



JFE Group Overview

The JFE Group strives to achieve sustainable growth by contributing to society with the world's most innovative technology, as well as to increase value for shareholders and other stakeholders.

Operating Results for FY2009

With the sudden onset of the global recession in 2008, the Group rapidly implemented extensive cost reductions. At the same time, both production and sales were broadly adjusted to match declines in demand, including the idling of two blast furnaces by JFE Steel. Thereafter, however, the Group quickly capitalized on rising demand in fast-recovering Asian emerging economies, focusing on exports of high-end steel to these markets. As a result of such actions, JFE Holdings achieved a current-account surplus despite the severe business environment in FY2009.

On a consolidated basis, results for FY2009 included lower sales and earnings. The Group posted net sales of 2,844.3 billion yen, operating income of 88.7 billion yen, and ordinary income of 69.2 billion yen. The Group also posted an extraordinary profit of 1.6 billion yen. Income before income taxes and minority interests was 70.9 billion yen, and net income was 45.6 billion yen.

While working to ensure the JFE Group's sustainability, one of the Group's highest priorities is to return profit to shareholders through the payment of stock dividends. Our basic goal is a consolidated dividend payout ratio of approximately 25%.

In parallel with our emphasis on returns to shareholders, however, we remain cognizant of increasing uncertainties in the global economy, as well as the need to actively invest in future growth. Our policy for the foreseeable future

beyond FY2009, therefore, is to place top priority on the maintenance and improvement of the Group's financial condition. Accordingly, we declared a dividend of 20 yen for FY2009.

Business Environment and Issues

With little hope in Japan for a recovery in demand, and in the face of rapidly rising raw material prices, we expect business conditions to remain severe. The key to our future growth is to capture the expanding demand that is being forecast in Asian markets outside of Japan. While maintaining a close watch on business conditions, we are now ready to boldly pursue our growth strategy.

We are exploring various strategies designed to achieve sure, well-timed footholds in growing markets overseas. These include strengthening sales capabilities, deepening existing alliances, developing new partnerships, and making investments necessary to realize significant growth in the future. We are also working to further strengthen our financial condition to enable the Group to respond to opportunities with flexibility.

In line with our corporate vision of contributing to society with the world's most innovative technologies, we are accelerating development of new products that anticipate the needs of customers and society, while also continuing with the development of our "Only One" and "Number One" technologies and products in each business sector of the Group.

Consolidated sales

2,844.3

billion yen

Ordinary income

69.2

billion yen

Consolidated Operating Results

(Billions of yen)

	FY2008	FY2009
Net sales	3,908.2	2,844.3
Operating income	407.8	88.7
Ordinary income	400.5	69.2
Return on sales (ROS)	10.2%	2.4%
Net income	194.2	45.6
Annual dividend per share	90 (yen)	20 (yen)