

Consolidated Financial Results for the 1st Half of Fiscal Year ending March 31, 2003

(Six months ended September 30, 2002)

(All financial information has been prepared in accordance with generally accepted accounting principles in Japan)

English translation from the original Japanese document

November 21, 2002

Company name : JFE Holdings, Inc.
 Stock exchange on which the stock is listed : Tokyo, Osaka, and Nagoya
 Stock Exchanges in Japan
 Code number : 5411
 Location of the head office : 1-1-2, Marunouchi, Chiyoda-ku, Tokyo
 URL : http://www.jfe-holdings.co.jp/

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Date of the board meeting for the financial results of the six months ended Sept. 30, 2002 : November 21, 2002

1. Highlights of Consolidated Results for the Six months ended Sept. 30, 2002

(1) Statements of Income

	Net sales	(% of change from previous year)	Operating income	(% of change from previous year)	Ordinary income	(% of change from previous year)
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Six months ended Sept. 30, 2002	1,132,206	-	50,021	-	26,208	-
Six months ended Sept. 30, 2001	-	-	-	-	-	-
Fiscal Year ended March 31, 2002	-	-	-	-	-	-

	Net income (loss)	(% of change from previous year)	Net income (loss) per share
	(Millions of yen)	%	(yen)
Six months ended Sept. 30, 2002	17,615	-	30.68
Six months ended Sept. 30, 2001	-	-	-
Fiscal Year ended March 31, 2002	-	-	-

Note1: Equity in earnings of affiliates (Millions of Yen) Six months ended Sept. 30, 2002 2,401
 Six months ended Sept. 30, 2001 -
 Fiscal Year ended March 31, 2002 -

Note2: Weighted average number of shares of common stock issued during
 Six months ended Sept. 30, 2002 574,254,199
 Six months ended Sept. 30, 2001 -
 Fiscal Year ended March 31, 2002 -

(2) Balance Sheets

	Total assets	Stockholders' equity	Ratio of stockholders' equity	Stockholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(yen)
Six months ended Sept. 30, 2002	3,913,334	602,533	15.4	1,049.57
Six months ended Sept. 30, 2001	-	-	-	-
Fiscal Year ended March 31, 2002	-	-	-	-

Note: Number of shares of common stock issued as of September 30, 2002 574,076,834
 September 30, 2001 -
 March 31, 2002 -

(3) Statement of Cash Flows

	Cash Flows from operating activities	Cash Flows from investing activities (outflow)	Cash Flows from financing activities (outflow)	Cash and cash equivalents (ended Sept. 30, 2002)
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Six months ended Sept. 30, 2002	126,484	(53,954)	(115,771)	117,330
Six months ended Sept. 30, 2001	-	-	-	-
Fiscal Year ended March 31, 2002	-	-	-	-

(4)Scope of consolidation and equity method	
Number of consolidated subsidiaries	223 companies
Number of unconsolidated subsidiaries accounted for by the equity method	-
Number of affiliates accounted for by the equity method	38 companies

2. Forecast of Consolidated Financial Results for Fiscal Year ending March 31, 2003

	Net sales	Operating income	Ordinary income	Net income(loss)
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal Year ended March 31, 2003	2,428,000	142,000	94,000	33,000

Reference: Net income(loss) per share 57.48 yen

Above forecast is our best estimate based upon currently available information and include uncertain factors.
Therefore, please be advised to refrain from investment decisions by depending solely on these figures.

Management Policy

1. Basic Management Policy and Financial Targets

JFE Holdings, Inc. was established on September 27, 2002, with the transfer of shares from Kawasaki Steel and NKK. As a holding company, it leads the new JFE Group, of which Kawasaki Steel and NKK are wholly owned subsidiaries.

Below are the basic management policy and financial targets for the JFE Group.

1) Corporate Vision

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

2) 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:

- a) Responding to global customer needs better and faster
- b) Enhancing credibility among shareholders and capital markets worldwide
- c) Providing employees with more challenges and opportunities
- d) Contributing to local communities and global environmental conservation

3) Financial Targets

	FY ending 3/31/2006
Ordinary income (OI)	200 billion yen
Interest-bearing debt outstanding	1,800 billion yen
Return on assets ((OI+Interest Expenses)/total assets)	6.5%
Return on sales (OI/sales)	7.5%

2. Basic Guidelines on Profit Distribution

JFE Holdings considers the return of profits to shareholders to be one of its highest priorities. It is committed to paying dividends in a manner consistent with business results and at a level that allows adequate earnings to be retained in order to strengthen the base of operations for the group as a whole.

3. Future Tasks

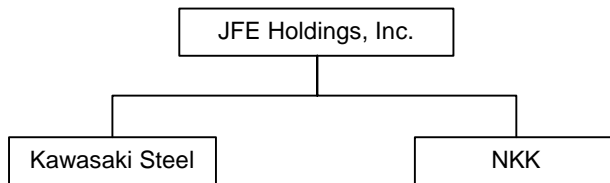
As the second step of consolidation, the JFE Group will reorganize Kawasaki Steel and NKK into operating companies responsible for core business areas in April 2003. The group will continue to draw on the synergy of the world's most innovative and multi-faceted technologies to develop into one of the truly excellent companies of the 21st century, a firm that is able to enrich people's lives, improve infrastructure and

contribute to the global environment. The group will continue to develop and expand under its new organization and will work towards the full achievement of its financial targets.

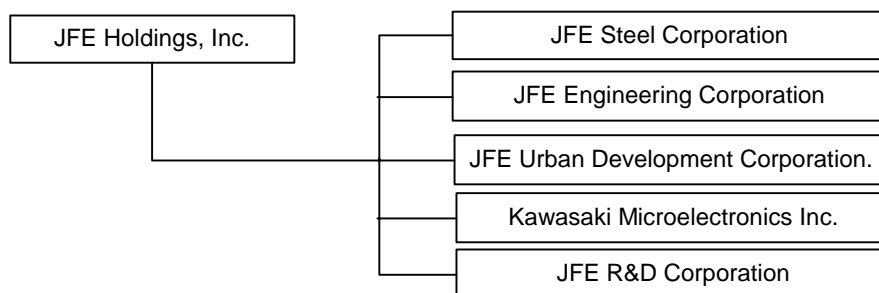
Below are the consolidation schedule and outline of the JFE Group as it will exist after reorganization is complete.

1) Consolidation Schedule

First stage - Establishment of JFE Holdings by stock-for-stock exchange (September 27, 2002 to March 2003)



Second stage - Reorganization of operating companies (From April 2003)



2) Outline of the JFE Group after Reorganization

JFE Holdings, Inc.

The flagship company of the group listed on the stock exchange, JFE Holdings will serve as a streamlined group headquarters, formulating overall management strategy, managing the businesses and risks of group members, providing external liaison functions for investor relations and raising funds for the group as a whole.

JFE Steel Corporation

JFE Steel will consolidate the 239 steel-related departments of Kawasaki Steel and NKK, reducing them by 35% to 157 departments. The objective of this strategy is to build a lean organization and a speedy management structure. It will introduce a “corporate officer” system in order to separate decision-making from execution, thereby clarifying board duties and responsibilities for accelerated decision-making and execution.

JFE Steel will adopt 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.

Product sectors: Sheets, Plates, Shapes, Pipes and Tubes, Stainless and Specialty Steels, Electrical Steels, Bars and Wire Rods, Iron Powders

The operations of adjacent steelworks will be integrated to achieve the highest levels of competitiveness. Specifically, the Chiba, Keihin, Mizushima and Fukuyama steelworks owned either by Kawasaki Steel or NKK will be reorganized into the East Works and the West Works. A fifth mill, the Chita Works, will continue to specialize in the production of pipes and tubes. The company will therefore have two steelworks and one mill.

JFE Engineering Corporation

JFE Engineering will introduce a “corporate officer” system in order to separate decision-making from execution, thereby clarifying board duties and responsibilities for accelerated decision-making and execution.

The company will adopt a consolidated division system encompassing divisions/centers and functional group companies to enable it to respond flexibly to changes in business environments, develop common business strategies and maximize profits on a consolidated basis.

Divisions and Centers will include:

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

JFE Urban Development Corporation

JFE Urban Development will be responsible for developing the large tracts of idle land held by the JFE Group. It will also purchase land and build condominiums for consigned sales. The company will expand its condominium development business by integrating the real estate development operations of NKK, located primarily in the Tokyo area, with those of Kawasaki Steel, located primarily in the Osaka-Kansai area.

Kawasaki Microelectronics, Inc. (KME)

KME was spun off from Kawasaki Steel’s LSI Division in July 2001. Its primary business is application specific integrated circuits (ASICs), and it has established a firm position as an ASIC vendor by strengthening its technology base and effectively developing its markets. The company specializes in network/communications ICs and looks forward to becoming one of the world’s top global ASIC suppliers, distinguished by its high level of customer satisfaction.

JFE R&D Corporation

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

Consolidated Statements of Income

(Millions of Yen)
Six months ended
Sept. 30, 2002

Net sales	1,132,206
Cost of sales	(924,244)
Selling, general and administrative expenses	(157,940)
Operating income	50,021
Non-operating income(loss):	
Interest income and dividends received	3,379
Interest expense	(20,056)
Others, net	(7,135)
Ordinary income	26,208
Extraordinary profit:	
Gain on sale of tangible fixed assets	3,615
Gain on assignment of shipbuilding business	7,653
Total	11,269
Extraordinary loss:	
Loss on sale of tangible fixed assets	(95)
Loss on sale of investment securities	(2,041)
Write-down of investment securities	(2,075)
Loss on liquidation of investments	(963)
Amortization of the transition obligation on accrued severance indemnities	(11,551)
Expenses on special retirement payments	(2,317)
Loss on disaster	(1,562)
Total	(20,608)
Income(loss) before income taxes	16,868
Income taxes:	
Current	(6,367)
Deferred	5,380
Loss on minority shareholders	1,734
Net income(loss)	17,615

Consolidated Balance Sheets

(Millions of Yen)
**Six months ended
 Sept. 30, 2002**

(Assets)	
Current assets:	
Cash and time deposits	117,557
Notes and accounts receivable	357,219
Inventories	568,932
Deferred tax assets	65,528
Other current assets	100,754
Less allowance for doubtful accounts	(2,795)
Total current assets	1,207,198
Property, plant and equipment, net:	
Land	580,227
Buildings and structures	584,153
Machinery and equipment	928,152
Construction in progress	30,638
Total property, plant and equipment	2,123,172
Intangible fixed assets	57,678
Investments and other assets:	
Investments in securities	277,062
Deferred tax assets	132,878
Other assets	150,609
Less allowance for doubtful accounts	(35,286)
Total investments and other assets	525,263
Deferred assets	21
Total assets	3,913,334
(Liabilities and stockholders' equity)	
Current liabilities:	
Notes and accounts payable	495,999
Short-term debt	433,936
Commercial paper	5,000
Current portion of corporate bond	182,176
Other current liabilities	330,448
Total current liabilities	1,447,560
Fixed liabilities:	
Notes and Bonds	401,500
Long-term debt	1,100,317
Allowance for employees' retirement benefits	114,691
Allowance for special repairs	58,091
Other fixed liabilities	134,425
Total fixed liabilities	1,809,027
Minority interests in consolidated subsidiaries	54,213
Stockholders' equity:	
Common stock	100,000
Capital surplus	581,020
Retained earnings	(43,864)
Net unrealized holding gains on land	13,292
Net unrealized holding gains on securities	(1,234)
Foreign currency translation adjustments	(45,775)
Common stock for treasury	(905)
Total stockholders' equity	602,533
Total liabilities and stockholders' equity	3,913,334

Consolidated Statements of Cash Flows

(Millions of Yen)
Six months ended
Sept. 30, 2002

Cash flows from operating activities	
Income before income taxes and minority interests	16,868
Adjustments for:	
Depreciation and amortization	84,753
Allowance reserve	(8,664)
Interest and dividend income	(3,379)
Interest expense	20,056
Gain on sale of tangible fixed assets	(3,615)
Gain on assignment of shipbuilding business	(7,653)
Loss on sale of tangible fixed assets	95
Loss on sale of investment securities	2,041
Write-down of investment securities	2,075
Loss on disposal of investments	963
Loss on special retirement	2,317
Loss on disaster	1,562
Change in operating receivables and trade liabilities	96,654
Change in inventories	(14,110)
Others	(11,922)
Interest and dividend income received	4,219
Payments for interest	(19,958)
Payments for special retirement	(2,540)
Payments for expenses on disaster	(1,562)
Payments for income taxes	(17,016)
Others	(14,700)
Net cash provided by operating activities	126,484
Cash flows from investing activities:	
Payments for purchase of tangible fixed assets and intangible fixed assets	(58,198)
Proceeds from sales of tangible fixed assets and intangible fixed assets	4,818
Payments for purchase of investment securities	(4,596)
Proceeds from sales of investment securities	3,988
Others	33
Net cash used in investing activities	(53,954)
Cash flows from financing activities:	
Net change in commercial paper	(91,120)
Issuance of long-term debt	308,829
Repayments of long-term debt	(212,754)
Redemption of corporate bond	(119,136)
Payments for dividends on minority shareholders	(549)
Others	(1,040)
Net cash used in financing activities	(115,771)
Effect of exchange rate change on cash and cash equivalents	(4,864)
Net increase (decrease) in cash and cash equivalents	(48,105)
Cash and cash equivalents at beginning of this period	166,133
Increase (decrease) in cash and cash equivalents at beginning of year by newly consolidated subsidiaries	(697)
Cash and Cash equivalents at end of this period	117,330