

Supplementary Information for Earnings Forecast
for Fiscal Year ending March 31, 2007

1. Consolidated income statements

(billions of yen) (Reference)

Items	FY ending March 2007 (Previous forecast)		FY ending March 2007 (Updated forecast)		Change		FY ended March 2006 (actual)	
	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year
	Steel Business	1,330.0	2,760.0	1,370.0	2,800.0	40.0	40.0	1,338.1
Engineering Business	100.0	310.0	100.0	310.0	0.0	0.0	100.7	306.0
Urban Development Business	8.0	34.0	8.0	36.0	0.0	2.0	8.0	28.5
LSI Business	24.0	52.0	22.5	46.0	(1.5)	(6.0)	20.7	46.1
Eliminations and Corporate	(12.0)	(36.0)	(10.5)	(32.0)	1.5	4.0	(14.5)	(36.3)
Net Sales	1,450.0	3,120.0	1,490.0	3,160.0	40.0	40.0	1,453.2	3,098.3
Steel Business	200.0	460.0	205.0	465.0	5.0	5.0	271.0	513.7
Engineering Business	(5.0)	2.0	(5.0)	2.0	0.0	0.0	(8.2)	(3.3)
Urban Development Business	0.1	3.2	0.1	3.6	0.0	0.4	0.3	2.9
LSI Business	0.7	3.0	0.0	0.0	(0.7)	(3.0)	0.7	2.1
Eliminations and Corporate	(0.8)	1.8	(0.1)	4.4	0.7	2.6	0.3	1.6
Operating Income	195.0	470.0	200.0	475.0	5.0	5.0	264.2	517.1
Other Income (Expenses)	(5.0)	(10.0)	0.0	(5.0)	5.0	5.0	3.5	0.1
Steel Business	190.0	445.0	200.0	455.0	10.0	10.0	272.3	510.7
Engineering Business	(2.0)	7.0	(2.0)	7.0	0.0	0.0	(5.7)	0.9
Urban Development Business	0.0	3.0	0.0	3.4	0.0	0.4	0.3	2.8
LSI Business	0.7	3.0	0.0	0.0	(0.7)	(3.0)	0.7	2.0
Eliminations and Corporate	1.3	2.0	2.0	4.6	0.7	2.6	0.0	0.8
Ordinary Income	190.0	460.0	200.0	470.0	10.0	10.0	267.8	517.3
Extraordinary Profit (Loss)	(5.0)	(10.0)	(5.0)	(10.0)	0.0	0.0	(9.6)	(8.0)
Tax Expense and Minority Interest	(75.0)	(180.0)	(75.0)	(180.0)	0.0	0.0	(87.9)	(183.2)
Net Income	110.0	270.0	120.0	280.0	10.0	10.0	170.2	325.9

2. Consolidated financial indices

Financial Indices	FY ending March 2007 (Previous forecast)		FY ending March 2007 (Updated forecast)		Change	FY ended March 2006 (Actual)
	Full Year		Full Year			
	Return on Sales (ROS) *1	14.7%	14.7%	14.9%	14.9%	0.2%
Return on Assets (ROA) *2	12.9%	12.9%	13.2%	13.2%	0.3%	14.6%
Debt Outstanding	1,090.0 bil. yen	1,090.0 bil. yen	1,090.0 bil. yen	1,090.0 bil. yen	0.0 bil. yen	1,162.8 bil. yen
Shareholders' Equity	1,480.0 bil. yen	1,480.0 bil. yen	1,490.0 bil. yen	1,490.0 bil. yen	10.0 bil. yen	1,310.3 bil. yen
D/E Ratio	73.6%	73.6%	73.2%	73.2%	(0.4%)	88.7%

*1 ROS = Ordinary Income / Net Sales

*2 ROA = Ordinary Income before Interest Expenses / Total Assets (average)

3. Crude Steel Production (JFE Steel) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2006	Parent	6.95	6.64	13.59	6.34	6.79	13.13	26.72
	Consolidated	7.90	7.47	15.37	7.15	7.63	14.78	30.15
FY ending March 2007	Parent	6.92	7.3(e)	14.2(e)				
	Consolidated	7.88	8.2(e)	16.1(e)				

4. Shipment (JFE Steel on a non-consolidated basis) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2006		6.27	6.14	12.41	5.76	6.40	12.16	24.57
FY ending March 2007		6.08	6.8(e)	12.9(e)				

5. Export Ratio on a Value Basis (JFE Steel on a non-consolidated basis) (%)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2006		44.3	44.0	44.2	40.5	42.4	41.5	42.8
FY ending March 2007		42.1	46(e)	44(e)				

6. Foreign Exchange Rate (Yen/US dollar)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2006		107.3	111.5	109.4	116.2	117.4	116.8	112.9
FY ending March 2007		114.7	113(e)	114(e)				

JFE has an approximately 0.7 billion USD export surplus for FY ending March 2007.

7. Average Selling Prices (JFE Steel on a non-consolidated basis) (thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY ended March 2006		73.0	78.2	75.6	79.4	77.0	78.1	76.9
FY ending March 2007		73.5	75(e)	74(e)				

8. Engineering business orders

Approximately 270 billion yen (estimated) for the FY ending March 2007, down 7.1% from the previous year (including inter-segment transactions).

9. Unrealized gain on securities, net (JFE Holdings on a consolidated basis)

As of	(billion yen)
Sept. 30, 2005	158.1
March 31, 2006	190.9
Sept. 30, 2006 (e)	186.7

10. Breakdown of Extraordinary Profit and Losses (JFE Holdings on a consolidated basis)
(billion yen)

	FY ended March 2006	
	1H	Full year
Loss on disposal of assets, etc.	(5)	(10)

11. Debt outstanding and interest expense (JFE Holdings on a consolidated basis)

<u>Debt outstanding</u>		<u>Interest expense</u>	
As of	(billion yen)	FY ended March 2006	(billion yen)
Sept. 30, 2005	1,349.9	1H	(8.1)
March 31, 2006	1,162.8	Full year	(15.8)
March 31, 2007 (e)	1,090	FY ending March 2007 (e)	(14)

12. Capital investment and depreciation cost (JFE Holdings on a consolidated basis)
(billion yen)

	FY March 06 (actual)	FY March 07 (forecast)
Capital investment	178.3	250
Depreciation	175.0	180

13. Breakdown of a change in ordinary income (FY March 2007 (e) compared to FY March 2006)

(billion yen)		<u>FY March 2006</u>	⇒	<u>FY March 2007 (e)</u>
Steel segment	(55.7)	510.7		455
Cost reduction	27.0			
Forex change	(1.0)			
Raw material	(58.0)			
Sales volume, mix, and price	0.0			
Other, net	(23.7)			

Engineering segment	6.1	<u>FY March 2006</u> 0.9	⇒	<u>FY March 2007 (e)</u> 7.0
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Reductions in fixed costs and withdrawal from unprofitable businesses will enable this sector to record a year-on-year profit increase.

Urban development segment	0.6	<u>FY March 2006</u> 2.8	⇒	<u>FY March 2007 (e)</u> 3.4
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Forecasts higher sales and profits thanks to the sales from the Yokohama Yamanouchi development project.

LSI segment	(2.0)	<u>FY March 2006</u> 2.0	⇒	<u>FY March 2007 (e)</u> 0.0
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Forecasts a decline in income due to falling prices of LCD panel products and worsening of product mix, while sales will be the same level as the previous year.

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