

Financial Results for the Fiscal Year ended March 31, 2007

(All financial information has been prepared in accordance with generally accepted accounting principles in Japan)
English translation from the original Japanese document

April 26, 2007

Company name : JFE Holdings, Inc.
 Stock exchange on which the shares are listed : Tokyo, Osaka, and Nagoya
 Stock Exchanges in Japan
 Code number : 5411
 URL : <http://www.jfe-holdings.co.jp/en/index.html>
 Contact : Shuichiro Hayashi, Manager, Public Relations Sec.
 General Administration Dept.
 Phone: +81-3-3217-4030, Fax: +81-3-3214-6111

Date of an annual meeting of shareholders : June 27, 2007

1. Highlights of Consolidated Results for the Fiscal Year ended March 31, 2007

(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)	%
Fiscal Year ended March 31, 2007	3,260,447	5.2	503,938	(2.6)	513,520	(0.7)
Fiscal Year ended March 31, 2006	3,098,374	10.5	517,171	10.7	517,313	12.3

	Net income	(% of change from previous year)	Net income per share	Net income per share (fully diluted)	ROE	ROA (Ordinary income divided by total assets)	ROS (Operating income divided net sales)
	(Millions of yen)	%	(yen)	(yen)	%	%	%
Fiscal Year ended March 31, 2007	299,683	(8.1)	513.58	492.27	21.3	13.7	15.5
Fiscal Year ended March 31, 2006	325,996	103.7	555.02	527.86	28.6	14.2	16.7

Note1: Equity in earnings of affiliates (Millions of yen) Fiscal Year ended March 31, 2007 26,563
 Fiscal Year ended March 31, 2006 17,302

(2) Balance Sheets

	Total assets	Net assets	Equity capital ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(yen)
Fiscal Year ended March 31, 2007	3,872,142	1,539,621	38.8	2,548.09
Fiscal Year ended March 31, 2006	3,630,322	1,310,381	36.1	2,236.32

Note: Shareholders' equity Fiscal Year ended March 31, 2007 1,501,093
 Fiscal Year ended March 31, 2006 -

(3) Statements of Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of the year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal Year ended March 31, 2007	417,645	(292,750)	(113,304)	45,061
Fiscal Year ended March 31, 2006	401,973	(116,224)	(316,127)	32,464

2. Dividend

	Dividend per share			Dividend Amount (Non-consolidated /Fiscal Year)	Dividend Payout Ratio (Consolidated)	Dividend per Net assets (Consolidated)
	Interim	Year-end				
	(yen)	(yen)	(yen)	(Millions of yen)	%	%
Fiscal Year ended March 31, 2006	100.00	0.00	100.00	58,555	18.0	5.1
Fiscal Year ended March 31, 2007	120.00	50.00	70.00	70,507	23.4	5.0
Fiscal Year ending March 31, 2008(undecided)	undecided	60.00	undecided		undecided	

3. Forecast of Consolidated Financial Results for Fiscal Year ending March 31, 2008

	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 period ending Sept. 30, 2007	1,680,000	13.0	245,000	12.3	245,000	9.4
Fiscal Year ending March 31, 2008	3,500,000	7.3	525,000	4.2	520,000	1.3

	Net income	(% of change from previous year)	Net income per share
	(Millions of yen)	%	(yen)
Six months period ending Sept. 30, 2007	150,000	11.5	254.62
Fiscal Year ending March 31, 2008	310,000	3.4	526.22

The above forecast is our best estimate based upon currently available information and includes uncertain factors.

Therefore, please be advised to refrain from investment decisions by depending solely on these figures.

1. Business Results

1) Analysis of Business Results

Performance in Fiscal Year ended March 31, 2007

The JFE Group, guided by its corporate vision of “contributing to society with the world’s most innovative technology,” consistently worked to improve corporate value and the common interests of its shareholders by creating higher-value-added, quality products and services.

From its inception, the Group has worked to reinforce its foundations, strengthen its profitability and improve its financial position to provide solid footing from which to develop into a global company. To date, these efforts have resulted in significant Group achievements.

The year under review was the first under the Second Medium-Term Business Plan, which seeks to solidify the Group’s foundation for global-scale growth and development. The business year saw the Group make steady progress ahead of planned targets in its endeavors to create higher profit-earning structures.

Following is an outline of the year’s results, broken down by business segment:

The steel business achieved consolidated crude steel production of 32.83 million tons, an increase over the previous year due to curtailment of production cuts that had been implemented to improve the supply/demand balance for commodity-grade products. Efforts were also made to expand sales, primarily of high-end products.

Higher sales volumes and stronger sales from group companies contributed to increase net sales year on year to 2,925.1 billion yen.

Ordinary income came to 503.9 billion yen, roughly equal to the previous year’s figures thanks to efforts to expand sales volumes and reduce costs. The steel sector was impacted by several factors that adversely affected profits, such as appraisal losses on raw materials acquired before market prices soared and a temporary decline in export sales prices in the first quarter.

The engineering segment continued to face a difficult business environment amid declining public works projects and other factors. It booked orders worth 275.1 billion yen and posted net sales of 292.1 billion yen, representing a year-on-year decline in sales, but efforts to reduce primarily fixed costs together with programs to rigorously select new areas of focus helped to improve margins and enable ordinary income to increase year on year to 5.8 billion yen.

In the urban development business, the Yokohama Yamanouchi development project went on the market, resulting in net sales of 34.3 billion yen and ordinary income of 3.6 billion yen, both year-on-year increases.

In the LSI business, falling prices for products destined for the LCD panel market resulted in declines in both sales and profits, with net sales coming in at 44.3 billion yen and ordinary income at 0.5 billion yen.

Overall, consolidated results for the year were net sales of 3,260.4 billion yen, operating income of 503.9 billion yen, ordinary income of 513.5 billion yen, net income before income taxes and minority interests of 508.6 billion yen and net income of 299.6 billion yen.

In November 2006, JFE Engineering Corp. was handed an order by the Tokyo High Court to pay fines for violating the Anti-monopoly Law with respect to tenders for steel bridge superstructure projects ordered by the Ministry of Land, Infrastructure and Transport (MLIT) and the former Japan Public Highway Corp. Also, Kawatetsu Bridge and Steel Structure Corp. was ordered to pay fines by the Tokyo High Court regarding tenders for steel bridge superstructure projects ordered by the MLIT.

JFE Engineering Corp. was ordered by Japan's Fair Trade Commission to pay surcharges under the Anti-monopoly Law for irregularities relating to construction projects for night soil treatment plants (January 2007) and water gates (March 2007).

Also, in June 2006 the company was handed a cease-and-desist order by the Fair Trade Commission over alleged violations of the Anti-monopoly Law regarding waste incineration plant projects. In July 2006, it filed suit with the Tokyo High Court seeking a reversal of this decision. April 2007 saw the company initiate litigation against surcharges that were ordered in March 2007 by the Fair Trade Commission.

Forecast for Fiscal Year ending March 31, 2008

Turning to the outlook for the fiscal year to March 2008, the steel business anticipates continuing strong demand, primarily for manufacturing sectors in both the domestic and international markets. Increases will be witnessed on the expense side due to rising depreciation cost as a result of changes in depreciation rules and rising prices for non-ferrous metals and other raw materials. Nevertheless, ordinary income is forecast to rise as sales prices improve and production volumes expand to address increasingly tight supplies of high-end products. In the engineering business, despite substantial declines in both the size and value of public works projects, progress is expected to continue through rigorous selection and concentration of business areas, and with private-sector projects landed in the business year ended March 2007 being posted as sales. As a result, engineering forecasts profit/loss on par with this reporting term. The urban development business forecasts year-on-year declines in both sales and profits due to lower condominium sales volumes. The LSI business also forecasts year-on-year declines in both sales and profits due to falling prices of products supplied to the LCD panel market.

As a result, the consolidated forecast for the fiscal year ending March 31, 2008 is net sales of 3,500 billion yen, operating income of 525 billion yen, ordinary income of 520 billion yen and net income of 310 billion yen. All represent year-on-year increases.

Note: These forecasts are based upon management conclusions made in light of information available at the date of publication. Actual results may differ materially from these forecasts.

2) Analysis of Financial Position

Turning to cash flow for the fiscal year ended March 31, 2007, net cash provided by operating activities amounted to 417.6 billion yen, with net cash used in investing activities, primarily for the acquisition of fixed assets, totaling 292.7 billion yen. Aggregate free cash provided by these activities was 124.9 billion yen. Cash flow from financing activities recorded expenditures of 113.3 billion yen, the company having used free cash flow mainly to pay dividends.

Outstanding debt at the fiscal year-end came to 1,180.5 billion yen, an increase of 17.7 billion yen from the end of the previous fiscal year. Outstanding cash and cash equivalents increased by 12.5 billion yen from the previous fiscal year-end to 45.0 billion yen.

Cash Flow and Other Financial Indicators

	FY ended March 2003	FY ended March 2004	FY ended March 2005	FY ended March 2006	FY ended March 2007
Return on sales (ROS)	4.3%	8.8%	16.4%	16.7%	15.8%
Return on assets (ROA)	3.7%	6.5%	13.1%	14.6%	14.1%
Outstanding debt	2,057.1 bil.yen	1,837.4 bil.yen	1,446.7 bil.yen	1,162.8 bil.yen	1,180.5 bil.yen
D/E ratio	346.0%	246.2%	149.4%	88.7%	78.6%
Shareholders' equity ratio	15.5%	20.0%	26.5%	36.1%	38.8%
Shareholders' equity ratio at market prices	22.5%	44.2%	47.9%	76.6%	106.0%
Debt redemption term	8.5 years	5.1 years	3.1 years	2.9 years	2.8 years
Interest coverage ratio	5.9 times	11.9 times	20.1 times	23.9 times	25.3 times

Notes:

- Return on sales (ROS) = Ordinary income/Net sales
- Return on assets (ROA) = (Ordinary income + Interest expense)/Total assets¹⁾
- Outstanding debt = Total amount of borrowings, bonds and commercial paper
- D/E ratio = Outstanding debt/Shareholders' equity
- Shareholders' equity ratio = Shareholders' equity/Total assets
- Shareholders' equity ratio at market prices = Market capitalization²⁾/Total assets
- Debt redemption term = Outstanding debt/Operating cash flow³⁾
- Interest coverage ratio = Operating cash flow³⁾/Interest expense⁴⁾

1) (Total assets at beginning of term + Total assets at end of term)/2

2) Market capitalization is calculated as term-end market prices multiplied by term-end outstanding shares.

3) Operating cash flow corresponds to cash flow from operating activities on the consolidated cash flow statement.

4) Interest expense corresponds to interest payments on the consolidated cash flow statement.

3) Basic Guidelines on Profit Distributions and Dividends for Fiscal Year ended March 31, 2007 and Fiscal Year ending March 31, 2008

JFE Holdings, which considers the return of profits to shareholders as one of its top priorities, has a policy of proactively distributing dividends while also maintaining a sound and sustainable operational base for the Group.

During the Second Medium-Term Business Plan (formulated March 2006; effective April 1, 2006 through March 31, 2009) the company will study ways to raise the consolidated payout ratio to the 25% level. Internal reserves will continue to be allocated towards strategic, growth-oriented investments, research and development and also towards improvement of the company's financial position. The company seeks to bring the debt-to-equity ratio below 50% at the earliest possible date so as to enable it to respond dynamically to large, growth-oriented investment opportunities

as they arise.

The company will study even more aggressive returns to shareholders when the debt-to-equity ratio falls below 50%.

In light of these basic guidelines and the plan's progress, at the next Ordinary General Meeting of Shareholders, the company intends to propose payment of a year-end dividend of 70 yen per share for the fiscal year ended March 31, 2007, which, combined with the interim dividend paid earlier, will result in a full-year dividend of 120 yen per share, an increase of 20 yen per share over the previous year. The company plans to pay an interim dividend of 60 yen per share for the fiscal year ending March 31, 2008.

The Board of Directors of JFE Holdings decided to acquire treasury shares at a meeting on November 10, 2006, and as a result of this decision a total of 120 billion yen in treasury shares had been purchased as of February 14, 2007, at which time the buyback program was brought to a conclusion. (For details, see "Notice of Completion of Tender Offer and Acquisition of Treasury Shares" released on February 15, 2007.)

#

2. Management Policy

1) Basic Management Policy

2) Medium- and Long-Term Management Strategies and Tasks

In March 2006, the JFE Group formulated its Second Medium-Term Business Plan to cover the fiscal period from April 1, 2006 through March 31, 2009. In the first full year of the plan, which ended on March 31, 2007, earnings outperformed initial targets.

In this second year, the Group will continue to strive toward the goals of the plan, which essentially remain unchanged. In addition, JFE will move forward with a new growth strategy, by enhancing its domestic production base and strengthening international alliances, with the aim of emerging as a global player.

JFE's basic management policy and medium- and long-term management strategies and tasks are not described in detail because the content has not changed significantly from information previously disclosed with the interim financial statements for the first half of the fiscal year ended March 31, 2007 (released on October 26, 2006) .

The financial statements can be viewed at the following URLs:

JFE Holdings web site

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

Tokyo Stock Exchange web site (listed company information search page)

<http://www.tse.or.jp/listing/compseach/index.html>

Policy toward Large-Scale Purchases of JFE Shares

The Board of Directors of JFE Holdings decided to adopt a "Policy toward Large-Scale Purchases of JFE Shares (Takeover Defense Measures)" at a meeting on March 1, 2007.

The reason for adopting this policy is to ensure that, in the event of a proposal related to a large-scale purchase of JFE shares, JFE shareholders would be in a position to carefully assess the impact of the purchase on JFE's corporate value and on their common interests. For this purpose, both the large-scale purchaser and the Board of Directors should provide JFE shareholders with necessary and sufficient information, opinions and suggestions, and an appropriate amount of time to review them.

This policy will remain in effect until the conclusion of the Ordinary General Meeting of Shareholders to be held in June 2007, at which time approval will be sought from shareholders for continued application of this policy. If approved, the policy's term of force will be extended until the conclusion of the Ordinary General Meeting of Shareholders for the final business year concluding within two years of the date of the Ordinary General Meeting of Shareholders at which it was approved. This procedure can be repeated on an annual basis.

Please refer to the following URL for details of this policy:

JFE Holdings web site

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

Consolidated Statements of Income

	(Millions of yen)	
	Fiscal Year ended Mar. 31, 2007	Fiscal Year ended Mar. 31, 2006
Net sales	3,260,447	3,098,374
Cost of sales	2,449,824	2,284,855
Selling, general and administrative expenses	(306,685)	(296,347)
Operating income	503,938	517,171
Non-operating income(loss):		
Interest income and dividends received	8,432	7,212
Equity in earnings of affiliates	26,563	17,302
Interest expense	(15,398)	(15,801)
Other, net	(10,015)	(8,571)
Ordinary income	513,520	517,313
Extraordinary profit:		
Profit on sales of investments in securities	5,981	20,726
Total	5,981	20,726
Extraordinary loss:		
Write-down of inventory	-	(9,850)
Loss on disposal of property, plant and equipment, etc.	(4,997)	-
Write-down of investments in securities	(1,158)	(1,444)
Provision of allowance for bad debts	(1,223)	-
Cost of treatment of PCB waste	-	(12,611)
Special charge arising from employees' retirement benefits	(1,112)	(2,557)
Surcharge on violation of the Antimonopoly Act	(1,333)	(2,315)
Cost of voluntary dismantlement of snow melting equipment	(1,036)	-
Total	(10,861)	(28,779)
Income before income taxes and minority interests	508,640	509,261
Income taxes:		
Current	(191,293)	(179,791)
Deferred	(15,537)	428
Minority interests	(2,127)	(3,901)
Net income	299,683	325,996

Consolidated Balance Sheets

	As of Mar. 31, 2007	(Millions of yen) As of Mar. 31, 2006
(Assets)		
Current assets:		
Cash and deposits	45,170	32,567
Notes and accounts receivable	530,164	477,663
Inventories	582,015	545,878
Deferred tax assets	44,907	43,630
Other current assets	65,769	66,714
Allowance for doubtful accounts	(1,108)	(1,607)
Total current assets	1,266,919	1,164,847
Property, plant and equipment, net:		
Buildings and structures	464,983	476,071
Machinery and equipment	796,813	772,566
Land	508,868	514,251
Construction in progress	45,848	64,452
Total property, plant and equipment, net	1,816,514	1,827,342
Intangible assets	69,437	71,318
Investments and other assets:		
Investments in securities	618,307	451,575
Deferred tax assets	12,763	32,471
Other assets	98,972	89,784
Allowance for doubtful accounts	(10,874)	(8,124)
Total investments and other assets	719,169	565,707
Deferred assets	100	1,106
Total assets	3,872,142	3,630,322
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	435,220	396,396
Short-term borrowings	188,081	226,501
Commercial paper	62,937	-
Current portion of corporate bonds	130,000	70,000
Income tax payable	74,917	82,465
Other current liabilities	352,617	344,615
Total current liabilities	1,243,774	1,119,979
Long-term liabilities:		
Corporate bonds	247,612	460,000
Long-term borrowings	551,902	406,356
Deferred tax liability	10,968	-
Deferred tax liabilities on revaluation reserve	14,492	-
Accrued retirement benefits	152,303	156,427
Reserve for rebuilding furnaces	40,954	47,117
Other liabilities	70,511	92,448
Total long-term liabilities	1,088,746	1,162,350
Minority interests	-	37,609
Shareholders' equity:		
Common stock	-	100,000
Capital surplus	-	610,403
Retained earnings	-	502,943
Land revaluation difference	-	5,599
Net unrealized gain on securities	-	117,602
Foreign currency translation adjustments	-	(21,907)
Treasury stock ,at cost	-	(4,260)
Total shareholders' equity	-	1,310,381
Total liabilities and shareholders' equity	-	3,630,322

(Net assets)		
Owners' equity:		
Common stock	142,334	-
Capital surplus	652,820	-
Retained earnings (Deficit)	713,381	-
Treasury stock, at cost	(127,372)	-
Total owners' equity	1,381,164	-
Valuation and translation adjustments:		
Net unrealized gains on securities	132,985	-
Deferred earnings on hedges	920	-
Revaluation reserve for land, net of tax	5,713	-
Translation adjustments	(19,689)	-
Total valuation and translation adjustments	119,929	-
Minority interests	38,527	-
Total net assets	1,539,621	-
Total liabilities and net assets	3,872,142	-

Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of Yen)
Fiscal Year ended
Mar. 31, 2006

Capital surplus	
Capital surplus at beginning of period	610,384
Increase in capital surplus	19
Capital surplus at end of period	610,403
<hr/>	
Retained earnings	
Retained earnings at beginning of period	196,806
Net income	325,996
Transfer from land revaluation account	5,646
Increase due to assets revaluation of the subsidiary in Thailand	1,874
Increase in retained earnings	333,517
Cash dividends	(26,366)
Directors' and corporate auditors' bonuses	(509)
Decrease due to assets revaluation of the subsidiary in Thailand	(505)
Decrease in retained earnings	(27,380)
Retained earnings at end of period	502,943

Consolidated Statement of Changes in Net Assets

Fiscal Year ended Mar. 31, 2007

(Millions of Yen)

	Shareholders' Equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of March 31, 2006	100,000	610,403	502,943	(4,260)	1,209,087
Common stock issue	42,334	42,310			84,644
Dividends from surplus			(58,555)		(58,555)
Dividends			(29,269)		(29,269)
Directors' and corporate auditors' bonuses from appropriation			(897)		(897)
Net income			299,683		299,683
Acquisition of treasury stock				(123,392)	(123,392)
Disposal of treasury stock		106		280	387
Increase by newly consolidated or deconsolidated subsidiaries			132		132
Decrease by newly consolidated or deconsolidated subsidiaries			(17)		(17)
Transfer from land revaluation account			(113)		(113)
Decrease due to assets revaluation of the subsidiary in Thailand			(523)		(523)
Net changes of items other than shareholders' equity					
Total changes of items during the period	42,334	42,417	210,437	(123,112)	172,076
Balance as of March 31, 2007	142,334	652,820	713,381	(127,372)	1,381,164

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	117,602	-	5,599	(21,907)	101,294	37,609	1,347,991
Common stock issue							84,644
Dividends from surplus							(58,555)
Dividends							(29,269)
Directors' and corporate auditors' bonuses from appropriation							(897)
Net income							299,683
Acquisition of treasury stock							(123,392)
Disposal of treasury stock							387
Increase by newly consolidated or deconsolidated subsidiaries							132
Decrease by newly consolidated or deconsolidated subsidiaries							(17)
Transfer from land revaluation account							(113)
Decrease due to assets revaluation of the subsidiary in Thailand							(523)
Net changes of items other than shareholders' equity	15,383	920	113	2,217	18,635	917	19,552
Total changes of items during the period	15,383	920	113	2,217	18,635	917	191,629
Balance as of March 31, 2007	132,985	920	5,713	(19,689)	119,929	38,527	1,539,621

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year ended Mar. 31, 2007	Fiscal Year ended Mar. 31, 2006
Cash flows from operating activities:		
Income before income taxes and minority interests	508,640	509,261
Adjustments for:		
Depreciation and amortization	176,794	175,057
Changes in reserves	(6,286)	(143)
Interest and dividend income	(8,432)	(7,212)
Interest expense	15,398	15,801
Profit on sales of investments in securities	(5,981)	(20,726)
Write-down of inventory	-	9,850
Loss on disposal of property, plant and equipment, etc.	4,997	-
Write-down of investments in securities	1,158	1,444
Provision of allowance for bad debts	1,223	-
Cost of treatment of PCB waste	-	12,611
Special charge arising from employees' retirement benefits	1,112	2,557
Surcharge on violation of the Antimonopoly Act	1,333	2,315
Cost of voluntary dismantlement of snow melting equipment	1,036	-
Changes in operating receivables and trade liabilities	(7,762)	(5,166)
Changes in inventories	(33,189)	(38,568)
Other, net	(33,254)	(25,251)
Sub total	616,788	631,829
Interest and dividend income received	16,533	12,027
Interest paid	(16,509)	(16,790)
Income taxes paid	(182,790)	(232,110)
Other, net	(16,375)	7,016
Net cash provided by operating activities	417,645	401,973
Cash flows from investing activities:		
Payments for purchase of property, plant, equipment and intangible assets	(186,874)	(176,324)
Proceeds from sales of property, plant, equipment and intangible assets	14,217	12,724
Payments for purchase of investments in securities	(130,852)	(6,270)
Proceeds from sales of investments in securities	7,446	43,980
Other, net	3,313	9,665
Net cash used in investing activities	(292,750)	(116,224)
Cash flows from financing activities:		
Net change in short-term borrowings	69,230	4,518
Proceeds from long-term borrowings	311,982	91,580
Repayments of long-term borrowings	(212,167)	(329,521)
Issuance of corporate bond	19,898	49,758
Redemption of corporate bonds	(90,000)	(101,000)
Acquisition of treasury stock	(123,392)	-
Payments for dividends by parent company	(87,494)	(26,243)
Other, net	(1,361)	(5,220)
Net cash used in financing activities	(113,304)	(316,127)
Effect of exchange rate change on cash and cash equivalents	98	3,125
Net decrease in cash and cash equivalents	11,688	(27,253)
Cash and cash equivalents at beginning of the year	32,464	59,866
Changes in cash and cash equivalents by newly consolidated or deconsolidated subsidiaries	907	(148)
Cash and Cash equivalents at end of the year	45,061	32,464

April 26, 2007
JFE Holdings, Inc.

Supplementary Information for Earnings Forecast
for Fiscal Year ending March 31, 2008

1. Consolidated income statements

(billions of yen)

Items	FY ended March 2007		FY ending March 2008		Change	
	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year
Steel Business	1,370.9	2,925.1	1,550.0	3,150.0	179.1	224.9
Engineering Business	98.7	292.1	110.0	310.0	11.3	17.9
Urban Development Business	9.3	34.3	8.0	30.0	(1.3)	(4.3)
LSI Business	22.7	44.3	20.0	43.0	(2.7)	(1.3)
Eliminations and Corporate	(15.1)	(35.4)	(8.0)	(33.0)	7.1	2.4
Net Sales	1,486.6	3,260.4	1,680.0	3,500.0	193.4	239.6
Steel Business	220.3	499.9	250.0	520.0	29.7	20.1
Engineering Business	(3.5)	(1.9)	(5.5)	1.0	(2.0)	2.9
Urban Development Business	0.4	3.9	0.4	2.5	0.0	(1.4)
LSI Business	0.5	0.8	(0.6)	0.2	(1.1)	(0.6)
Eliminations and Corporate	0.2	1.2	0.7	1.3	0.5	0.1
Operating Income	218.0	503.9	245.0	525.0	27.0	21.1
Other Income (Expenses)	5.8	9.5	0.0	(5.0)	(5.8)	(14.5)
Steel Business	222.9	503.9	250.0	510.0	27.1	6.1
Engineering Business	0.3	5.8	(3.0)	6.0	(3.3)	0.2
Urban Development Business	0.4	3.6	0.1	2.2	(0.3)	(1.4)
LSI Business	0.4	0.5	(0.6)	0.1	(1.0)	(0.4)
Eliminations and Corporate	(0.2)	(0.4)	(1.5)	1.7	(1.3)	2.1
Ordinary Income	223.8	513.5	245.0	520.0	21.2	6.5
Extraordinary Profit (Loss)	(4.9)	(4.8)	0.0	0.0	4.9	4.8
Tax Expense and Minority Interest	(84.3)	(208.9)	(95.0)	(210.0)	(10.7)	(1.1)
Net Income	134.5	299.6	150.0	310.0	15.5	10.4

2. Consolidated financial indices

Financial Indices	FY ended March 2007	FY ending March 2008	Change
Return on Sales (ROS) *1	15.8%	14.9%	(0.9%)
Return on Assets (ROA) *2	14.1%	13.8%	(0.3%)
Debt Outstanding	1,180.5 bil. yen	1,080.0 bil. yen	(100.5) bil. yen
Shareholders' Equity	1,501.0 bil. yen	1,750.0 bil. yen	249.0 bil. yen
D/E Ratio *3	78.6%	61.7%	(16.9%)

*1 ROS = Ordinary Income / Net Sales

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

*3 D/E Ratio = Debt Outstanding / Shareholders' Equity

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 ended March 2007	Parent	6.92	7.26	14.18	7.36	7.50	14.86	29.04
	Consolidated	7.88	8.19	16.07	8.34	8.42	16.76	32.83

4. Shipments (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 ended March 2007	6.08	6.65	12.73	6.68	7.02	13.70	26.43

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 ended March 2007	42.1	45.2	43.8	43.5	45.0	44.3	44.0

6. Foreign Exchange Rate (Yen/US dollar)

		(JPY/USD)						
		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 ended March 2007		114.7	115.8	115.3	117.4	119.8	118.5	116.9
FY ending March 2008(e)				115			110	

JFE reported an export surplus of approximately 0.7 billion USD for the FY ended March 2007.

JFE estimates an export surplus of approximately 1.1 billion USD for the FY ending March 2008.

7. Average Selling Price (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 ended March 2007	73.5	75.7	74.6	76.8	77.6	77.2	76.0

8. Engineering business orders

	(billion yen)
FY ended March 2007	275.1
Backlog as of Mar. 31, 2007	297.8
(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	186.0
March 31, 2007	215.0

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

	FY ended March 2007	FY ending March 2008
Profit on sales of investments in securities	5.9	
Loss on disposal of property, plant and equipment, etc.	(4.9)	
Write-down of investments in securities	(1.1)	
Provision of allowance for bad debt	(1.2)	
Special charge arising from employee retirement benefits	(1.1)	
Surcharges on violation of the Anti-monopoly Act	(1.3)	
Cost of voluntary dismantlement of snow melting equipment	(1.0)	
Total	(4.8)	0

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)
		FY ended March 2007	
Sept. 30, 2006	1,202.5	1H	(6.6)
March 31, 2007	1,180.5	Full year	(15.1)
		FY ending March 2008	
March 31, 2008(e)	1,080.0	Full year(e)	(19.0)

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

	FY March 07 (actual)	FY March 08 (forecast)
Capital investment	193.5	210
Depreciation	176.7	220

13. Number of employees (JFE Holdings on a consolidated basis)

As of	
March 31, 2006	53,111
March 31, 2007	53,610

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

(billion yen)				
Steel segment	(6.7)	<u>FY March 2006</u>	⇒	<u>FY March 2007</u>
		510.7		503.9
Cost reduction	32.0			
Forex change	4.0			
Raw material	(31.0)			
Sales volume, mix, and price	40.0			
Difference in inventory appraisal of prior years' raw materials purchases	(39.0)			
Subsidiaries, and others	(12.7)			

		<u>FY March 2006</u>	⇒	<u>FY March 2007</u>
Engineering segment	4.9	0.9		5.8

Reductions in fixed costs and improved profitability due to a rigorous program of selection and concentration enabled this sector to record year-on-year profit growth despite a year-on-year decline in sales caused by a difficult business environment.

		<u>FY March 2006</u>	⇒	<u>FY March 2007</u>
Urban development segment	0.8	2.8		3.6

Sales and profits increased thanks to sales revenue from the Yokohama Yamanouchi development project.

		<u>FY March 2006</u>	⇒	<u>FY March 2007</u>
LSI segment	(1.5)	2.0		0.5

Sales and profits declined due to falling prices of products for LCD panels.

#