



For Immediate Release:

September 6, 2002

NKK Announces Fiscal 2003 Earnings Forecast and Interim Dividend

TOKYO — NKK Corporation announced today its forecast for first-half and full-year results (consolidated and non-consolidated) in the company's 149th reporting term (fiscal 2003 ending March 31, 2003).

During the first half of the current fiscal year the Japanese economy benefited from increases in exports, but consumer spending and private-sector capital investment remained muted, which prolonged the nation's economic slump.

NKK prepared for the consolidation of its operations with Kawasaki Steel by working to establish a solid earnings base for the group and improve its financial strength. It also attempted to accelerate the beneficial effects of the consolidation.

In the steel business, domestic demand remained low, but volumes and prices improved for exports to Asia and other markets. The company moved forward with planned cost reductions, but due to the strengthening of the yen and other factors, it anticipates that the Steel Division earnings will be on par with the previous forecast issued in May.

Conditions also remained harsh in the Engineering Division's public- and private-sector markets. The division projects earnings to be on par with the previous forecast thanks to cost-cutting efforts.

In the company's following forecast for the first-half and full-year results, consolidated ordinary income and net income are expected to be on par with the previous forecast.

Unit: billion of yen

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
	First half	FY 2003	First half	FY 2003	First half	FY 2003	First half	FY 2003
Consolidated								
Current Forecast	600.0	1,310.0	15.0	63.0	0.0	33.0	0.0	8.0
Previous Forecast (May 23, 2002)	600.0	1,320.0	15.0	63.0	0.0	33.0	0.0	8.0
Note: Fiscal 2002 Result	763.0	1,653.5	1.6	(7.6)	(17.0)	(41.9)	(19.0)	(67.5)
Non-consolidated								
Current Forecast	450.0	950.0	10.0	38.0	2.0	22.0	8.0	11.0
Previous Forecast (May 23, 2002)	450.0	960.0	10.0	38.0	2.0	22.0	8.0	11.0
Note: Fiscal 2002 Result	435.3	955.5	9.3	12.1	4.1	5.5	(3.0)	(18.5)

Note: Fiscal 2002 figures include the amounts of National Steel Corporation.

Payment of Interim Dividend to JFE Holdings, Inc.

NKK and Kawasaki Steel will jointly establish a new holding company, JFE Holdings, Inc. by the “stock-for-stock” exchange method on September 27, 2002. In conjunction, NKK will pay dividends to JFE Holdings, Inc. rather than to the current shareholders.

The board of directors, in a meeting held today, resolved a plan to pay a dividend totaling 6.0 billion yen to JFE Holdings, Inc. considering this year’s earnings forecast, as well as reserves on hand.

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Supplementary Information for Earnings Forecast for Fiscal Year ending March 31, 2003

1. Consolidated Income Statements

Items	FY 2003				Change		(billions of yen) FY 2002 *2 (Reference)	
	Previous Forecast (May 23, 2002)		Current Forecast (Sept. 6, 2002)		1st Half	FY 2003	1st Half	FY 2002
	1st Half	FY 2003	1st Half	FY 2003				
Steel Division	410.0	850.0	410.0	840.0	0.0	(10.0)	436.5	881.5
Engineering Division	190.0	460.0	190.0	460.0	0.0	0.0	159.1	450.8
Other Fields	25.0	70.0	25.0	70.0	0.0	0.0	44.9	81.5
Corporate and Eliminations	(25.0)	(60.0)	(25.0)	(60.0)	0.0	0.0	(29.6)	(63.4)
Net Sales	600.0	1,320.0	600.0	1,310.0	0.0	(10.0)	611.0	1,350.5
Steel Division	15.0	45.0	15.0	45.0	0.0	0.0	17.0	24.8
Engineering Division	1.0	19.0	1.0	19.0	0.0	0.0	5.6	20.5
Other Fields	0.0	4.0	0.0	4.0	0.0	0.0	2.9	5.7
Corporate and Eliminations	(1.0)	(5.0)	(1.0)	(5.0)	0.0	0.0	(0.4)	(1.7)
Operating Income	15.0	63.0	15.0	63.0	0.0	0.0	25.2	49.4
Other Income (Expenses)	(15.0)	(30.0)	(15.0)	(30.0)	0.0	0.0	(15.8)	(27.4)
[Included] Net Interest	(11.0)	(23.0)	(11.0)	(23.0)	0.0	0.0	(14.0)	(27.3)
Ordinary income *1	0.0	33.0	0.0	33.0	0.0	0.0	9.3	21.9
Special Credits and Special Charges	0.0	(16.0)	0.0	(16.0)	0.0	0.0	(13.1)	(35.5)
Net Income (Loss)	0.0	8.0	0.0	8.0	0.0	0.0	(5.1)	(7.4)

*1 Income before Special Credits and Special Charges

*2 The amounts of National Steel Corporation are excluded from FY2002 figures

2. Consolidated Financial Indices

Financial Indices	FY 2003		Change		(billions of yen) FY 2002 *3 (Reference)	
	Previous Forecast (May 23, 2002)		Current Forecast (Sept. 6, 2002)		FY 2003	FY 2002
	FY 2003	FY 2003				
ROA *1	2.7%	2.7%	0.0%	2.3%		
Free Cash Flow *2	0.0	0.0	0.0	113.2		
Debt	1,060.0	1,060.0	0.0	1,109.3		

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

*2 Free Cash Flow = Operating Cash Flow + Investment Cash Flow

*3 The amounts of National Steel Corporation are excluded from FY2002 figures

3. Non-consolidated Income Statements

Items	FY 2003				Change		(billions of yen) FY 2002 (Reference)	
	Previous Forecast (May 23, 2002)		Current Forecast (Sept. 6, 2002)		1st Half	FY 2003	1st Half	FY 2002
	1st Half	FY 2003	1st Half	FY 2003				
Net Sales	450.0	960.0	450.0	950.0	0.0	(10.0)	435.3	955.5
Operating Income (Loss)	10.0	38.0	10.0	38.0	0.0	0.0	9.3	12.1
Other Income (Expenses)	(8.0)	(16.0)	(8.0)	(16.0)	0.0	0.0	(5.2)	(6.5)
Net Interest Expenses	(8.0)	(16.0)	(7.0)	(15.0)	1.0	1.0	(8.2)	(14.6)
Ordinary income	2.0	22.0	2.0	22.0	0.0	0.0	4.1	5.5
Net Income (Loss)	8.0	11.0	8.0	11.0	0.0	0.0	(3.0)	(18.5)