

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

1. Consolidated income statements

Items	FY ending March 2007		Change	(Reference) FY ended March 2006 (actual)
	(Previous forecast)	(Updated forecast)		
	(billions of yen)			
Steel Business	2,890.9	2,930.9	40.0	2,753.8
Engineering Business	310.0	300.0	(10.0)	306.0
Urban Development Business	34.0	34.0	0.0	28.5
LSI Business	46.0	44.0	(2.0)	46.1
Eliminations and Corporate	(40.9)	(38.9)	2.0	(36.3)
Net Sales	3,240.0	3,270.0	30.0	3,098.3
Steel Business	490.3	495.3	5.0	513.7
Engineering Business	3.0	(3.0)	(6.0)	(3.3)
Urban Development Business	3.6	3.8	0.2	2.9
LSI Business	0.5	0.4	(0.1)	2.1
Eliminations and Corporate	(2.4)	(1.5)	0.9	1.6
Operating Income	495.0	495.0	0.0	517.1
Other Income (Expenses)	(5.0)	5.0	10.0	0.1
Steel Business	477.9	487.9	10.0	510.7
Engineering Business	8.0	4.0	(4.0)	0.9
Urban Development Business	3.4	3.6	0.2	2.8
LSI Business	0.4	0.0	(0.4)	2.0
Eliminations and Corporate	0.3	4.5	4.2	0.8
Ordinary Income	490.0	500.0	10.0	517.3
Extraordinary Profit (Loss)	(10.0)	(4.9)	5.1	(8.0)
Interest	(190.0)	(200.0)	(10.0)	(183.2)
Net Income	290.0	295.0	5.0	325.9

2. Consolidated financial indices

Financial Indices	FY ending March 2007		Change	FY ended March 2006 (Actual)
	(Previous forecast)	(Updated forecast)		
Return on Sales (ROS) *1	15.1%	15.3%	0.2%	16.7%
Return on Assets (ROA) *2	13.7%	14.0%	0.3%	14.6%
Debt Outstanding	1,090.0 bil. yen	1,200.0 bil. yen	110.0 bil. yen	1,162.8 bil. yen
Shareholders' Equity	1,500.0 bil. yen	1,450.0 bil. yen	(50.0) bil. yen	1,310.3 bil. yen
D/E Ratio	72.7%	82.8%	10.1%	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	7.26	14.18	7.36	7.46(e)	14.82(e)	29.00(e)
	Consolidated	7.88	8.19	16.07	8.34	8.39(e)	16.73(e)	32.80(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	6.65	12.73	6.68	6.99(e)	13.67(e)	26.40(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	45.2	43.8	43.5	46(e)	45(e)	44(e)

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 ending March 2007		114.7	115.8	115.3	117.4	120(e)	119(e)	117(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	75.7	74.6	76.8	77(e)	77(e)	76(e)

8. Engineering business orders

Approximately 280 billion yen (estimated) for the FY ending March 2007, down 3.7% 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	185.7
March 31, 2007 (e)	230

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.	(4.9)	(4.9)

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 ending March 2007	
Sept. 30, 2006	1,202.5	1H	(6.6)
March 31, 2007 (e)	1,200	Full year (e)	(15)

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	(22.8)	510.7		487.9
Cost reduction	32.0			
Forex change	4.0			
Raw material	(73.0)			
Sales volume, mix, and price	40.0			
Other, net	(25.8)			

Engineering segment	3.1	<u>FY March 2006</u> 0.9	⇒	<u>FY March 2007 (e)</u> 4.0
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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	0.8	<u>FY March 2006</u> 2.8	⇒	<u>FY March 2007 (e)</u> 3.6
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Forecasts higher 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.

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