100.0
JFE LIFE CORPORATION	2,000	General Services/Assets Management	99.9
JFE Techno-Research Corporation	100	Intellectual Property & Technology Information/Inspection & Analysis	100.0
JFE SHOJI HOLDINGS, INC.*	20,000	Trading Company	39.5
NKK U.S.A. Corporation	US\$347,446 thousand	Investment & Loan	100.0
NKK Capital of America, Inc.	US\$208,869 thousand	Group Finance	100.0
Thai Coated Steel Sheet Co., Ltd.	THB 2,206 million	Steel Product	81.4
GUANGZHOU JFE STEEL SHEET COMPANY LTD.	RMB 625 million	Steel Product	51.0
California Steel Industries, Inc.*	US\$40,000 thousand	Steel Product	50.0
Thai Cold Rolled Steel Sheet Public Co., Ltd.*	THB 10,703 million	Steel Product	38.4
DONGKUK STEEL MILL Co., Ltd.*	KRW 421,185 million	Steel Product	15.0
Philippine Sinter Corporation	PHP 500 million	Resources/Raw Materials	100.0
JFE Engineering Corporation	10,000	Engineering Business	100.0
JFE Koken Corp.	3,494	Civil Construction/Pipeline Construction	100.0
JFE Environmental Solutions Corporation	1,360	Machinery Construction/Plant Construction	100.0
JP Steel Plantech Co.*	1,995	Machinery Construction/Plant Construction	25.6
JFE KANKYO Corporation	650	Environment & Recycling	90.8
Universal Shipbuilding Corporation*	25,000	Shipbuilding	50.0
NIPPON CHUTETSUKAN K.K.*	1,855	Manufacture and Sale of Water Pipes and Gas Pipes	29.3
JFE Urban Development Corporation	3,000	Urban Development Business	100.0
KAWASAKI MICROELECTRONICS, INC.	5,046	LSI Business	99.7
JFE R&D Corporation	10	R&D Operations	100.0
JFE Finance Corporation	50	Group Finance	100.0

*:Equity method affiliates
 **:Millions of yen, unless otherwise specified
 Other 174 consolidated subsidiaries and 29 equity method affiliates

SHAREHOLDER INFORMATION

(As of March 31, 2007)

Corporate Data

Company Name: JFE Holdings, Inc.
(Trade Name)
Head Office Address: 1-5-1 Marunouchi, Chiyoda-ku, Tokyo 100-6527
Tel: +81-3-3217-4049 (main)
URL: <http://www.jfe-holdings.co.jp/>

Date of Establishment: September 27, 2002
Paid-in Capital: ¥142.3 billion
Number of Outstanding Shares: 611,663,662
Number of Shareholders: 345,249

Investor Information

Securities Traded: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange (Securities code: 5411)
Annual Shareholders' Meeting: Held every June in Tokyo
Transfer Agent: Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo 103-8670

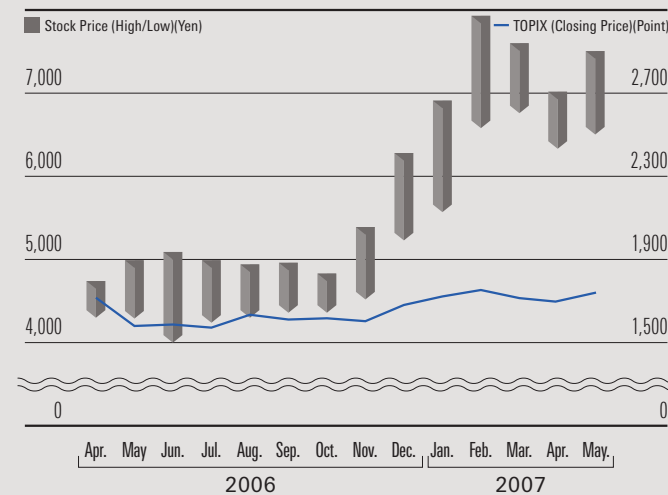
Business Office of Transfer Agent: Stock Transfer Agency Dept. of Mizuho Trust & Banking Co., Ltd. 17-7, Saga 1-chome, Koto-ku, Tokyo 135-8722
 Tel: +81-120-288-324 (toll-free)

Principal Shareholders

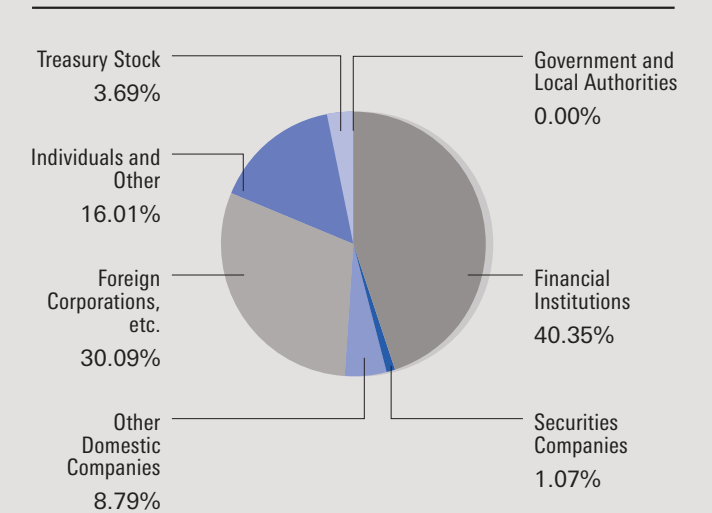
Name of Shareholder	Number of Shares Held (Thousand Shares)	Percentage of Voting Rights (%)
The Master Trust Bank of Japan, Ltd. (trust account)	46,918	8.0
Japan Trustee Services Bank, Ltd. (trust account)	36,248	6.2
Nippon Life Insurance Company	22,139	3.8
The Dai-ichi Mutual Life Insurance Company	15,985	2.7
Mizuho Corporate Bank, Ltd.	13,351	2.3
State Street Bank & Trust Company	11,838	2.0
State Street Bank & Trust Company 505103	11,802	2.0
Tokio Marine and Nichido Fire Insurance Co., Ltd.	9,975	1.7
Japan Trustee Services Bank, Ltd. (trust account 4)	9,213	1.6
Sompo Japan Insurance Inc.	8,419	1.4

Other than the above, we conduct capitalization by excluding our own shares in the calculation of investment ratio, as we have 22,552,843 of our own shares.

Trends in Stock Price



Composition of Shareholders



Trends in Trading Volume

