

JFE FACT BOOK

June 2003



JFE

Corporate Symbol

Shape: The continuously rotating globe represents a group that is in constant pursuit of new opportunities, actively seeking new contacts and strengthening communication with its customers.

Color: The blue color denotes trust and profundity, symbolizing a global player pursuing infinite business possibilities.

JFE Holdings, Inc.

This Fact Book is not a financial report as required by the Securities and Exchange Law of Japan. Therefore, all data and information in the Fact Book are not warranted as to completeness or accuracy and are subject to change without notice. Forward-looking statements are based on management's assumptions in light of the information available at the point of publishing the Fact Book, and include uncertainties. Undue reliance should not be placed on the Fact Book. JFE Holdings, Inc. disclaim any loss resulting from use of the Fact Book.

JFE Fact Book

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Establishment of JFE Group

Consolidation of Kawasaki Steel and NKK

In April 2001, Kawasaki Steel Corporation (“KSC”) and NKK Corporation (“NKK”) reached a basic agreement to consolidate the entire operations of the two companies including their subsidiaries and affiliates, on the basis of equal partnership and in mutual trust. The aim is to create a new group with a strong earnings base generated mainly from its core businesses of steel and engineering.

In December 2001, the two companies entered into the Basic Agreement for Consolidation.

Background of the Business Consolidation

In April 2000, KSC and NKK entered into an Agreement of Mutual Cooperation for the Operations (transportation, maintenance and procurement) of their four steelworks in Japan. Since then, KSC and NKK had been endeavoring to expand the scope of this mutual cooperation through various joint programs for cost reduction. During these efforts, drastic changes had taken place, such as the global consolidation of major industries and the expansion of globally integrated procurement policies. In order to provide customized high-quality products and related services worldwide and expand business, KSC and NKK agreed that consolidation is the best strategy.

JFE Group Name

The JFE name is composed of the letter "J" for Japan, "F" for steel (as in Fe, the atomic symbol of iron) and "E" for engineering. The acronym can also be thought of as standing for "Japan Future Enterprise," i.e., a future-oriented Japanese business group centered around the core businesses of steel and engineering.

Corporate Vision

The JFE Group — contributing to society with the world's most innovative technology.

Corporate Values

A challenging spirit, flexibility, sincerity.

Corporate Mission

The JFE Group is determined to achieve the highest standards of global competitiveness by capitalizing on its strong customer base, advanced technology and state-of-the-art steelworks and manufacturing plants, while creating an innovative corporate culture with a challenging spirit. Specific objectives include:

1. Responding to global customer needs better and faster
2. Enhancing credibility among shareholders and capital markets worldwide
3. Providing employees with more challenge and opportunities
4. Contributing to local communities and global environmental conservation

Outline of the Consolidation

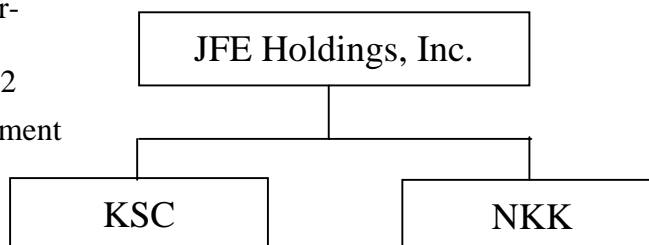
Based on approval at the respective annual shareholders' meetings held in June 2002, KSC and NKK jointly established a holding company ("JFE Holdings") on September 27, 2002, by the "stock-for-stock exchange" method, becoming respectively a 100% subsidiary of JFE Holdings. Under the holding company, KSC and NKK pursued consolidation, coordinating operations with synchronized strategies for each business segment.

[Before consolidation]



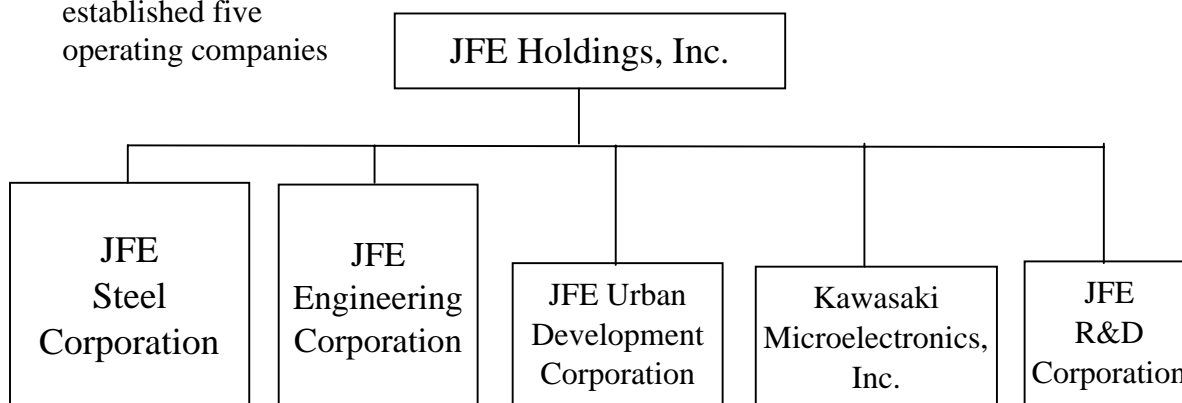
[Step 1]

on September 26, 2002
exercised "stock-for-
stock exchange"
on September 27, 2002
registered establishment
of JFE Holdings



[Step 2]

on April 1, 2003
established five
operating companies



Decision of the Japan Fair Trade Commission

On November 8, 2001, the Japan Fair Trade Commission affirmed that the consolidation of KSC and NKK, including their group companies, would not violate Japan's Antimonopoly Law.

Stock Transfer Agent

The Mizuho Trust and Banking Co., Ltd.

Head Offices

JFE Holdings, Inc.:	1-1-2 Marunouchi, Chiyoda-ku, Tokyo
JFE Steel Corporation:	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo
JFE Engineering Corporation:	1-1-2 Marunouchi, Chiyoda-ku, Tokyo
JFE Urban Development Corporation:	1-1-2 Marunouchi, Chiyoda-ku, Tokyo
Kawasaki Microelectronics, Inc.:	B11 1-3 Nakase, Mihama-ku, Chiba, Chiba
JFE R&D Corporation:	1-1 Minamiwataridacho, Kawasaki-ku, Kawasaki, Kanagawa

Succeeding Companies

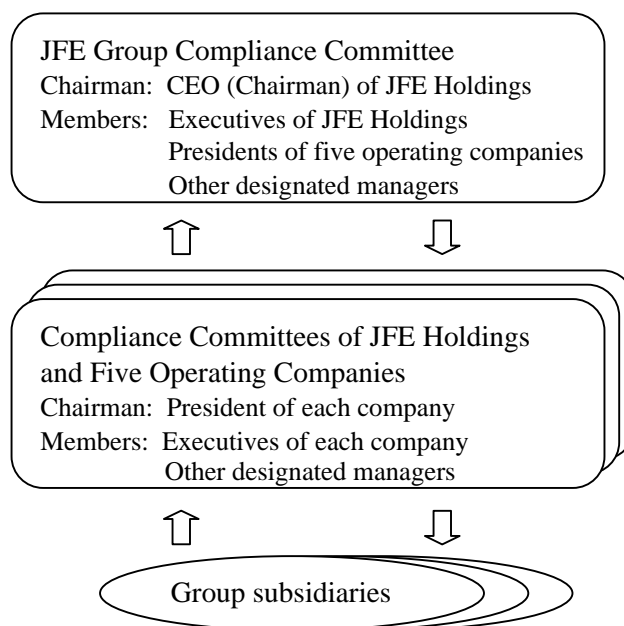
JFE Steel Corporation succeeded Kawasaki Steel Corporation.
JFE Engineering Corporation succeeded NKK Corporation.

Compliance Mechanisms

Following the creation of the JFE Group in September 2002, JFE Holdings, Inc. established the JFE Group Compliance Committee in December 2002. The committee, charged with setting up group-wide compliance mechanisms, has formulated the JFE Group Standards of Business Conduct.

The new committee is promoting rigorous adherence throughout the group to all applicable laws and ordinances and to JFE's own corporate ethical standards, fostering better understanding of compliance issues in all business activities.

JFE has also established compliance mechanisms for JFE Steel Corporation, JFE Engineering Corporation and three other operating companies that were formed in April 2003. In addition, it has installed "Corporate Ethics Hot Lines" that allow employees at all levels to directly inform senior executives of important compliance-related information, further enhancing the compliance structure throughout the group.



Standards of Business Conduct

All JFE Group executives and employees will faithfully adhere to the following Standards of Business Conduct in all facets of corporate activities. These standards were created to embody the Corporate Vision of the JFE Group and go hand-in-hand with the Corporate Values.

Senior executives are to take the lead in communicating these standards to employees throughout the group and in creating effective systems and mechanisms to ensure adherence to corporate ethical standards.

Senior executives shall be directly involved both in the resolution and implementation of measures to prevent the recurrence of any violations of these standards. They shall disclose information about violations in a timely and accurate manner both inside and outside the group, shall clarify the authority and accountability involved and shall deal rigorously with offenses.

1. Provide quality products and services

Earn high regard and trust from customers by using excellent technology to provide quality products and services.

2. Be open to society at large

Endeavor to communicate with shareholders and the broader community, and actively disclose corporate information.

3. Coordinate and cooperate with the community

Actively contribute to the community as a good corporate citizen in a spirit of coordination and cooperation.

4. Globalize

Endeavor to achieve mutual understanding with people around the world, working from global perspectives and respecting local cultures and customs.

5. Exist in harmony with the global environment

Contribute to the achievement of better living standards and the creation of societies that exist in harmony with the global environment.

6. Maintain proper relations with government and political authorities

Endeavor to build and maintain sound and proper relationships with government and political authorities.

7. Respond appropriately to anti-social elements

Firmly resist all elements and organizations that threaten social order and stability, and refuse all illegal and improper demands.

8. Respect human rights

Respect all employees and members of the general public as individuals and refrain from any and all discrimination in corporate activities.

9. Provide challenging work environments

Provide employees with attractive, safe and challenging work environments.

10. Comply with laws and ordinances

Comply with all applicable laws and ordinances, endeavor to compete fairly and freely, refrain from illegal business activities, promote sound business practices, and be faithful and sincere in all activities and dealings.

Philosophy of Consolidation Studies

These philosophies represent the findings of the Consolidation Preparation Committee and subcommittees* on how best to accelerate achievement of the primary objectives of consolidation.

1. Board members and employees must look beyond the interests of the specific company to which they currently belong, seeking only the interests and development of the new company and acting on this philosophy in a rational and fair manner in all decisions and activities.
2. Personnel departments must assign the proper people to the proper positions in a fair manner based on abilities and performance.
3. Important decisions must only be made after full discussion.
4. Work processes, systems and technologies must be evaluated fairly and those deemed superior must be adopted by the new company so as to build a corporate structure that is competitive at the highest levels in the world, including cost

These philosophies apply to company management after consolidation.

- * Reorganized into the Management Committee and the Board of JFE Holdings, and the Foundation Preparation Committees for each subsidiary.

Outline of JFE Holdings

Company Name

JFE Holdings, Inc.

Location of the Headquarters

1-1-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005

Amount of Capital Stock

100 billion yen

Number of Shares Issued

574,733,051 common shares as of March 31, 2003

Number of Shares Outstanding

573,886,564 common shares as of March 31, 2003

Number of Shares as a Unit

100 shares

Fiscal Year

From April 1 to March 31

Stock Exchange Listing

The Tokyo Stock Exchange, the Osaka Securities Exchange, and the Nagoya Stock Exchange

Stock Code

5411 (TSE)

Date of Establishment

The stock-for-stock exchange took place, and shares of JFE Holdings were listed on September 26, 2002.

JFE Holdings was established and registered on September 27, 2002.

Function of JFE Holdings

JFE Holdings operates as a lean group headquarters that is responsible for strategic planning, risk management, accountability and corporate communications for all subsidiaries and affiliates.

The Management of JFE Holdings

Board of Directors

Kanji Emoto

Chairman of the Board and Co-CEO
(born on January 28, 1936)

Mar. 1958: Graduated from Kyushu Univ.
Apr. 1958: Joined KSC
Jun. 1988: Member of the Board & Executive Officer
Jun. 1991: Member of the Board & Senior Executive Officer
Jun. 1994: Member of the Board & Principal Senior Executive Officer
Jun. 1995: President & CEO
Jun. 2001: Chairman of the Board
Sep. 2002: Chairman of the Board and Co-CEO - JFE Holdings
Member of the Board - KSC
Apr. 2003: Chairman of the Board and Co-CEO - JFE Holdings

Yoichi Shimogaichi

President and Co-CEO
(born on August 26, 1934)

Mar. 1958: Graduated from the University of Tokyo
Apr. 1958: Joined NKK
Jun. 1987: Director
Jun. 1989: Managing Director
Jun. 1991: Senior Managing Director
Jun. 1994: Representative Director, Executive Vice President
Jun. 1997: Representative Director, President and CEO
Feb. 2002: Representative Director, Chairman of the Board
Sep. 2002: President and Co-CEO - JFE Holdings
Director - NKK
Apr. 2003: President and Co-CEO - JFE Holdings

Cho Otani

Member of the Board and
Executive Vice President
(concurrently Member of the Board,
JFE Steel)
(born on February 21, 1939)

Mar. 1962: Graduated from the University of Tokyo
Apr. 1962: Joined NKK
Jul. 1988: General Manager, Personnel Dept.
Jun. 1991: Director
Jun. 1993: Managing Director
Jun. 1997: Representative Director, Executive Vice President
Sep. 2002: Representative Director, Executive Vice President
Member of the Board & Executive Vice President - JFE
Holdings
Apr. 2003: Member of the Board & Executive Vice President - JFE
Holdings
Member of the Board - JFE Steel

Tetsuo Miyazaki

Member of the Board and
Executive Vice President
(concurrently Member of the Board,
JFE Engineering)
(born on June 20, 1942)

Mar. 1965: Graduated from Kobe Univ.
Apr. 1965: Joined KSC
Jun. 1995: Member of the Board & Executive Officer
Jun. 1998: Member of the Board & Senior Executive Officer
Jun. 2001: Member of the Board & Executive Vice President
Sep. 2002: Member of the Board & Executive Vice President
Member of the Board & Executive Vice President - JFE
Holdings
Apr. 2003: Member of the Board & Executive Vice President - JFE
Holdings
Member of the Board - JFE Engineering

Board of Directors (continued)**Fumio Sudo**

Member of the Board (absentee)
(concurrently President and CEO,
JFE Steel)
(born on March 3, 1941)

Mar. 1964: Graduated from Hokkaido Univ.
Apr. 1964: Joined KSC
Jun. 1994: Member of the Board & Executive Officer
Jun. 1997: Member of the Board & Senior Executive Officer
Jun. 2000: Member of the Board & Executive Vice President
Jun. 2001: President & CEO
Sep. 2002: President & CEO
Member of the Board - JFE Holdings
Apr. 2003: President & CEO - JFE Steel
Member of the Board - JFE Holdings

Shigeharu Dote

Member of the Board (absentee)
(concurrently President & CEO,
JFE Engineering)
(born on September 2, 1938)

Mar. 1961: Graduated from Kyoto Univ.
Apr. 1961: Joined NKK
Jul. 1989: General Manager, Planning and Project Dept.
Jun. 1991: Director
Jun. 1994: Managing Director
Jun. 1997: Representative Director, Executive Vice President
Sep. 2002: Representative Director, Executive Vice President
Member of the Board - JFE Holdings
Apr. 2003: President & CEO - JFE Engineering
Member of the Board - JFE Holdings

Corporate Auditors**Shinji Sakuwa**

(concurrently Corporate Auditor,
JFE Steel and
Corporate Auditor, JFE Engineering)
(born on September 2, 1942)

Mar. 1965: Graduated from Kobe Univ.
Apr. 1965: Joined KSC
Jul. 1989: General Manager, Overseas Construction and Development
Marketing Dept., Engineering Div.
Jan. 1992: Loaned to Kawasaki Enterprises Inc. ("KEI")
Jun. 1992: Member of the Board & Senior Executive Officer - KEI
Jun. 1996: Member of the Board & Principal Senior Executive Officer - KEI
Dec. 1996: Left KSC
Jun. 2001: Corporate Auditor (standing) - KSC
Sep. 2002: Corporate Auditor (standing) - KSC
Corporate Auditor - JFE Holdings
Apr. 2003: Corporate Auditor - JFE Holdings
Corporate Auditor - JFE Steel
Corporate Auditor - JFE Engineering

Tatsuo Hayashi

(concurrently Corporate Auditor,
JFE Steel)
(born on August 27, 1941)

Mar. 1965: Graduated from Keio Univ.
Apr. 1965: Joined NKK
Jul. 1992: General Manager, Corporate Planning Dept.
Jun. 1996: Director
Jun. 1998: Corporate Auditor (standing)
Jun. 2001: Senior Corporate Auditor (standing)
Sep. 2002: Senior Corporate Auditor (standing)
Corporate Auditor - JFE Holdings
Apr. 2003: Corporate Auditor - JFE Holdings
Corporate Auditor - JFE Steel

Corporate Auditors (continued)**Aritsugu Tashiro**

(born on February 6, 1928)

- Mar. 1950: Graduated from the University of Tokyo
- Apr. 1954: Appointed as a Prosecutor
- Apr. 1975: General Manager, Training Dept. III, Research & Training Institute of the Ministry of Justice
- Apr. 1979: Resigned from the above position
- May 1979: Registered as a Lawyer
- Apr. 1980: Professor, College of Law, Nihon Univ.
- Feb. 1998: Resigned as Professor, College of Law, Nihon Univ.
- Jun. 2000: Corporate Auditor - NKK
- Sep. 2002: Corporate Auditor - NKK
Corporate Auditor - JFE Holdings
- Apr. 2003: Corporate Auditor - JFE Holdings

Toshikuni Nishinohara

(born on April 29, 1944)

- Mar. 1967: Graduated from Kyoto Univ.
- Apr. 1967: Joined The Daiichi Bank Ltd.
- Jun. 1995: Director - The Daiichi-Kangyou Bank, Ltd. ("DKB")
- May 1997: Director/Vice President - DKB
- Jun. 1997: Director/Senior Vice President - DKB
- May 1998: Director/Executive Vice President - DKB
- Sep. 2000: Director/Executive Vice President - DKB
Director/Executive Vice President - Mizuho Holdings Ltd.
- Mar. 2002: Retired from the above position
- Apr. 2002: Advisor to Seiwa Kogyo KK
- Sep. 2002: Advisor to Seiwa Kogyo KK
Corporate Auditor - JFE Holdings

Mr. Aritsugu Tashiro and Mr. Toshikuni Nishinohara are outside corporate auditors as defined in Article 18:1 of the Law concerning special Measures under the Commercial Code with Respect to Audits, etc. of Corporations.

Corporate Officers**Yoshiyuki Nabasama**

Senior Vice President, General Administration and Legal Div.

Toshikuni Yamazaki

Senior Vice President, Controller Div.

Osamu Saito

Senior Vice President, Corporate Planning Div.

Mikito Wakamatsu

Senior Vice President, Environmental Solutions Center and DME Project

Eiji Hayashida

Vice President, Finance and Investor Relations Div.

Outline of JFE Steel

The Officers of JFE Steel

JFE Steel adopts a “corporate officer system” in order to accelerate the decision-making process, and business execution.

Board of Directors

Masayuki Hammyo

Chairman of the Board
(born on November 8, 1940)

Mar. 1963: Graduated from the University of Tokyo
Apr. 1963: Joined NKK
Jun. 1992: Director
Jun. 1996: Managing Director
Apr. 1999: Representative Director, Executive Vice President
Feb. 2002: Representative Director, President and CEO
Apr. 2003: Chairman of the Board, JFE Steel

Fumio Sudo

President and CEO
(born on March 3, 1941)

Mar. 1964: Graduated from Hokkaido Univ.
Apr. 1964: Joined KSC
Jun. 1994: Member of the Board & Executive Officer
Jun. 1997: Member of the Board & Senior Executive Officer
Jun. 2000: Member of the Board & Executive Vice President
Jun. 2001: President & CEO
Sep. 2002: President & CEO
Member of the Board - JFE Holdings
Apr. 2003: President & CEO - JFE Steel
Member of the Board - JFE Holdings

Osamu Sato

Member of the Board and Executive
Vice President

Yuichi Moriyama

Member of the Board and Executive
Vice President

Sumiyuki Kishimoto

Member of the Board and Executive
Vice President

Cho Otani

Member of the Board (absentee)
(concurrently Executive Vice President,
JFE Holdings)

Corporate Auditors

Hideo Mashimo

Shin Shiotani

(concurrently Corporate Auditor, JFE Engineering)

Tatsuo Hayashi

(concurrently Corporate Auditor, JFE Holdings)

Shinji Sakuwa

(concurrently Corporate Auditor, JFE Holdings and
Corporate Auditor, JFE Engineering)

Management of JFE Steel

- (1) JFE Steel has consolidated the 239 steel-related departments of KSC and NKK, reducing them by 35% to 157 departments, to create a slim organization and a speedy management structure.
- (2) JFE Steel adopts a product-based management system to maximize its responsiveness to customer needs and closely control the profitability of each product in the following business areas:

Sheets

Electrical Steels

Plates

Stainless Steel

Shapes and Spiral Pipes

Bars and Wire Rods

Pipes and Tubes

Iron Powders

- (3) The operations of adjacent steelworks have been integrated to achieve the highest levels of competitiveness. Specifically, the Chiba, Keihin, Mizushima and Fukuyama steelworks previously owned either by KSC or NKK have been reorganized into the East Japan Works and the West Japan Works. JFE Steel therefore has two major steelworks, and a fifth mill, the Chita Works, which continues to specialize in the production of pipes and tubes.

Within the two steelworks, production-related departments are organized separately at each location of Chiba, Keihin, Kurashiki (former Mizushima) and Fukuyama, while human resources, procurement, planning, and product design and quality control departments operate as common organizations at the East Japan Works and the West Japan Works, thereby accelerating an integrated management structure and business execution.



Organizational Charts

General Administration Dept.	Osaka Sales Office
Legal Dept.	— Osaka General Administration Sec.
Real Estate Dept.	— Osaka Sheet & Strip Sales Dept.
Soga Waterfront Development Dept.	— Osaka Plate & Tubular Products Sales Dept.
Corporate Planning Dept.	— Osaka Construction Materials Sales & Project Dept.
IT Planning Dept.	— Kansai International Airport Project Team
Business System Innovation Project Team	— Kobe Office
Affiliated Business Dept. I	Nagoya Sales Office
Affiliated Business Dept. II	— Nagoya General Administration Sec.
Controller Dept.	— Nagoya Automotive Steel Dept.
Auditing Dept.	— Nagoya Steel Products Sales Dept.
Labor Relations & Human Resources Dept.	— Aichi Expo & Chubu International Airport Project Team
Personnel & Organization Dept.	Hokkaido Sales Office
Safety & Industrial Health Dept.	Tohoku Sales Office
Human Rights Dept.	└ Aomori Office
Raw Material Dept.	Chiba Sales Office
Materials & Machinery Purchasing Dept.	Kanagawa Sales Office
Intellectual Property Dept.	Niigata Sales Office
Technology Planning Dept.	Shizuoka Sales Office
Sheet Business Planning Dept.	Hokuriku Sales Office
Plate Business Planning Dept.	Okayama Sales Office
Shapes & Spiral Tubes Business Planning Dept.	Chugoku Sales Office
Tubular Products Business Planning Dept.	Shikoku Sales Office
Electrical Steel Business Planning Dept.	Kyusyu Sales Office
Stainless Steel Business Planning Dept.	└ Nagasaki Office
Steel Bar & Wire Rod Business Planning Dept.	└ Okinawa Office
Iron Powder Business Planning Dept.	New York Office
Sales Coordination & Operation Planning Dept.	Houston Office
Physical Distribution Administration Dept.	Vancouver Office
Sheet & Strip Sales Dept.	Rio de Janeiro Office
Automotive Steel Sales Dept.	London Office
Construction Materials & Services Center	Singapore Office
└ Construction Materials Sales Dept.	Kuala Lumpur Office
└ Project Marketing Dept.	Bangkok Office
└ Construction Engineering Services Dept.	Jakarta Office
└ Housing Materials Dept.	Manila Office
Plate Sales Dept.	Seoul Office
Pipe & Tube Sales Dept.	Beijing Office
Stainless & Specialty Steel Sales Dept.	Shanghai Office
Steel Bar & Wire Rod Sales Dept.	Hong Kong Office
Iron Powder Sales Dept.	
Export Planning & Administration Dept.	
Export Dept. I	
Export Dept. II	
Pipe & Tube Export Dept.	

STEEL RESEARCH LABORATORY

- Research Planning & Administration Dept.
- Keihin General Administration Sec.
- Kurashiki General Administration Sec.
- Fukuyama General Administration Sec.
- Forming Technology Research Dept.
- Joining & Strength Research Dept.
- Corrosion Protection Research Dept.
- Analysis & characterization Research Dept.
- Ironmaking & Environmental Process Research Dept.
- Steelmaking Research Dept.
- Slag & Refractories Research Dept.
- Rolling & Processing Research Dept.
- Sheet Products Research Dept.
- Coated Products Research Dept.
- Can & Laminated Materials Research Dept.
- Plate & Shapes Research Dept.
- Bar & Wire Research Dept.
- Tubular Products & Casting Research Dept.
- Electrical Steel Research Dept.
- Stainless Steel Research Dept.
- Iron Powder & Magnetic Materials Research Dept.
- Chemical Research Dept.

EAST JAPAN WORKS

- Labor & Personnel Dept.
- Contracting-out & Purchasing Dept.
- Planning Dept.
- Quality Assurance Sec.
- Products Design & Quality Control Dept.
(CHIBA)
- General Administration Dept.
- Production Control Dept.
- Ironmaking Dept.
- Steelmaking Dept.
- Hot Rolling Dept.
- Cold Rolling Dept. I
- Cold Rolling Dept. II
- Stainless Steel Dept.
- Iron Powder & Welding Materials Dept.
- Plant Engineering Dept.
- Plant Control Dept.
- Environmental Control & Energy Dept.
(KEIHIN)
- General Administration Dept.
- Production Control Dept.
- Ironmaking Dept.
- Steelmaking Dept.
- Sheet & Strip Dept.
- Plate Rolling Dept.
- Plant Engineering Dept.
- Plant Control Dept.
- Environmental Control & Energy Dept.

WEST JAPAN WORKS

- Labor & Personnel Dept.
- Contracting-out & Purchasing Dept.
- Planning Dept.
- Quality Assurance Sec.
- Products Design & Quality Control for Sheet &
Strip Dept.
- Products Design & Quality Control for Steel
Products Dept.
(KURASHIKI)
- General Administration Dept.
- Production Control Dept.
- Ironmaking Dept.
- Steelmaking Dept.
- Hot Rolling Dept.
- Cold Rolling Dept.
- Electrical Steel Dept.
- Plate Rolling & Forging Dept.
- Shape & Bar Rolling Dept.
- Plant Engineering Dept.
- Plant Control Dept.
- Environmental Control & Energy Dept.
(FUKUYAMA)
- General Administration Dept.
- Production Control Dept.
- Ironmaking Dept.
- Steelmaking Dept.
- Hot Rolling Dept.
- Cold Rolling Dept.
- Tinsplate Dept.
- Plate Rolling Dept.
- Welded Pipe Dept.
- Plant Engineering Dept.
- Plant Control Dept.
- Environmental Control & Energy Dept.

CHITA WORKS

- General Administration Dept.
- Planning Dept.
- Products Service & Development Dept.
- Manufacturing Dept.

Recycle Business Center

- Planning Dept.
- Resource Recycling Dept.

Photovoltaic Silicon Business Planning Dept.

Office of Corporate Auditors

Corporate Officers

Fumio Sudo	President and CEO
Osamu Sato	Executive Vice President
Yuichi Moriyama	Executive Vice President
Hiroyuki Ito	Executive Vice President
Sumiyuki Kishimoto	Executive Vice President
Tetsuya Fujii	Senior Vice President; General Superintendent, Steel Research Laboratory
Eisuke Yamanaka	Senior Vice President; General Superintendent, West Japan Works
Kunioki Kubo	Senior Vice President; in charge of General Administration Dept., Legal Dept., Labor Relations & Human Resources Dept., Personnel & Organization Dept. and Human Rights Dept
Mikio Fukushima	Senior Vice President; General Manager, Electrical Steel Business Planning Dept.; in charge of Sheet & Strip Sales Dept., Pipe & Tube Sales Dept. and Pipe & Tube Export Dept.
Mitsuoki Hino	Senior Vice President; in charge of Business System Innovation Project Team, Sales Coordination & Operation Planning Dept. and Physical Distribution Administration Dept.
Shigetaka Uchida	Senior Vice President; General Superintendent, East Japan Works
Hisashi Tanaka	Senior Vice President; Assistant General Superintendent, West Japan Works
Yoshio Ishikawa	Senior Vice President; General Manager, Sheet Business Planning Dept.; in charge of Automotive Steel Sales Dept.
Koichi Hirase	Senior Vice President; in charge of Intellectual Property Dept. and Technology Planning Dept.
Nobuhiko Iwamoto	Senior Vice President; General Manager, Plate Business Planning Dept.; in charge of Plate Sales Dept., Stainless & Specialty Steel Sales Dept. and Iron Powder Sales Dept.
Kazuya Kihara	Senior Vice President; General Manager, Steel Bar & Wire Rod Business Planning Dept.; General Manager, Osaka Sales Office; in charge of Steel Bar & Wire Rod Sales Dept.
Hajime Bada	Senior Vice President; in charge of Corporate Planning Dept., IT Planning Dept. and Photovoltaic Silicon Business Planning Dept.
Kunio Akita	Senior Vice President; in charge of Raw Material Dept. and Materials & Machinery Purchasing Dept.

Tetsuro Sugayoshi	Vice President; General Manager, Recycle Business Center
Hideo Take	Vice President; General Manager, Stainless Steel Business Planning Dept.; Assistant General Superintendent, East Japan Works
Kohei Wakabayashi	Vice President; in charge of Real Estate Dept., Controller Dept. and Auditing Dept.
Yoichi Kamon	Vice President; in charge of Affiliated Business Depts. I and II
Yuji Imataka	Vice President; General Manager, Shapes & Spiral Tubes Business Planning Dept.; General Manager, Construction Materials & Services Center
Hirohisa Nakashima	Vice President; Assistant General Superintendent, West Japan Works
Haruyuki Imamura	Vice President; General Manager, Tubular Products Business Planning Dept.; General Superintendent, Chita Works
Hiroshi Kagechika	Vice President; Assistant General Superintendent, Steel Research Laboratory
Mitsuru Yamawaki	Vice President; Assistant General Superintendent, East Japan Works
Masatoshi Nakamura	Vice President; in charge of Export Planning & Administration Dept., Export Depts. I and II
Tsutomu Yoshizato	Vice President; Assistant General Superintendent, West Japan Works
Hisanori Kano	Vice President; Assistant General Superintendent, East Japan Works
Hiroshi Nomura	Vice President; Assistant General Superintendent, West Japan Works
Kazuhisa Hamagami	Vice President; General Manager, Iron Powder Business Planning Dept.; Assistant General Superintendent, East Japan Works
Osamu Jitsumori	Vice President; Assistant General Superintendent, East Japan Works; in charge of Soga Waterfront Development Dept.
Makoto Shibata	Vice President; Assistant General Superintendent, West Japan Works

Integration and Closure of Facilities

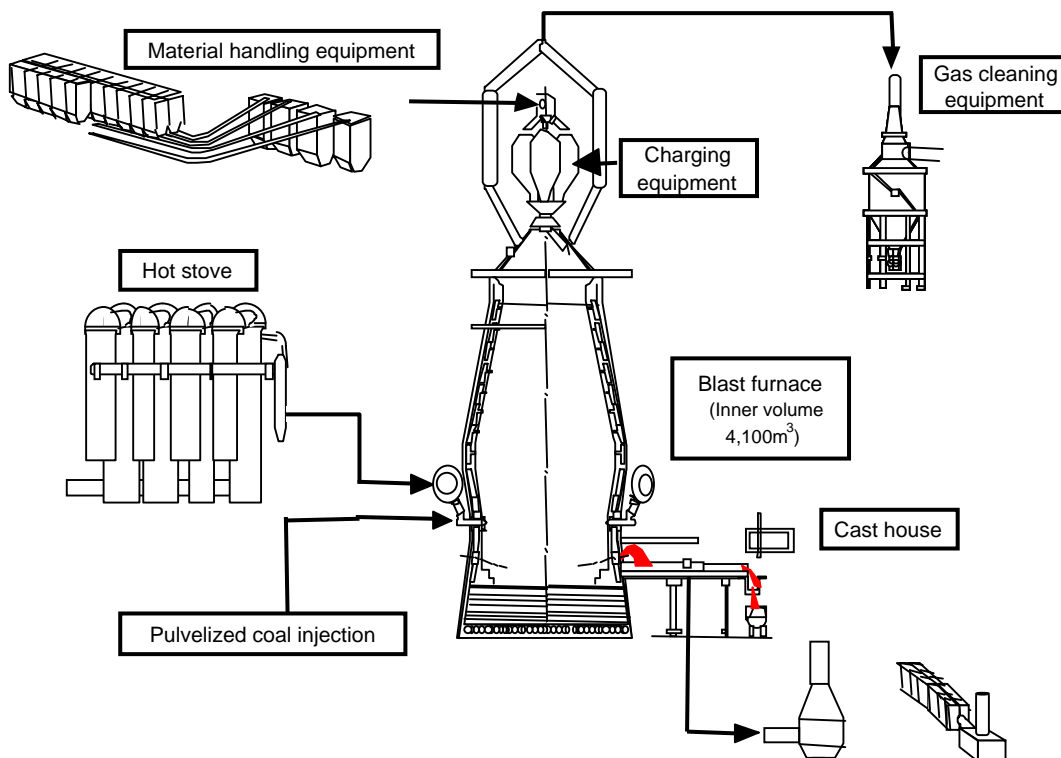
1. Operations of Blast Furnaces

a) Relining of Blast Furnaces

Originally, the No. 2 blast furnace at Keihin, East Japan Works and the No. 2 blast furnace at Kurashiki, West Japan Works were scheduled to be relined in the second half of the fiscal year ending March 2004. As it has become foreseeable that JFE Steel will have sufficient iron-making capacity, it rescheduled relining programs to equalize the level of investment over the years. Details are as follows:

- i) Relining of the No. 2 blast furnace at Keihin has been postponed by one year and will be completed in the second half of the fiscal year ending March 2005.
- ii) The No. 2 blast furnace at Kurashiki will be relined in the second half of the fiscal year ending March 2004 as originally scheduled, but modernization of hot stoves has been postponed.

Image of the No. 2 blast furnace at Kurashiki, West Japan Works



b) Blast Furnace Operations

JFE Steel has decided to close two of its eleven blast furnaces as detailed below:

- i) At Chiba, East Japan Works, JFE Steel will close the No. 5 blast furnace by the end of March 2004 and operate only the No. 6 blast furnace.
- ii) At Kurashiki, West Japan Works, the No. 1 blast furnace was used until January 2002 as a back-up during relining of other blast furnaces. As it is now possible for JFE Steel to utilize iron from other works, the No. 1 blast furnace at Kurashiki will remain idle even at the time its No. 2 blast furnace is relined in the fiscal year ending March 2004.

2. Optimized Production System and Consolidation of Production Facilities

With regard to integrating production facilities other than blast furnaces, the two companies have conducted studies focused on consolidating production lines and effective utilization of production facilities, in consideration of geographical factors and uniqueness of the facilities. Details are as follows:

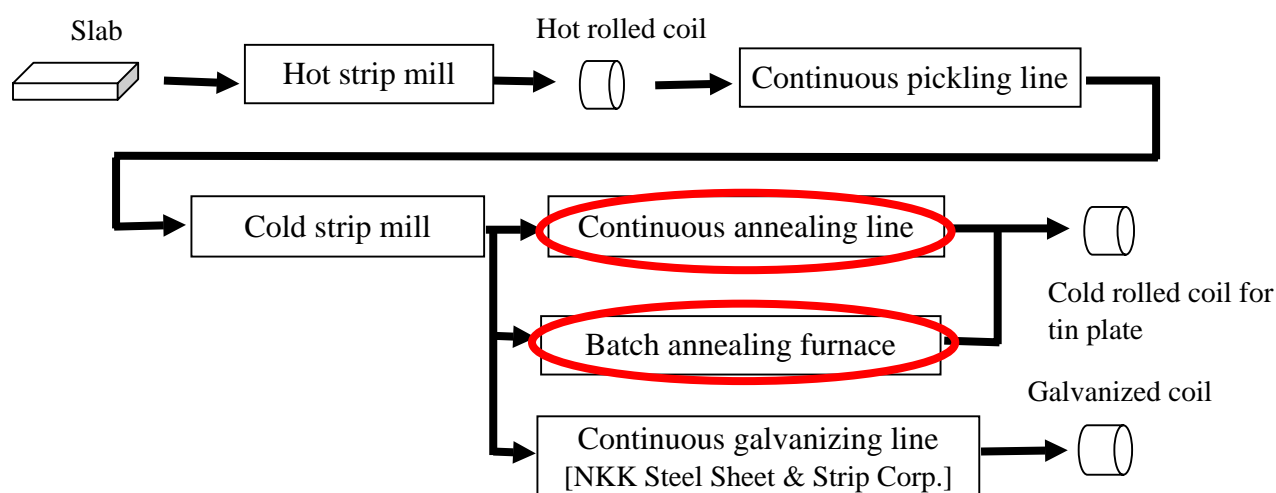
a) Production of stainless steel slab (steelmaking and casting)

The steelmaking and casting operations of stainless steel at Fukuyama, West Japan Works have been integrated into the existing operations at Chiba, East Japan Works. The Stainless Steel Refining Furnace at Fukuyama is currently used as a furnace for dephosphorization.

b) Sheets: Batch Annealing Furnace and Continuous Annealing Line at Keihin, East Japan Works

These facilities were idled in August 2002.

Sheet Processing at Keihin, East Japan Works



c) Others: Consolidation of Rolling Mills (Sheets, Shapes, and Pipes & Tubes)

	Production Line		Schedule	Remarks
Coated products	Chiba	No.1 Electrolytic Galvanizing Line	March 2004	
	Fukuyama	No.2 Electrolytic Galvanizing Line	Sep. 2002	
	Chiba	No.3 Continuous Galvanizing Line	Under review	
	Chiba	No.1 Electric Tinning Line	March 2004	
	Chiba	T2 Seaming Line	March 2004	
Long products	Kurashiki	Medium Size Line	Oct. 2003	Daiwa Steel
	Fukuyama	No.1 Large Size Line	Oct. 2003	NKK Bars & Shapes
Welded pipes	Chita	No.1 Electric Resistance Welded Pipe Mill	March 2003	
	Keihin	Small-diameter Electric Resistance Welded Pipe Mill	March 2003	NKK Welded Pipe Manufacturing
	Chita	No.2 Spiral Pipe Mill	April 2003	
	Anegasaki	No.2 Spiral Pipe Mill	April 2003	NKK Bars & Shapes

Furthermore, JFE Steel is considering the closure of one TFL, tin-free steel line, and one additional Spiral Mill.

Outline of JFE Engineering

The Board of JFE Engineering

JFE Engineering adopts a “corporate officer system” in order to accelerate the decision-making process and business execution.

Board of Directors

Shigeharu Dote

President and CEO

(born on September 2, 1938)

Mar. 1961: Graduated from Kyoto Univ.

Apr. 1961: Joined NKK

Jul. 1989: General Manager, Planning and Project Dept.

Jun. 1991: Director

Jun. 1994: Managing Director

Jun. 1997: Representative Director, Executive Vice President

Sep. 2002: Representative Director, Executive Vice President

Member of the Board - JFE Holdings

Apr. 2003: President and CEO - JFE Engineering

Member of the Board - JFE Holdings

Hirotohi Fujimori

Member of the Board and Executive
Vice President

Kazuteru Kanazawa

Member of the Board and Senior
Vice President

Shigeyoshi Kosuge

Member of the Board and Senior
Vice President

Takeshi Onda

Member of the Board and Vice President

Tetsuo Miyazaki

Member of the Board (absentee)
(concurrently Executive Vice President, JFE
Holdings)

Corporate Auditors

Motoo Ishii

Masatoshi Inoue

Shinji Sakuwa

(concurrently Corporate Auditor,
JFE Holdings and
Corporate Auditor, JFE Steel)

Shin Shiotani

(concurrently Corporate Auditor, JFE Steel)

Management of JFE Engineering

The purpose of the reorganization is to provide for more effective operational management according to the specific characteristics of each product and market. The reorganization is therefore based on the concept of five divisions and two centers, each of which serves as a key profit center.

Energy Industries Engineering Division	Solution Engineering Center
Environmental Industries Engineering Division	Machinery Center
Water and Waste Water Engineering Division	
Steel Structure Engineering Division	
Steel Engineering Division	

“Virtual Companies” Organization

The divisions and centers are operated as “virtual companies” under a consolidated division system that includes the other functional group companies. The division and center heads serve as “company presidents” and are responsible for promoting common business strategies and maximizing consolidated earnings.

JFE Engineering has also established an “Engineering Research Center” and “Business/Project Planning and Marketing Department” in order to provide continuous reinforcement to its technology base and actively develop and commercialize new businesses and next-generation products.

[reference] NKK's shipbuilding business & steelworks plant engineering business

NKK and Hitachi Zosen integrated their shipbuilding businesses and formed Universal Shipbuilding Corp. in October 2002.

NKK, Hitachi Zosen and Sumitomo Heavy Industries integrated their steelworks plant engineering businesses, and formed JP Steel Plantech Co. in April 2001.

Organizational Charts

Corporate Planning Dept.	Water and Waste Water Engineering Division
General Administration Dept.	Planning & Coordination Sec.
Human Resources Dept.	Waterworks Sales Dept.
Controller & Finance Dept.	Waste Water Treatment Sales Dept. 1
Enterprise Management System Project Team	Waste Water Treatment Sales Dept. 2
Business/Project Planning and Marketing Dept.	Tokyo Sales Dept.
Technology Planning and Coordination Dept.	Planning Dept.
	Water Pipeline Engineering Dept.
	Waterworks Engineering Dept.
	Water Treatment Plant Engineering Dept.
Engineering Research Center	
Energy Plant Systems Research Dept.	
Environmental Plant Systems Research Dept.	
Aqua Technology Research Dept.	
Production Engineering Research Dept.	
Energy Industries Engineering Division	Steel Engineering Division
Planning & Coordination Sec.	Sales & Marketing Sect.
Onsite Energy System Sec.	Iron & Steelmaking Dept.
Energy Industries Dept.	Rolling & Processing Dept.
Electric Power Industries Dept.	Process Control Technology Sect.
Gas Industries Dept.	
District Energy Supply Systems Dept.	Steel Structure Engineering Division
Pipeline System Engineering Dept.	Planning & Coordination Sec.
City Gas Pipeline Engineering Dept.	Haneda Airport Project Team
Energy System Engineering Dept.	Bridge Structure Marketing Dept.
	Harbour Structure and Hydraulic Gate
	Building Structure Marketing Dept.
	Steel Structure Engineering Dept.
	Bridge Engineering and Design Dept.
	Steel Structure Construction Dept.
	Shimizu Works
	General Administration Dept.
	Steel Structure Dept.
	Tsu Works
	General Administration Dept.
	Steel Structure Dept.
Environmental Industries Engineering Division	Solution Engineering Center
Planning & Coordination Sec.	Wind Turbine Business Dept.
Gasification and Melting Process Technical	Geo-environment Engineering Sec.
Coordination Project Team	Logistics System Dept.
Thermo Select Process Technical	Parking System Dept.
Coordination Project Team	
Environmental Plant Sales & Marketing Dept. 1	Machinery Center
Environmental Plant Sales & Marketing Dept. 2	Machinery Sales Dept.
Environmental Plant Sales & Marketing Dept. 3	Machinery Engineering and Manufacturing
Environmental Business & Technology	Dept.
Development Dept.	
Environmental & Recycling Plant Planning Dept.	Overseas Business Dept.
Environmental Plant Engineering and Design	Procurement Dept.
Dept.	Dept. of Electrical and Control Systems.
Environmental Plant Engineering and	
Construction Dept.	

Civil Engineering and Construction Dept.
 Safety and Health Control Dept.
 Tsurumi Engineering and Manufacturing Center

Osaka Sales Office
 Energy Engineering Dept.
 Plant Engineering Dept.
 Steel Structure Engineering Dept.
 Kobe Office
 Nagoya Sales Office
 Mie Sales Office
 Gifu Office
 Hokkaido Sales Office
 Tohoku Sales Office
 Chiba Sales Office

Kanagawa Sales Office
 Niigata Sales Office
 Shizuoka Sales Office
 Hokuriku Sales Office
 Okayama Sales Office
 Chugoku Sales Office
 Yamaguchi Office
 Shikoku Sales Office
 Kyushu Sales Office
 Okinawa Sales Office

Hong Kong Office
 Taipei Office
 Yangon Branch

Office of Corporate Auditors

Corporate Officers

Shigeharu Dote	President and CEO
Hirotooshi Fujimori	Executive Vice President
Kazuteru Kanazawa	Senior Vice President; in charge of Solution Engineering Center, Machinery Center, Safety and Health Control Dept., Tsurumi Engineering and Manufacturing Center and domestic sales offices
Toshio Koshihara	Senior Vice President; Executive Officer, Environmental Industries Engineering Division
Masahiro Shimada	Senior Vice President; Executive Officer, Steel Structure Engineering Division
Yutaka Yamauchi	Senior Vice President; Executive Officer, Steel Engineering Division; in charge of Overseas Business Dept. and overseas offices
Shigeyoshi Kosuge	Senior Vice President; Executive Officer, Engineering Research Center; in charge of Business/Project Planning and Marketing Dept. and Technology Planning and Coordination Dept.
Takeshi Onda	Vice President; in charge of Corporate Planning Dept., General Administration Dept., Human Resources Dept., Controller & Finance Dept., Enterprise Management System Project Team, Procurement Dept., Dept. of Electrical and Control Systems and Civil Engineering and Construction Dept.
Fumio Hirai	Vice President; Executive Officer, Energy Industries Engineering Division
Toru Miyazaki	Vice President; Executive Officer, Water and Waste Water Engineering Division

JFE Urban Development / Kawasaki Microelectronics / JFE R&D

JFE Urban Development Corp.

President and CEO	Noriaki Shigemi
Member of the Board and Vice President	Naohiro Sakuma
Member of the Board	Hiromasa Horikawa
Member of the Board(absentee)	Eiji Hayashida (concurrently, Vice President, JFE Holdings)
Member of the Board(absentee)	Kohei Wakabayashi (concurrently, Vice President, JFE Steel)
Corporate Auditor	Motoo Kanou
Corporate Auditor(absentee)	Tatsuo Hayashi (concurrently, Corporate Auditor, JFE Holdings and Corporate Auditor, JFE Steel)
Corporate Auditor(absentee)	Makoto Hara

JFE Urban Development Corp. is responsible for developing the large tracts of idle land held by the JFE group. It purchases land and builds condominiums for outside sales. JFE Urban Development has integrated the expertise of KSC and NKK to efficiently develop land assets. It will expand its condominium development business by integrating the real estate development operations of NKK, located primarily in the Tokyo area, with those of KSC, located primarily in the Osaka-Kansai area.

Kawasaki Microelectronics, Inc.

President and CEO	Susumu Hirano
Member of the Board and CTO	Masakatsu Ogawa
Member of the Board (absentee)	Kanji Emoto (concurrently, Chairman and CEO, JFE Holdings)
Member of the Board (absentee)	Cho Otani (concurrently, Executive Vice President, JFE Holdings, and Member of the Board, JFE Steel)
Corporate Auditor	Hiroo Iida
Corporate Auditor (absentee)	Shinji Sakuwa (concurrently, Corporate Auditor, JFE Holdings, Corporate Auditor, JFE Steel, and Corporate Auditor, JFE Engineering)
Corporate Auditor (absentee)	Tatsuo Hayashi (concurrently, Corporate Auditor, JFE Holdings, and Corporate Auditor, JFE Steel)

Kawasaki Microelectronics, Inc. ("KME") was established in July 2000 through a corporate split of LSI Division of KSC.

KME has been focusing on the ASIC (Application Specific Integrated Circuit) business and making every effort to strengthen its technology base and customer base, and it has won the confidence from customers in the areas of network/communications ASICs and JPEG core ASICs for digital cameras and office equipment.

KME aims to be one of the world's top ASIC suppliers, distinguished by its high level of customer satisfaction.

JFE R&D Corp.

President and CEO	Toyofumi Kitada
Member of the Board	Takashi Ohara
Member of the Board (absentee)	Osamu Saito (concurrently, Senior Vice President, JFE Holdings)
Member of the Board (absentee)	Sumiyuki Kishimoto (concurrently, Executive Vice President, JFE Steel)
Member of the Board (absentee)	Hirotoishi Fujimori (concurrently, Executive Vice President, JFE Engineering)
Corporate Auditor (absentee)	Hironori Iwata

JFE R&D focuses on research and development for common basic technologies and projects with growth potential to effectively realize synergy effects of the whole group. JFE Steel and JFE Engineering have their own R&D programs to ensure a cohesive link between product/technology development, manufacturing and sales.

Reorganization of Subsidiaries and Affiliates

Group companies in three areas, containers, construction material, and chemical business, were merged on April 1, 2003, in order to accelerate the effects of consolidation. In addition, other group companies listed in the below table will be reorganized and consolidated by the dates outlined.

Business Field	Group Companies	Schedule for Reorganization & Consolidation
Containers	<i>JFE Container Co., Ltd.</i> KAWASAKI STEEL CONTAINER CO., LTD KOKAN DRUM CO., LTD.	April 2003
Construction Material	<i>JFE Metal Products & Engineering Inc.</i> Kawasaki Steel Metal Products & Engineering Inc. Nippon Kokan Light Steel Kabusiki Kaisha	Ditto.
Chemicals	<i>JFE Chemical Corporation</i> ADCHEMCO Corporation Chemical Division, Kawasaki Steel Corporation	Ditto.
Coated Products	NKK Steel Sheet & Strip Corporation Kawatetsu Galvanizing Co., Ltd.	Under review
Logistics	NKK MARINE & LOGISTICS CORPORATION KAWATETSU TRANSPORTATION & TECHNOLOGY CO., LTD	April 2004 (target)
Mining, Slag	KAWATETSU MINING COMPANY, LTD. KOKAN MINING COMPANY, LTD.	Ditto.
Maintenance	KAWATETSU ELECTRIC ENGINEERING CO., LTD. Kawatetsu Machinery CO., LTD. KOKAN DENSETSU KOGYO K.K. MENTEC KIKO CORPORATION	Ditto.
Intellectual Property & Technology Information	KAWASAKI STEEL Techno-research Corporation NK Techno Service Co., Ltd.	by March 2004
Supporting R&D, Inspection & Analysis	KAWASAKI STEEL Techno-research Corporation KOKAN KEISOKU K.K.	Ditto.

Other group companies in the same business field, not listed above which are still being considered for reorganization and consolidation, are targeted to complete this process by the end of fiscal year ending March 2005.

JFE Metal Products & Engineering Inc.

Merger of Nippon Kokan Light Steel ("NKLS") and Kawasaki Steel Metal Products & Engineering ("KSMP&E")

Purpose of merger

The new company will serve as the core for JFE's manufacturing and sales of construction and civil engineering products. The merger will make full use of the two companies' solid base of operations, advanced technologies and existing production locations in East and West Japan to establish a robust management system and high-earnings structure while adhering to the basic merger principles. Management will make every effort to achieve synergy effects of the merger as soon as possible while strengthening the company's ability to respond to customer needs and providing an attractive, motivating workplace for employees. It will strive to become the top building materials manufacturer in the industry.

Form of merger

The two companies merged on equal footing.

Time and method of merger

The merger took place on April 1, 2003, with Nippon Kokan Light Steel as the succeeding company.

Head offices

Head offices are located in Kobe and Tokyo.

Kobe head office: 1-1-28 Kitahonmachi-dori, Chuo-ku, Kobe, Hyogo Prefecture (formerly KSMP&E Kobe head office).

Tokyo head office: 1-10-15 Nihonbashi Horidomecho, Chuo-ku, Tokyo (formerly NKLS Tokyo office).

Major officers

President and CEO: Kazuhiro Tani (formerly President, NKLS)

Senior Adviser: Koichi Masuda, (formerly President, KSMP&E)

Production centers

Plants	Location	Production
Kumagaya	Saitama	Production center in East Japan for construction and civil engineering products
Chiba	Chiba	Production center for composite flooring and enameled products
Chita	Aichi	Production center for stainless steel pipes
Tsu	Mie	Production center in Central Japan for composite flooring products
Kobe	Hyogo	Production center in West Japan for construction and civil engineering products
Narashino	Chiba	Closed at the end of March 2003
Fukuyama	Hiroshima	Closed at the end of December 2002

Product concepts

The new company is consolidating its product line in order to take advantage of the strengths of the two companies in sales and costs for all products.

Composite flooring - Production at Kumagaya, Chiba, Kobe and Tsu plants.

U deck - Production consolidated in Chiba Plant.

Flat deck - Production for East Japan sales at Kumagaya Plant. Production for West Japan sales consigned to Kawatetsu Galvanizing Co., Ltd.

Liner plate, Corrugated pipe, Lightweight sheet pile - Production consolidated in Kumagaya Plant.

Road products - Production for East Japan sales at Kumagaya Plants and West Japan sales at Kobe Plant.

Disaster prevention products - Production in principle consolidated in Kobe Plant.

Other products - As currently produced.

Financial targets

The new company will aim to reach the following financial targets announced on October 29, 2002.

	FY ending March 2003*	FY ending March 2006
Non-consolidated net sales	62.5 billion yen	56.0 billion yen
Non-consolidated ordinary income	1.4 billion yen	4.5 billion yen
Ordinary income margin	2.3%	8.0%
Consolidated net sales	86.8 billion yen	86.0 billion yen
Consolidated ordinary income	1.7 billion yen	5.3 billion yen

*forecast as of October 2002.

JFE Container Co., Ltd.

Consolidation of Kawasaki Steel Container and KOKAN DRUM

Timing and method of merger

Kawasaki Steel Container Co., Ltd. and KOKAN DRUM COMPANY, LTD. consolidated on April 1, 2003, with Kawasaki Steel Container as the succeeding company.

Location of head office

JFE Container is headquartered in Itami, Hyogo Prefecture.

Major officers

President: Toru Kondo (formerly President, Kawasaki Steel Container)

Executive Vice President: Isao Taniguchi (formerly President, KOKAN DRUM)

JFE Chemical Corporation

Consolidation of Kawasaki Steel's Chemical Division and ADCHEMCO Corp.

On April 1, 2003, Kawasaki Steel's Chemical Division and ADCHEMCO Corporation, NKK's chemical subsidiary, merged and reorganized to establish JFE Chemical Corporation. In conjunction with the start of JFE Steel and restructuring of steel mill production systems, the chemicals operations of Kawasaki Steel and NKK were integrated in order to rationalize the refining of gas byproducts generated in the steel production process and provide for more efficient utilization of coal tar and other byproducts as well. Below is a profile of the new company.

Major officers

President and CEO: Koichiro Tsukano (formerly Senior Executive Officer, KSC)
Member of the Board and
Executive Vice President: Akio Kuribayashi (formerly President, ADCHEMCO)

Head office River Kuramae Building, 2-17-4 Kuramae, Taito-ku, Tokyo

Capital 6 billion yen

Annual sales Approx. 60 billion yen (estimate for FY ending March 2004)

Line of business Research and development, manufacturing and sales of chemical products and inorganic materials.

Shareholder 100% owned by JFE Steel Corp.

First Medium Term Business Plan

Announced on January 28, 2003

Primary Objectives

The JFE Group intends to maximize free cash flow by ensuring a stable earnings base, slimming down assets and carefully selecting capital expenditure programs. It will aggressively reduce debts outstanding and strengthen the balance sheet.

To these ends, the Group will conduct business operations in ways best suited for each field of its activity so as to enhance competitiveness of its core businesses, steel and engineering, and at the same time build a robust structure of business operations.

The Group will also actively pursue opportunities in new business areas.

Key Measures

Group-wide Measures

1. Strengthening Group-wide Management

By realizing management independently tailored to the nature of each business, as well as corporate governance and compliance by JFE Holdings, the Group intends to strengthen group-wide management.

In addition, the Group will upgrade infrastructure for financing and the information network for the entire group.

The Group will endeavor to reorganize and consolidate subsidiaries in the same business field at an early stage.

2. Technology Based Group

To ensure the expansion and stability of operation bases in the future, the Group will make utmost efforts to develop the world's highest-level technology. For this purpose, the research centers of JFE Steel Corporation and JFE Engineering Corporation, and those of JFE R&D Corporation will work closely together toward:

- i) Continuing to create "only one" and "number one" technologies, thereby doubling the number of these products (JFE Steel: from the current level of 7 % to 15-20 %);
- ii) Developing process technology which contributes to achieving increasing productivity at facilities and targeted costs as early as possible;
- iii) Continuing to develop leading technology in the core businesses and in fields with future

3. Human Resource and Labor Management Policies

In order to enhance productivity by realizing synergistic effects and by fully utilizing the unique abilities and aptitudes of individual employees, the Group will promote policies consistent with the nature of each business and its particular business strategy.

The Group will also secure and develop human resources in preparation for a change of generations resulting from the anticipated retirement of a large number of employees.

Number of Employees

	At the end of March,			(b)-(a) Break-down		
	2002	2003 (a)	2006(b)	Retirement	Recruitment	Total
JFE Group	51,800	48,800	44,600	(6,000)	1,800	(4,200)
JFE Steel	43,600	40,800	36,800	(5,500)	1,500	(4,000)
JFE Engineering	7,100	6,900	6,700	(440)	240	(200)

Note: The numbers include the personnel of JFE Holdings, operating companies and their domestic subsidiaries, but excluding personnel at their sub-subsidiaries.

4. Reduction of Procurement Costs

The Group will reduce procurement costs by utilizing the full bargaining power of the entire group and combining production and technology expertise, for example, through the expanded use of inexpensive raw materials by sharing superior technology within the Group.

5. Full Implementation of Environment Management

The Group will proactively address global environmental issues and seek to achieve the world's highest level of responsible environmental management.

6. Active Utilization of Information Technology

The Group will develop a new integrated system and enhance competitiveness by developing a more powerful management information system for financial control, integrated operations and group-wide networking.

Principal Measures for Operating Companies

1. JFE Steel Corporation

(1) Enhancing Marketing Capability

JFE Steel will build a win-win relationship with customers by responding to their sophisticated needs through the product-based managerial system in a prompt and responsive manner.

(2) Implementing Overseas Business Strategy

Following the basic policies below, JFE Steel will endeavor to secure earnings from export to and investment in overseas businesses:

- Building strategic alliances with foreign downstream companies and maximizing utilization of facilities through stable exports;
- Reinforcing its ability to respond to customers' needs on a worldwide basis with strategic products and through global alliances;
- Seeking to build strategic, win-win relationships with leading companies in Asia and with partners overseas.

(3) Establishing an Optimized Production System and Consolidating Production Facilities

Please see pp.17-18.

(4) Reorganizing and Consolidating Group Companies

Please see p25.

2. JFE Engineering

(1) System of Executing Operations

By strengthening a “division-company” system encompassing divisions of JFE Engineering and functional subsidiaries, the company will endeavor to promote a swifter response to changing environments, sharing common strategy, and maximizing consolidated earnings by business field.

(2) "Number one" Strategy

For its core products, such as pipelines, incineration plants and bridges, the company will reconstruct product strategy in an effort to adapt to the changing market, thereby maintaining and expanding market shares.

(3) "Only one" Strategy

In order to ensure future growth, the company will make aggressive use of its resources to develop new businesses and products for environmental conservation, providing solutions, and meeting new opportunities opened up by the liberalization of energy industries. The company will also promote expansion of life cycle-type businesses focusing not only on construction, but also on preliminary studies, operation and maintenance of plants and facilities.

3. JFE Urban Development Corporation

(1) The company will undertake large-scale development and property utilization using group-owned real estate, for example the large tracts of land in the Yokohama Yamanouchi District (formerly the Asano dockyard) and in the North Watarida District at Kawasaki.

(2) In order to secure a solid base of earnings, the company will promote its condominium development business in the Tokyo metropolitan area, targeting a sales volume of approximately 30 billion yen (approximately 700 units).

4. Kawasaki Microelectronics, Inc.

- (1) By bolstering competitiveness for ASIC (Application Specific Integrated Circuit) and by developing the next generation ASIC, Kawasaki Microelectronics will endeavor to achieve sales of 50 billion yen and establish a basis for higher profitability into the future.
- (2) Kawasaki Microelectronics will seek an opportunity for an initial public offering at an early stage.

5. JFE R&D Corporation

- (1) In the area of research and development for group companies, JFE R&D will develop innovative production processes and products in a timely manner, contributing to the betterment of operating company performance.
- (2) JFE R&D will conduct leading edge, basic research and development activities focusing on future needs to enhance the technological potential of the entire group.

Identifying New Business Opportunities

The Group will identify new business opportunities by effectively realizing synergies among the operating companies, and by utilizing the JFE brand, technology, and infrastructure of the entire group.

(1) The Environmental Solution Center

In collaboration with operating companies, the center will develop strategies and formulate plans in environment and energy related businesses. To that end, the center will set up strategic units to create concrete projects.

(2) Dimethyl Ether (DME) Project

The Group will conduct, together with eight partner companies, a national project for the commercialization of dimethyl ether (DME), a promising new source of clean energy, using a pilot plant with a capacity of 100 tons per day. The Group will develop the most effective way of transforming DME into a viable business.

Consolidated Financial Targets (announced on January 28, 2003)

By implementing the aforementioned measures, the Group will make every effort to achieve the following consolidated financial targets:

	Fiscal Year ending March 31, 2003 (forecast as of Jan. 2003)	Fiscal Year ending March 31, 2006 (target)	At the time of announcement in December 2001
Ordinary Income	94 billion yen	250 billion yen	200 billion yen
JFE Steel	78 billion yen	230 billion yen	
JFE Engineering	14 billion yen	16 billion yen	
Return on Sales	3.9%	10%	7.5%
JFE Steel	4.0%	11%	
JFE Engineering	2.9%	4%	
Return on Assets	3.6%	9%	6.5%
Total Assets	3,670 billion yen	3,460 billion yen	
Interest-bearing Debts Outstanding	2,050 billion yen	1,600 billion yen	1,800 billion yen
Total Shareholders' Equity	600 billion yen	830 billion yen	

Assumed exchange rate: 110 yen / US dollar

Net Sales:	Fiscal year ending March 31, 2003	2,430 billion yen
	Fiscal year ending March 31, 2006	2,500 billion yen

JFE Group Financial Data

Financial Results for FY ended March 2003 and Earnings Forecast for FY ending March 2004

Financial data of JFE Holdings for fiscal years ended March 31, 2003 and 2004 are as follows. (Forecasts were disclosed on May 22, 2003.)

Billions of Yen

	FY ended March 2003			FY ending March 2004 JFE	Change
			Pro-forma		
	KSC	NKK	JFE		
Net sales	1,115.7	1,331.6	2,426.8	2,360.0	(66.8)
Operating income	78.9	67.2	146.8	210.0	63.2
Ordinary income	62.7	41.5	104.6	170.0	65.4
Special credits (charges)	(40.9)	(37.5)	(78.5)	(40.0)	38.5
Net income (loss)	21.7	(5.9)	15.9	73.0	57.1
Debts outstanding	1,040.0	1,041.2	2,057.1	1,900.0	(157.1)
Shareholders' equity	286.2	297.4	594.5	659.0	64.5

Sales and Operating Income by Segment

Billions of Yen

	FY ended March 2003 *		FY ending March 2004		Change Year to Year
	1st half	Year	1st half	Year	
Net Sales	1,132.2	2,426.8	1,070.0	2,360.0	(66.8)
Steel		1,977.4	950.0	1,980.0	2.6
Engineering		457.3	110.0	350.0	(107.3)
Others		70.4	27.0	69.0	(1.4)
Elimination		(78.4)	(17.0)	(39.0)	39.4
Operating Income	50.0	146.8	87.0	210.0	63.2
Steel		132.8	95.0	200.0	67.2
Engineering		12.9	(9.0)	5.0	(7.9)
Others		3.1	0.5	4.0	0.9
Elimination		(2.1)	0.5	1.0	3.1

* reclassified in line with segmentation in FY ending March 2004

Consolidated Balance Sheets

Millions of Yen

Millions of Yen

Kawasaki Steel						NKK					
As of March 31	2002	2001	2000	1999	1998	As of March 31	2002	2001	2000	1999	1998
[Assets]						[Assets]					
<u>Current Assets:</u>						<u>Current Assets:</u>					
Cash and cash equivalents	102,913	24,762	51,522	64,998	-	Cash and deposits	63,312	108,845	59,756	141,955	101,957
Short-term investments	175	611	3,665	141,368	-	Time deposits			-	8,887	5,341
Cash and time deposits	-	-	-	-	37,534						
Marketable securities	-	-	-	-	192,782	Marketable securities	-	403	115,368	128,664	128,732
Notes and accounts receivable	220,492	330,797	354,499	243,526	288,403	Accounts receivable	329,432	405,535	435,452	429,162	-
						Receivables:					
						Unconsolidated subsidiaries and affiliates			-	-	22,963
						Notes and accounts-trade			-	-	476,629
Allowance for doubtful accounts	(2,441)	(1,132)	(1,295)	(942)	(3,286)	Allowance for doubtful receivables	(1,253)	(2,956)	(4,072)	(5,106)	(6,006)
Inventories	257,804	283,023	294,222	267,694	312,121	Inventories:					
						Finished goods	58,595	78,407	73,301	81,221	100,461
						Work in process	135,843	154,116	159,874	159,176	160,890
						Raw materials and supplies	113,977	143,221	139,136	149,449	151,009
Deferred tax assets	12,720	18,699	13,268	4,383	-						
Other current assets	37,939	44,446	48,402	57,755	158,007	Other current assets	74,095	57,500	50,799	50,433	26,556
Total current assets	629,604	701,209	764,285	778,784	985,563	Total current assets	774,003	945,074	1,029,614	1,143,841	1,168,532
<u>Property, plant and equipment:</u>						<u>Property, plant and equipment:</u>					
Land	266,671	277,132	254,344	112,922	126,255	Land	318,202	324,193	341,885	275,715	321,132
Buildings and structures	822,436	830,046	836,106	725,982	721,997	Buildings	885,397	958,783	977,976	921,592	1,037,521
Machinery and equipment	2,617,951	2,864,518	2,883,121	2,544,284	2,515,367	Machinery and equipment	2,455,219	2,824,005	2,829,795	2,871,027	3,109,100
Construction in progress	17,229	20,731	21,552	18,549	25,257	Construction in progress	21,146	10,747	13,783	42,566	30,669
	3,724,289	3,992,429	3,995,124	3,401,739	3,388,878						
Accumulated depreciation	(2,739,571)	(2,877,963)	(2,840,575)	(2,509,675)	(2,444,296)	Accumulated depreciation	(2,503,443)	(2,726,068)	(2,716,335)	(2,795,923)	(2,904,057)
Total property, plant and	984,717	1,114,465	1,154,549	892,064	944,581	Property, plant and equipment, net	1,176,523	1,391,661	1,447,104	1,314,977	1,594,365
<u>Investments and other assets:</u>						<u>Investments and other assets:</u>					
Investments in unconsolidated associates	29,389	22,847	24,305	68,374	-	Investments in unconsolidated subsidiaries and affiliates	32,995	32,275	40,244	32,107	-
Investments in and advances to unconsolidated subsidiaries and affiliates	-	-	-	-	51,701	Investments in and advances to unconsolidated subsidiaries and affiliates	-	-	-	-	53,585
Investments in securities	123,260	185,264	172,874	223	48,567	Investments in other securities	124,478	143,517	22,976	20,761	25,632
Long-term receivables, net	25,350	14,549	27,018	52,063	-						
Less allowance for doubtful	(26,310)	(34,535)	(55,782)	(16,102)	(2,680)						
Deferred tax assets	69,593	47,799	57,729	66,484	12,908						
Foreign currency translation adjustments	-	-	51,108	44,577	40,690						
Other	95,316	128,711	150,976	85,364	84,660	Other assets	119,396	118,660	118,271	154,623	104,565
Total investments and other assets	316,600	364,636	428,231	300,985	235,851	Total investments and other assets	276,870	294,452	181,491	207,491	183,782
						<u>Translation adjustments</u>	-	-	30,493	25,087	17,213
Total assets	1,930,922	2,180,311	2,347,066	1,971,833	2,165,995	Total assets	2,227,397	2,631,188	2,688,702	2,691,396	2,963,892

Millions of Yen

Millions of Yen

Kawasaki Steel						NKK					
As of March 31	2002	2001	2000	1999	1998	As of March 31	2002	2001	2000	1999	1998
[LIABILITIES AND SHAREHOLDERS' EQUITY]						[LIABILITIES AND SHAREHOLDERS' EQUITY]					
<u>Current Liabilities:</u>						<u>Current Liabilities:</u>					
Short-term bank loans and commercial paper	85,962	168,472	198,672	105,635	112,514	Short-term bank borrowings and commercial paper	125,200	142,892	452,442	515,161	524,345
Current portion of long-term debt	205,812	217,090	215,682	197,333	196,677	Current portion of long-term indebtedness	218,683	220,020	155,921	147,195	199,724
						Advances from customers on contracts	51,163	47,891	57,358	68,943	68,152
Notes and accounts payable	168,530	226,875	212,180	172,199	217,430	Accounts payable	410,646	387,472	301,076	292,354	-
						Unconsolidated subsidiaries and affiliates	-	-	-	-	31,094
						Notes and accounts-trade	-	-	-	-	285,863
						Accrued expenses	112,580	154,454	160,200	148,228	171,022
Accrued income taxes	3,957	5,353	3,408	1,459	2,757	Accrued income taxes	14,338	19,511	6,945	8,218	12,030
Deferred tax liabilities	15	28	2	-	-						
Other current liabilities	154,422	166,218	148,240	141,503	160,005	Other current liabilities	28,564	13,923	13,659	21,395	10,172
Total current liabilities	618,700	784,038	778,186	618,130	689,385	Total current liabilities	961,177	986,166	1,147,601	1,201,494	1,302,402
<u>Long-term liabilities:</u>						<u>Long-term liabilities and reserves:</u>					
Long-term debt	854,543	894,473	1,058,660	838,789	844,506	Indebtedness	765,421	956,268	926,542	813,053	845,497
Accrued severance indemnities	33,361	69,181	64,536	62,461	66,960	Employees' termination allowances	81,904	79,582	76,062	86,781	95,067
Reserve for repair for blast furnace	23,213	34,887	33,815	32,735	46,236	Reserve for rebuilding furnaces	33,511	39,955	38,132	37,004	42,840
Deferred tax liabilities	25,290	25,665	934	-	-						
Other liabilities	57,490	34,954	32,560	28,733	22,738	Other long-term liabilities	41,371	124,294	132,502	139,764	116,947
Total long-term liabilities	993,898	1,059,162	1,190,506	962,720	980,441	Total long-term liabilities and reserves	922,209	1,200,101	1,173,238	1,076,602	1,100,351
Total liabilities	1,612,599	1,843,201	1,968,693	1,580,850	1,683,815						
<u>Minority interests</u>	33,367	31,542	46,947	18,453	18,908	<u>Minority interests:</u>	23,465	68,510	82,461	85,343	96,075
<u>Shareholders' equity:</u>						<u>Shareholders' equity:</u>					
Common stock: Authorized 5,940,400,000 shares						Common stock: Authorized 5,883,584,000 shares					
Issued 3,191,956,286 shares as of March 31, 2002						Issued and outstanding 3,407,165,634 shares as of March 31, 2002					
	239,644	239,644	239,644	239,644	239,644		233,731	233,731	233,731	233,731	233,731
						Additional paid-in capital	95,509	95,509	95,509	95,509	-
Capital surplus	112,134	112,134	119,611	119,611	119,611	Capital surplus	-	-	-	-	109,130
Legal reserve	-	-	-	-	39,234	Legal reserve	-	-	-	-	38,769
Consolidated surplus	(51,162)	(48,972)	(25,866)	13,277	78,772	Retained earnings (deficit)	(10,999)	56,168	(43,838)	(1,283)	83,434
Net unrealized holding gains on land	13,318	16,189	-	-	-						
Net unrealized holding gains on securities	9,481	35,103	-	-	-	Unrealized gain on revaluation of securities	5,404	4,554	-	-	-
Foreign currency translation adjustments	(38,436)	(46,569)	-	-	-	Translation adjustments	(3,080)	(13,551)	-	-	-
Less, treasury stock, at cost	(24)	(1,963)	(1,963)	(3)	(1)	treasury common stock, at cost	(20)	(1)	0	0	0
Total shareholders' equity	284,955	305,567	331,425	372,529	477,259	Total shareholders' equity	320,545	376,410	285,402	327,957	465,064
Total liabilities and shareholders' equity	1,930,922	2,180,311	2,347,066	1,971,833	2,165,995	Total liabilities and shareholders' equity	2,227,397	2,631,188	2,688,702	2,691,396	2,963,892

Financial statements of KSC and NKK, based on each company's annual reports, are as follows:
 Figures for NKK include those for National Steel.

Consolidated Statements of Operations

Fiscal Years ended March 31	Kawasaki Steel					Fiscal Years ended March 31	NKK				
	2002	2001	2000	1999	1998		2002	2001	2000	1999	1998
Net sales	1,215,988	1,315,559	1,257,401	1,094,396	1,243,791	Net sales	1,653,500	1,787,228	1,685,391	1,808,767	1,934,367
Cost of sales	1,002,719	1,061,800	1,040,179	923,001	1,016,256	Cost of sales	1,459,010	1,486,477	1,408,467	1,574,360	1,616,817
Gross profit	213,269	253,758	217,222	171,394	227,535	Gross profit	194,489	300,751	276,924	234,407	317,550
Selling, general and administrative expenses	169,389	174,368	172,368	145,087	152,749	Selling, general and administrative expenses	202,160	220,165	215,002	238,567	241,047
Operating income	43,879	79,390	44,853	26,307	74,786	Operating income (loss)	(7,671)	80,586	61,922	(4,160)	76,503
Non-operating income (expenses):						Other income (expenses)					
Interest and dividend income	3,561	5,196	4,875	6,286	7,445	Interest income	1,758	2,736	3,434	4,946	7,078
Interest expenses	(15,598)	(19,720)	(24,649)	(27,500)	(31,877)	Interest expenses	(38,527)	(40,604)	(40,216)	(43,489)	(44,784)
Equity in earnings (loss) of associates	(2,689)	(3,994)	2,747	(660)	-	Dividends received	2,387	2,239	2,092	2,496	2,893
Other, net	(4,764)	(7,197)	(1,749)	(1,291)	(6,926)	Equity in earnings of affiliates	(599)	(1,970)	739	3,182	-
Ordinary profit (loss)	24,388	53,674	26,076	3,142	43,429	Other, net	(57,934)	34,525	(71,361)	(118,859)	(9,795)
Special profit (loss)	(7,413)	(77,586)	(6,559)	(158,926)	(28,819)	Sub total	(92,916)	(3,072)	(105,312)	(151,724)	(44,608)
Income (loss) before income taxes	16,974	(23,911)	19,516	(155,784)	14,610	Income (loss) before income taxes and minority interests	(100,587)	77,514	(43,390)	(155,884)	-
						Income before income taxes, minority interests, amortization of consolidation differences and equity in earnings of affiliates	-	-	-	-	31,895
Income taxes:						Income taxes (credit):					
Current	7,612	8,042	5,432	3,043	3,711	Current	17,530	17,888	7,434	9,801	18,444
Deferred	2,436	(13,157)	1,346	(44,519)	180	Deferred	(13,737)	(31,406)	(1,410)	(41,284)	(2,540)
	10,048	(5,115)	6,778	(41,476)	3,891	Sub total	3,792	(13,517)	6,024	31,483	15,904
Income (loss) before minority interests	6,926	(18,796)	12,737	(114,308)	10,719	Income (loss) before minority interests	(104,380)	91,031	(49,414)	(124,401)	13,219
Minority interests in subsidiaries	103	(559)	307	482	(103)	Minority interests	36,790	5,958	3,486	15,844	1,059
Amortization of investment cost over equity in net assets of consolidated subsidiaries	-	-	-	-	(909)	Amortization of consolidation differences	-	-	-	-	783
Equity in net earnings (loss) of affiliates	-	-	-	-	(1,246)	Equity in earnings of affiliates	-	-	-	-	(3,555)
Net income (loss)	6,822	(18,236)	12,429	(113,826)	8,459	Net income (loss)	(67,589)	96,990	(45,928)	(108,557)	14,278

Note: National Steel Corporation filed the petition for reorganization under Chapter 11 of the U.S. Federal Bankruptcy Code on March 6, 2002. National Steel is reflected in NKK's consolidated statements of operations and cash flow through the year ended March 31, 2002. However, its year-end assets and liabilities are excluded from NKK's consolidated balance sheet as of March 31, 2002.

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JFE Group Data Book

Domestic Facilities



Steel Business

	<u>Location</u>	<u>Area *</u>	<u>No. of employees *</u>
		thousand m ²	
East Japan Works	Chiba	Chiba, Chiba	8,620
	Keihin	Kawasaki, Kanagawa	6,622
Chita Works		Handa, Aichi	924
West Japan Works	Kurashiki	Kurashiki, Okayama	10,896
	Fukuyama	Fukuyama, Hiroshima	14,286

* as of March 2002 for the Parent company

Engineering Business

	<u>Location</u>	<u>Area *</u>	<u>No. of employees *</u>
		thousand m ²	
Tsurumi Works	Yokohama, Kanagawa	565	1,339
Shimizu Works **	Shimizu, Shizuoka	170	7
Tsu Works	Tsu, Mie	1,755	750

* as of March 2002 for the Parent company

** Shimizu Works span off its steel structure business as NKK Shimizu Co., Ltd. in July 1999.

Overseas Subsidiaries, Affiliates and Allies



Steel Business

Subsidiaries and Affiliates

	<u>Location</u>	<u>Line of business</u>
DNN Galvanizing Corp.	Ontario, Canada	Manufacture and sale of zinc-coated sheet
California Steel Industries, Inc.	California, USA	Manufacture and sale of steel products
M.S.G.	Brazil	Mining and sale of iron ore
Bohai NKK Drill Pipe Co., Ltd.,	China	Manufacture and sale of tool joint for drilling pipe
Fujian Sino-Japan Metal Corp.	China	Manufacture and sale of tin plate
Thai Cold Rolled Steel Sheet Public Co., Ltd.	Thailand	Manufacture and sale of cold rolled sheet
Thai Coated Steel Sheet Co., Ltd.	Thailand	Manufacture and sale of zinc-coated sheet
Philippine Sinter Corp.	Philippines	Manufacture and sale of sinter ore
P.T.Sermani Steel Corp.	Indonesia	Manufacture and sale of zinc-coated sheet

Allies

Stelco	Ontario, Canada	Manufacture and sale of steel products
AK Steel Corp.	Ohio, USA	Manufacture and sale of steel products
Dongkuk Steel	Korea	Manufacture and sale of shapes and bars
Dongbu Steel	Korea	Manufacture and sale of cold rolled and coated sheet
Hyundai HYSCO	Korea	Manufacture and sale of cold rolled sheet and pipe
INI Steel	Korea	Manufacture and sale of steel products
ThyssenKrupp Steel AG	Germany	Manufacture and sale of steel products
Georgsmarienhütte	Germany	Manufacture and sale of specialty steel bars
Corinth Pipeworks	Greece	Manufacture and sale of welded pipes and spiral pipes

Domestic Steel Manufacturing Facilities

Capacity varies with product mix and other functions so capacity numbers hereunder are intended as rough standards.

<u>Blast furnaces</u>		<u>Total Volume</u>	<u>Notes</u>
		m ³	
Chiba	No. 5	2,584	To be closed by March 2004
	No. 6	5,153	
Keihin	No. 1	4,907	To be idled when No. 2 BF will restart
	No. 2	4,052	To be relined by March 2005 (to the same size of No.1)
Kurashiki	No. 1	2,564	Idling
	No. 2	2,857	To be relined and enlarged to 4,100m ³ by March 2004
	No. 3	4,359	
	No. 4	5,005	
Fukuyama	No. 2	2,828	
	No. 3	3,223	
	No. 4	4,288	
	No. 5	4,664	

<u>Basic oxygen furnaces</u>		<u>Capacity</u>	<u>No. of furnaces</u>	<u>Notes</u>
		ton/charge		
Chiba	No. 3	280	2	
	No. 4	185	2	
Keihin		250	2	
Kurashiki	No. 1	180	3	
	No. 2	250	3	
Fukuyama	No. 2	250	3	
	No. 3	300	2	

<u>Continuous casters</u>		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Chiba	No. 3	} 4,400	slab
	No. 4		slab
Keihin	No. 1	} 3,800	slab
	No. 3		slab
	No. 5		500
Kurashiki	No. 2	} 9,200	slab
	No. 3		bloom/beam blank
	No. 4		slab
	No. 6		slab

Continuous casters

		<u>Capacity</u>	<u>Notes</u>
(continued)		1000 ton/yr.	
Fukuyama	No. 2	} 11,250	slab
	No. 3		slab
	No. 4		slab
	No. 5		slab
	No. 6		slab
	Bloom Billet		
Sendai	Bloom		NKK Bars & Shapes Co., Ltd.

Plate mill

		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Keihin		1,600	
Kurashiki		2,040	
Fukuyama		2,170	

Hot-strip mill

		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Chiba	No. 3	5,400	
Keihin		3,600	
Kurashiki		4,990	
Fukuyama	No. 1	4,600	
	No. 2	3,600	

Cold-strip mill

		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Chiba	No. 2	} 2,620	
	No. 3		
Keihin	No. 1	1,200	
Kurashiki	No. 1	1,850	
Fukuyama	No. 1	} 4,650	
	No. 2		
	No. 3		

Continuous annealing line

		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Chiba	No. 2	360	
	No. 3	1,020	
	No. 4	560	
Keihin		230	Closed in August 2002

<u>Continuous annealing line</u>		<u>Capacity</u>	<u>Notes</u>
(continued)		1000 ton/yr.	
Kurashiki	No. 1	1,000	
	No. 2	960	
Fukuyama	No. 1	310	
	No. 2	230	
	No. 3	780	
	No. 4	960	
<u>Continuous galvanizing line</u>		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Chiba	No. 2	} 580	To be closed
	No. 3		
Kurashiki	No. 1	360	
Fukuyama	No. 1	} 1,080	
	No. 2		
	No. 3		
Chiba	No. 2	240	Kawatetsu Galvanizing Co., Ltd.
Matsudo	No. 1	80	Kawatetsu Galvanizing Co., Ltd.
Keihin	No. 2	} 800	NKK Steel Sheet & Strip Corp.
	No. 3		NKK Steel Sheet & Strip Corp.
	No. 4		NKK Steel Sheet & Strip Corp.
Tamashima	No. 1	250	Kawatetsu Galvanizing Co., Ltd.
<u>Electrolytic galvanizing line</u>		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Chiba	No. 1	300	To be closed in March 2004
Kurashiki	No. 2	360	
Fukuyama	No. 2	} 820	Closed in September 2002
	No. 4		
	No. 5		
<u>Electric tinning line</u>		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Chiba	No. 1	} 360	To be closed in March 2004
	No. 2		
Fukuyama		220	
<u>Tin free steel line</u>		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	(1 line will be closed)
Chiba		180	
Fukuyama	No. 1	} 320	
	No. 2		

<u>Seamless pipe mill</u>		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Chita	Medium-dia.	470	
	Small-dia.	440	
Keihin	Large-dia.	630	NKKTUBES
	Small-dia.	400	NKKTUBES
<u>Large-dia. welded pipe mill</u>		<u>Capacity</u>	<u>Notes</u>
<i>(U&O-ing presses)</i>		1000 ton/yr.	
Chiba		480	
Fukuyama		580	
<u>Spiral pipe mill</u>		<u>Capacity</u>	<u>Notes</u> (Additionally, 1 line will be closed)
		1000 ton/yr.	
Chita	No. 1	100	
	No. 2	50	Closed in April 2003
Fukuyama		80	
Chiba	No. 1	} 150	Kawatetsu Steel Tube Co., Ltd.
	No. 2		Kawatetsu Steel Tube Co., Ltd.
Anegasaki	No. 1	} 130	NKK Bars & Shapes Co., Ltd.
	No. 2		Closed in April 2003
			NKK Bars & Shapes Co., Ltd.
<u>Electric resistance welded pipe mill</u>		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Chita	No. 1 Small-dia.	} 160	
	No. 2 Small-dia.		
	No. 1 Medium-dia.	} 540	Closed in March 2003
	No. 2 Medium-dia.		Including square pipes
	HISTORY	170	<u>High Speed Tube Welding and Optimum Reducing Technology</u>
Keihin	Large-dia.	300	NKK Welded Pipe Manufacturing Co., Ltd.
	Small-dia.	120	Closed in March 2003
	Butt-welded pipe	360	NKK Welded Pipe Manufacturing Co., Ltd.
			NKK Welded Pipe Manufacturing Co., Ltd.
<u>Section mill</u>		<u>Capacity</u>	<u>Notes</u>
		1000 ton/yr.	
Kurashiki	Large	960	
Kashima	Medium/Small	480	NKK Bars & Shapes Co., Ltd.
Himeji	Large	540	NKK Bars & Shapes Co., Ltd.
	Medium/Small	540	NKK Bars & Shapes Co., Ltd.
Kurashiki	Medium	480	To be closed in Oct. 2003, Daiwa Steel Corporation
Fukuyama	No. 1 Large	1,130	To be closed in Oct. 2003, NKK Bars & Shapes Co., Ltd.
	No. 2 Large	760	NKK Bars & Shapes Co., Ltd.

Number of Employees

As of Sep. 30, 2002

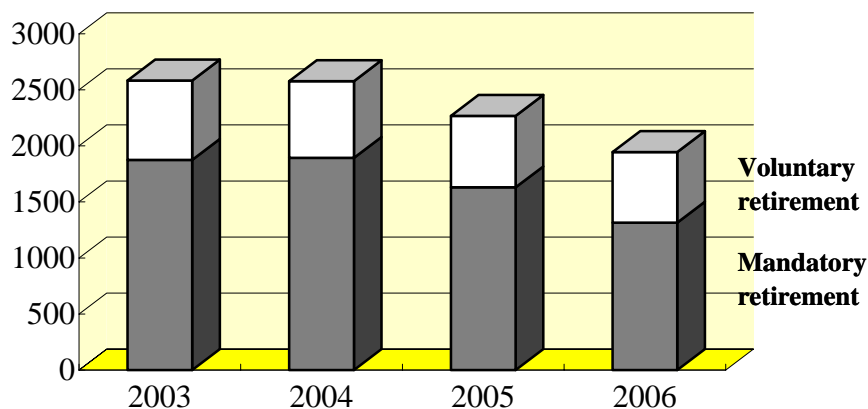
	Kawasaki	NKK
Parent company	9,141	9,677
Domestic subs	18,425	17,015
Overseas subs	1,150	299
Consolidated	28,716	26,991

NKK excluded the number of employees who retired on Sep. 30. If included, the consolidated number would be 27,879.

KSC included the number of employees who retired on Sep. 30.

Forecast for number of retirement

Including parent companies and major domestic subsidiaries.



(Fiscal year end March 31)

Number of newly employed (Parent company)

		persons		
		2000	2001	2002
Sales & Administration	Kawasaki	12	11	25
	NKK	0	31	58
		12	42	83
Engineers	Kawasaki	22	26	34
	NKK	13	44	85
		35	70	119
Workers	Kawasaki	93	135	175
	NKK	52	167	156
		145	302	331
Total		192	414	533

		persons	
		2003	2004*
Steel	Sales & Administration	21	15
	Engineers	46	35
	Workers	237	240
Sub-total		304	290
Engineering	Sales & Administration	9	10
	Engineers	20	20
	Workers	4	5
Sub-total		33	35
Kawasaki Microelectronics		12	15
Total		349	340

*Numbers for 2004 are rounded.

By business segment (as of September 30, 2002)

Kawasaki Steel

Business segment	No. of employees
Steel	21,119
Engineering	2,112
Chemical	1,065
LSI/IT	2,181
Others	2,239
Total	28,716

NKK

Business segment	No. of employees
Steel	18,157
Engineering	6,758
Others	399
Corporate	1,677
Total	26,991

*Excluding number of employees who retired on Sep. 30. If included, the consolidated number would be 27,879.

Number of Subsidiaries and Affiliates by Business Segment

as of September 30, 2002

	Kawasaki Steel		NKK	
	Subsidiaries	Affiliates	Subsidiaries	Affiliates
Steel	75	13	58	12
Engineering	21	5	20	3
Chemical	4	1	-	-
LSI/IT	7	-	-	-
Others	31	3	5	1
Total	138	22	83	16

Major Group Companies * affiliates; others are subsidiaries

Sales and Number of Employees: FY ended March 2002 except for EXA

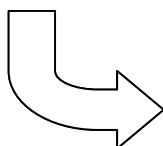
		Sales [bil. yen]	No. of employees		Sales [bil. yen]	No. of employees
Steel						
Mini mill / Shape	Daiwa Steel	27.9	335	NKK Bars & Shapes	114.3	1,193
	Touhoku Steel	8.4	126			
	Toyohira Steel	10.0	192			
Coated sheet	Kawatetsu Galvanizing	28.9	493	NKK Steel Sheet & Strip	33.1	225
Construction material	Kawasaki Steel Metal Products & Engineering	30.2	608	Nippon Kokan Light Steel	39.6	547
Container	Kawasaki Steel Container	11.5	181	KOKAN DRUM	7.8	142
Shearing	Kawatetsu Kozai Kogyo	17.9	152	Tokyo Shearing	23.2	207
Logistics	Kawatetsu Transportation & Technology	92.4	2,536	NKK Marine & Logistics	57.2	620
				Nichiei Unyu Soko	23.9	1,182
				Merged into NKK Marine & Logistics in Oct. 2002		
Trading	*Kawasho	1007.4	1,122	NKK Trading	348.0	271
Raw material	Kawatetsu Mining	30.9	432	Kokan Mining	30.0	382
Maintenance	Kawatetsu Machinery	43.0	1,651	Mentec Kiko	49.4	1,701
		23.6	747	Kokan Densetsu Kogyo	10.1	326
Chemical						
	Chemical Division of KSC	38.6	325	ADCHEMCO	21.2	344
Engineering						
Construction	Kawasaki Steel Civil Engineering and Construction	61.7	651	Nippon Kokan Koji	97.8	1,341
				NKK Plant Engineering	85.6	769
Shipbuilding				*Universal Shipbuilding Started operations in Oct. 2002		
Steel plant				*JP Steel Plantech	2.1	185
Recycling						
	Japan Recycling	2.1	29	NK Kankyo	9.8	320
Service						
IT	Kawatetsu Systems	30.7	1,338	*EXA	28.2	1,553
				Nine months for FY ended Dec. 2001		
Technology	Kawasaki Steel Techno- research	7.9	612	Kokan Keisoku	5.6	478
				NK Techno Service	1.7	103

History prior to the Consolidation [Summarized from the financial reports of both companies]

Kawasaki Steel

- 1878 Apr. Kawasaki Tsukiji Dockyard founded in Tokyo by Shozo Kawasaki.
- 1896 Oct. Kawasaki Dockyard Co., Ltd. established.
- 1906 May Opened Unga Works in Hyogo Prefecture.
- 1917 May Opened Fukiai Works in Hyogo Prefecture to manufacture steel sheets for shipbuilding.
- 1939 Oct. Opened Nishinomiya Works in Hyogo prefecture to manufacture special steel.
- 1939 Dec. Corporate name changed to Kawasaki Heavy Industries, Ltd.
- 1943 Aug. Opened Chita Works in Aichi Prefecture to manufacture special steel.

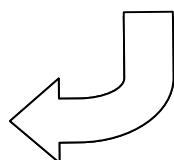
- 1950 Aug. Kawasaki Steel Corporation established by separating steel division from Kawasaki Heavy Industries.
- 1950 Oct. Listed on the Tokyo Stock Exchange, the Osaka Securities Exchange, the Nagoya Stock Exchange and the Fukuoka Stock Exchange.
- 1951 Feb. Opened Chiba Works, the first modern integrated steelworks in Japan in the postwar period.
- 1961 Jul. Opened Mizushima Works in Kurashiki, Okayama Prefecture.
- 1969 May Opened Technical and Research Laboratories in Chiba Works.
- 1976 Aug. Launched Engineering Division.
- 1977 Apr. Philippine Sinter Corporation started manufacturing sintered ore.
- 1984 Apr. Launched Chemical Division.
- 1984 Jul. Participated in management of California Steel Industries, Inc.
- 1985 Aug. Started LSI business through a Joint-Venture with LSI Logic Corporation in the US.
- 1986 Feb. Launched ferrite business.
- 1989 May Established Armco Steel Company L.P. with Armco Inc. in the U.S. Started integrated steel operations in the U.S.
- 1990 Sep. Registered Kawatetsu Galvanizing Co., Ltd. in OTC market.
- 1990 Oct. Opened Utsunomiya Works of LSI Division in Haga, Tochigi Prefecture.
- 1995 Mar. Listed Kawasaki Steel Container Co., Ltd. on the Second Section of the Osaka Securities Exchange.
- 1995 Apr. Listed Toyohira Steel Corporation on the Sapporo Stock Exchange.
- 1996 Mar. Finished renovation of Chiba Works spending 260 billion yen.
- 1997 Nov. Introduced waste gasification technology from Thermoselect S.A., Switzerland, and launched waste treatment plant business.
- 1999 Mar. Entered into alliance with United Microelectronics Corporation, a Taiwanese foundry maker, for LSI business.
- 1999 Jul. Entered into the Basic Agreement for Mutual Cooperation with Dongkuk Steel Mill Co., Ltd., South Korea.
- 2000 Dec. Entered into the Basic Collaboration Agreement with Hyundai HYSCO, South Korea.
- 2001 Mar. Listed Kawatetsu Systems R&D, Inc. on the Second Section of the Tokyo Stock Exchange.
- 2001 Apr. Entered into a Memorandum of Understanding for consolidation with NKK.
- 2001 Jul. Established Kawasaki Microelectronics Inc. through a corporate split of LSI Division of KSC.
- 2001 Dec. Entered into basic agreement for consolidation with NKK.
- 2002 Mar. Transferred plastic compounding business to General Electric Company.
- 2002 Mar. Transferred leasing business to Tokyo Leasing Co.



September 27, 2002 Establishment

NKK

- 1912 Jun. Nippon Kokan K.K. (NKK) established with capital of ¥2 million.
- 1914 Apr. Operations began.
- 1921 Sep. Established Japan Casting Co., Ltd. [the cast iron and steel production company]
- 1940 Oct. Merged with Tsurumi Steelmaking & Shipbuilding Co., Ltd.
Opened Tsurumi Steel Works and Tsurumi Shipyard.
- 1949 Apr. Established Kokan Mining Company, Ltd. to provide raw materials to NKK.
Jun. Established Tokai Unyu Co., Ltd. (now NKK Marine & Logistics Corporation)
- 1955 Jan. Acquired shares in Tokyo Shearing Co., Ltd. [the plate shearing company]
- 1959 Jul. Established Nippon Kokan Koji K.K. [the general construction company]
- 1960 Nov. Established Nippon Kokan Light Steel Kabushiki Kaisha [the light-gauge steel shapes production and sales company]
- 1961 Oct. Listed Japan Casting Co. on the Second Section of the Tokyo Stock Exchange.
Dec. Established Nippon Kokan Fudosan K.K. [the general real estate company]
- 1965 Feb. Opened Fukuyama Works.
Jul. Established Fukuyama Kyodo Power Co., Ltd. to provide electric power to the Fukuyama Works.
- 1966 Apr. Established Fukuyama Kyodokiko K.K. as the machinery and facilities maintenance company for the Fukuyama Works.
- 1968 Apr. Consolidated three steel mills in Kawasaki, Tsurumi and Mizue to form the Keihin Works.
- 1969 Jan. Opened Tsu Shipyard. (now Tsu Works)
- 1973 May Acquired shares in Fuji Shoji Co., Ltd. (now NKK Trading Inc.) [the trading house]
May Acquired shares in Nippon Chutetsukan K.K. [the cast iron pipe production company]
- 1984 Aug. Took capital stake in National Steel Corporation (U.S.A.).
- 1987 Oct. Established NK-EXA Corporation (now EXA Corp.) [the information systems company]
- 1989 Jul. Reorganized into three business divisions: Steelmaking, Engineering and Urban Development.
- 1990 Mar. Established Thai Coated Steel Sheet Co., Ltd. (began operations in March 1994).
Mar. Established Thai Cold Rolled Steel Sheet Public Co., Ltd. (began operations in June 1997).
- 1991 Oct. Launched LSI Division.
- 1992 Jul. Launched New Business Center. (now Recycle Business Center)
- 1993 Apr. Merged NKK Heavy Industries Service Co., Ltd. and NK Engineering Co., Ltd. to form NKK Plant Engineering Corporation [the plant and equipment construction company]
- 1997 Apr. Registered Toa Fence Co., Ltd., the exterior products sales company, for over-the-counter trading (now LS Fence Co., Ltd.).
- 1998 Apr. Listed Nippon Kokan Koji K.K. on the Second Section of the Tokyo Stock Exchange.
- 1999 Mar. Established NKK Business Support Co., Ltd. (now NKF Corporation) to oversee all employee benefits services for the NKK Group.
Apr. Took over the bars and shapes business from Toa Steel Co., Ltd. to launch operations for NKK Bars & Shapes Co., Ltd.
Jun. Established NKK Steel Sheet & Strip Corporation [the coated steel sheet manufacturer in the Keihin Area]
Aug. Established NKK Welded Pipe Manufacturing Co., Ltd. [the welded pipe manufacturer in the Keihin Area]
- 2000 Dec. Absorbed and merged with Nippon Kokan Fudosan K.K.
- 2001 Dec. Concluded agreement to integrate shipbuilding operations with Hitachi Zosen Corp.
- 2002 May Concluded agreement for consolidation with Kawasaki Steel.



Contact

< JFE Holdings, Inc. >

Finance and IR Division
1-1-2 Marunouchi
Chiyoda-ku, Tokyo 100-0005 Japan

Tel. 81-3-3217-4089 (direct)

Fax. 81-3-3214-6114

e-mail ir@jfe-holdings.co.jp

URL <http://www.jfe-holdings.co.jp/en>