

JFE Holdings' Financial Results through Third Quarter of Fiscal Year 2010 ending March 31, 2011

— All financial information has been prepared in accordance with generally accepted accounting principles in Japan —
(Note: The following is an English translation of an original Japanese document)

January 28, 2011

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Listings: Tokyo, Osaka and Nagoya stock exchanges
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1. Consolidated Results through Third Quarter of Fiscal Year 2010 (April 1 to December 31, 2010)

(1) Statements of Income

	Net sales (million yen)	Year-on-year change (%)	Operating income (loss) (million yen)	Year-on-year change (%)	Ordinary income (loss) (million yen)	Year-on-year change (%)	Net income (loss) (million yen)	Year-on-year change (%)	Net income per share (yen)	Net income per share [fully diluted] (yen)
3Q FY 2010	2,351,809	15.8	153,502	900.1	141,484	-	64,530	-	122.01	118.81
3Q FY 2009	2,031,767	(33.8)	15,348	(95.9)	(4,305)	-	(1,378)	-	(2.61)	-

(2) Balance Sheets

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 3Q FY 2010	4,014,876	1,484,243	35.8	2,713.08
End FY 2009	3,918,317	1,465,898	36.3	2,689.88

Note: Shareholders' equity: 1,439,101 million yen as of December 31, 2010
1,422,250 million yen as of March 31, 2010

2. Dividends in Fiscal 2010

	Dividend per share (yen)		
		Interim	Year-end
FY 2009	20.00	0.00	20.00
FY 2010		20.00	
FY 2010 (estimate)	35.00		15.00

Note: Revisions to the dividend forecast in the current quarter: Yes

3. Forecasts of Consolidated Financial Results in Fiscal 2010

	Net sales (million yen)	Year-on-year change (%)	Operating income (million yen)	Year-on-year change (%)	Ordinary income (million yen)	Year-on-year change (%)	Net income (million yen)	Year-on-year change (%)	Net income per share (yen)
FY 2010	3,240,000	13.9	180,000	102.8	170,000	145.3	70,000	53.3	132.25

Note: Revisions to the consolidated financial results forecast in the current quarter: Yes

4. Others (For details, see "Other information" on page 3 of the attached document)

1. Significant change in subsidiaries during the term (change in designated subsidiaries resulting in adjustment to the scope of consolidation): No
2. Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements: Yes
3. Changes in the principles, procedures and presentation method for accounting treatment in the preparation of consolidated financial statements
 - 1) Changes resulting from amendments to accounting standards: Yes
 - 2) Changes other than 1) above: No
4. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of term (including treasury stock)
 - As of December 31, 2010: 614,438,399 shares
 - As of March 31, 2010: 614,438,399 shares
 - 2) Treasury stock at the end of term
 - As of December 31, 2010: 84,008,482 shares
 - As of March 31, 2010: 85,698,154 shares
 - 3) Average number of shares issued during the term (first three quarters)
 - 3Q FY 2010: 528,893,044 shares
 - 3Q FY 2009: 528,757,984 shares

Status of Quarterly Review

At the point of disclosing these quarterly financial results, the review of consolidated balance sheets in accordance with the Financial Instruments and Exchange Act was underway.

Explanation of appropriate use of results forecasts, and other matters of note

1. These forecasts are based on information available on the date of publication of this document as well as rational assumptions that we have made regarding certain factors. Actual results may vary significantly from these forecasts due to a wide range of circumstances. For a description of the results forecasts, see "Consolidated results forecasts" on page 2 of the attached document.

Attachments

1. Qualitative Information

- (1) Consolidated business results
- (2) Consolidated results forecasts

2. Other Information

- (1) Significant change in subsidiaries
- (2) Application of simplified accounting method and special accounting method
- (3) Changes in the principles, procedures and presentation method for accounting treatment

3. Consolidated Financial Statements

- (1) Consolidated balance sheets
- (2) Consolidated statements of income (first three quarters)
- (3) Notes pertaining to the presumption of a going concern
- (4) Notes in case of significant changes to shareholders' equity

4. Supplementary Information

- (1) Supplementary
- (2) Reference

1. Qualitative Information

(1) Consolidated business results

The Japanese economy recovered moderately through the third quarter of fiscal 2010 (ended December 31, 2010), but growth has flattened out thereafter.

Through the third quarter, JFE Holdings' consolidated sales rose from the same period of fiscal 2009 and profit moved back into the black. Net sales came to 2,351.8 billion yen, operating income 153.5 billion yen and ordinary income 141.4 billion yen. Factoring in an extraordinary loss of 23.6 billion yen, net income before income taxes and minority interests rose to 117.8 billion yen and net income improved to 64.5 billion yen.

By segment, JFE's steel business net sales increased year on year to 2,041.7 billion yen, boosted by increased sales volume and higher sales prices due to strengthened demand. Ordinary income returned to the black, 117.6 billion yen, the result of continued efforts by the company to improve earnings, as well as increases in both sales volume and prices, despite significant rises in raw material prices.

Engineering saw net sales fall year on year to 172.2 billion yen as construction volume and prices both declined. Profit decreased, despite cost reductions and other efforts to improve earnings, resulting in ordinary income of 5.3 billion yen.

Shipbuilding net sales declined year on year to 157.5 billion yen, although this reflected a spike in net sales in the previous year, when percentage-of-completion accounting was applied on a wider basis. Ordinary income decreased to 15.3 billion yen, despite company-wide efforts to improve earnings.

Urban development net sales decreased year on year to 9.6 billion yen as condominium deliveries contracted. Chronic sluggishness in the condominium market led to an ordinary loss of 600 million yen, although this was an improvement from the previous year.

LSI net sales decreased year on year to 17.9 billion yen, reflecting the negative effects of the Japanese yen's continued strength. Ordinary income grew to 1.1 billion yen as structural reforms helped to curtail fixed costs significantly, despite the effects of the strong yen.

(2) Consolidated results forecasts

The following are full-year forecasts for each business segment.

The steel business of late has experienced significant increases in costs due to the tight supply of coking coal following torrential rains in Australia, in addition to higher prices for main raw materials, which have risen due to stronger demand from China and certain other countries. China and other Asian markets continue to grow, whereas steel demand in the Japanese market remains flat due to the yen's appreciation and backlashes from the discontinuation of certain government subsidies. Although the company is pursuing all possible opportunities to reduce internal costs further, the market remained weak and recovered slower than had been previously expected, requiring the company to revise downwardly its ordinary income forecast to 140 billion yen.

The engineering business forecasts ordinary income of 10 billion yen, up from the previous forecast, which reflects cost reductions and other continuing efforts to improve earnings amidst unfavorable business conditions.

The shipbuilding business forecasts ordinary income of 16.5 billion yen, up from the previous forecast, due to efforts to improve earnings by cutting costs through higher productivity.

The urban development business forecasts an ordinary loss of 1.0 billion yen, although this will be an improvement over the previous year due to a mild recovery in the condominium market.

The LSI business forecasts ordinary income of 1 billion yen, the same level as in the previous forecast.

JFE Holdings' full-year consolidated forecast is net sales of 3,240 billion yen, operating income of 180 billion yen, ordinary income of 170 billion yen and net income of 70 billion yen.

In response to the current earnings situation, JFE Holdings will propose to its General Meeting of Shareholders a payment of 15 yen per share for the year-end dividend, which would result in an annual dividend of 35 yen per share.

2. Other Information

(1) Significant change in subsidiaries during the term: None

(2) Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements

Simplified accounting methods are being applied in the current fiscal year, including the proportional calculation of depreciation over time for assets depreciated with a fixed-rate declining balance. Certain calculation assumptions from the previous fiscal year were used to calculate tax expense.

(3) Changes in the principles, procedures and presentation method for accounting treatment in the preparation of quarterly consolidated financial statements

[1] Application of Accounting Standard for Measurement of Inventories

The company is applying the Accounting Standard for Measurement of Inventories (ASBJ Statement No.9, September 26, 2008) from this fiscal year. Inventories previously determined by the last-in first-out method were determined by the periodic average method. Accordingly, operating income, ordinary income and quarterly net income before income taxes and minority interests increased 605 million yen each through the third quarter.

[2] Application of Accounting Standard for Asset Retirement Obligations

The company is applying the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No.18, March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No.21, March 31, 2008) from this fiscal year. Accordingly,

operating income, ordinary income and quarterly net income before income taxes and minority interests through the third quarter decreased 62 million yen, 140 million yen and 5,447 million yen, respectively.

[3] Application of Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

The company is applying the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16, March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ PITF No.24, March 10, 2008) from this fiscal year, based on which it revised consolidated results where required. The changes did not affect ordinary income or quarterly net income before income taxes and minority interests.

[4] Application of Accounting Standard for Business Combinations

The company is applying the Accounting Standard for Business Combinations (ASBJ Statement No.21, December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, December 26, 2008), the Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No.23, December 26, 2008), the Accounting Standard for Business Divestitures (ASBJ Statement No.7, December 26, 2008), the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16, December 26, 2008) and the Implementation Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No.10, December 26, 2008) from this fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of December 31, 2010	(million yen) As of March 31, 2010
(Assets)		
Current assets:		
Cash and deposits	48,555	31,334
Notes and accounts receivable	552,885	497,500
Merchandise and finished goods	267,446	233,485
Work in process	78,851	64,695
Raw materials and supplies	375,337	326,276
Other current assets	98,898	178,495
Allowance for doubtful accounts	(518)	(894)
Total current assets	1,421,455	1,330,893
Property, plant and equipment, net:		
Buildings and structures, net	427,347	435,137
Machinery and equipment, net	695,300	703,299
Land	521,847	528,056
Other property, plant and equipment, net	95,677	133,676
Total property, plant and equipment, net	1,740,172	1,800,170
Intangible assets	64,189	69,830
Investments and other assets:		
Investments in securities	636,074	565,053
Other assets	157,572	156,907
Allowance for doubtful accounts	(5,690)	(5,964)
Total investments and other assets	787,956	715,996
Deferred assets	1,101	1,426
Total assets	4,014,876	3,918,317

	As of December 31, 2010	(million yen) As of March 31, 2010
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	350,611	344,336
Short-term borrowings	257,572	133,802
Commercial paper	54,994	13,997
Current portion of corporate bonds	60,000	70,000
Allowances	9,877	8,314
Other current liabilities	358,650	360,555
Total current liabilities	1,091,707	931,006
Long-term liabilities:		
Corporate bonds	289,997	269,996
Convertible bonds	300,000	300,000
Long-term borrowings	564,098	680,677
Accrued retirement benefits	130,762	135,086
Other allowances	88,222	89,225
Others	65,844	46,426
Total long-term liabilities	1,438,925	1,521,411
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	652,906	657,258
Retained earnings	1,082,716	1,039,399
Treasury stock, at cost	(417,759)	(426,602)
Total owners' equity	1,465,006	1,417,198
Valuation and translation adjustments:		
Net unrealized gains on securities	10,035	33,392
Deferred earnings on hedges	(1,956)	(52)
Revaluation reserve for land, net of tax	12,006	12,004
Translation adjustments	(45,990)	(40,292)
Total valuation and translation adjustments	(25,904)	5,051
Minority interests	45,142	43,648
Total net assets	1,484,243	1,465,898
Total liabilities and net assets	4,014,876	3,918,317

(2) Consolidated Statements of Income

	Through 3rd quarter of Fiscal 2010	(million yen) Through 3rd quarter of Fiscal 2009
Net sales	2,351,809	2,031,767
Cost of sales	2,013,692	1,832,985
Selling, general and administrative expenses	184,613	183,433
Operating income (loss)	153,502	15,348
Non-operating income:		
Interest income	694	403
Dividends received	5,458	6,045
Rent receivable	-	5,231
Equity in earnings of affiliates	10,664	-
Other, net	18,821	14,002
Non-operating expense:		
Interest expense	12,594	15,153
Foreign exchange loss	10,860	-
Other, net	24,201	30,183
Ordinary income (loss)	141,484	(4,305)
Extraordinary income (loss):		
Profit on sales of investments in securities	-	4,870
Effect of applying accounting standard for asset retirement obligations	(5,306)	-
Loss on impairment of property, plant and equipment	(7,495)	-
Write-down of investments in securities	(3,166)	(11,359)
Provision for allowance for losses from lawsuits	(7,713)	-
Income before income taxes and minority interests (loss)	117,802	(10,794)
Income taxes:		
Current	21,061	8,698
Deferred	29,489	(20,195)
Quarterly net income before minority interests	67,251	-
Minority interests	2,721	2,080
Net income (loss)	64,530	(1,378)

(3) Notes pertaining to the presumption of a going concern

There are no items this period.

(4) Notes in case of significant changes to shareholders' equity

There are no items this period.

4. Supplementary Information

(1) Supplementary

1. Consolidated Results through Third Quarter of Fiscal 2010

(billions of yen)

Items	Through 3rd Quarter of Fiscal 2009 (Apr-Dec)	Through 3rd Quarter of Fiscal 2010 (Apr-Dec)	Change	
Steel Business	1,650.5	2,041.7	391.2	23.7%
Engineering Business	190.5	172.2	(18.3)	(9.6)%
Shipbuilding Business	205.5	157.5	(48.0)	(23.4)%
Urban Development Business	16.0	9.6	(6.4)	(40.0)%
LSI Business	18.5	17.9	(0.6)	(3.2)%
Adjustments	(49.6)	(47.3)	2.3	-
Net Sales	2,031.7	2,351.8	320.1	15.8%
Operating Income	15.3	153.5	138.2	903.3%
Other Income (Expenses)	(19.6)	(12.0)	7.6	-
Steel Business	(29.9)	117.6	147.5	-
Engineering Business	6.7	5.3	(1.4)	(20.9)%
Shipbuilding Business	16.2	15.3	(0.9)	(5.6)%
Urban Development Business	(1.5)	(0.6)	0.9	-
LSI Business	0	1.1	1.1	-
Adjustments	4.0	2.5	(1.5)	-
Ordinary Income (Loss)	(4.3)	141.4	145.7	-
Extraordinary Profit (Loss)	(6.4)	(23.6)	(17.2)	-
Income before income taxes and minority interests (Loss)	(10.7)	117.8	128.5	-
Tax Expense and Minority Interest	9.4	(53.2)	(62.6)	-
Net Income (Loss)	(1.3)	64.5	65.8	-

2. Consolidated Earnings Forecast for Fiscal 2010

(billion yen)

	FY 2010			(Reference) FY 2009
	Previous forecast (October 22, 2010)	Updated forecast (January 28, 2011)	Change	
Steel Business	2,900.0	2,780.0	(120.0)	2,281.4
Engineering Business	270.0	270.0	0	294.2
Shipbuilding Business	210.0	210.0	0	286.7
Urban Development Business	14.0	13.0	(1.0)	26.9
LSI Business	24.0	24.0	0	24.6
Adjustments	(58.0)	(57.0)	1.0	(69.7)
Net Sales	3,360.0	3,240.0	(120.0)	2,844.3
Operating Income	230.0	180.0	(50.0)	88.7
Other Income (Expenses)	(10.0)	(10.0)	0	(19.4)
Steel Business	200.0	140.0	(60.0)	32.3
Engineering Business	8.0	10.0	2.0	13.3
Shipbuilding Business	13.0	16.5	3.5	21.5
Urban Development Business	(1.5)	(1.0)	0.5	(1.8)
LSI Business	1.0	1.0	0	(0.9)
Adjustments	(0.5)	3.5	4.0	4.7
Ordinary Income	220.0	170.0	(50.0)	69.2
Extraordinary Profit (Loss)	(20.0)	(20.0)	0	1.6
Income Before Income Taxes and Minority Interests (Loss)	200.0	150.0	(50.0)	70.9
Tax Expense and Minority Interest	(90.0)	(80.0)	10.0	(25.2)
Net Income (Loss)	110.0	70.0	(40.0)	45.6

3. Consolidated financial indices

	FY 2010			(Reference) FY 2009
	Previous forecast	Updated forecast	Change	
Return on Sales (ROS) *1	6.5%	5.2%	(1.3)%	2.4%
Return on Assets (ROA) *2	6.0%	4.8%	(1.2)%	2.2%
Debt Outstanding	1,470.0 billion yen	1,490.0 billion yen	20.0 billion yen	1,468.4 billion yen
Shareholders' Equity	1,490.0 billion yen	1,440.0 billion yen	(50.0) billion yen	1,422.2 billion yen
D/E Ratio	98.7%	103.5%	4.8%	103.2%
D/E Ratio*3	72.6%	76.0%	3.4%	75.5%

*1 ROS = Ordinary Income / Net Sales

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

*3 D/E ratio in the rating of hybrid bonds having a capital component (unsecured share-warrant convertible bonds with a subordinate purchase option issued in March 2008), with 75% of the 300 billion yen issue price deemed to be capital, as assessed by rating agencies.

(2) Reference

1. Forecasts of Operating Income/Loss by Business Segment

(billion yen)

	FY 2009 Results	FY 2010 Current forecast
	Full year	Full year
Steel Business	46.8	155.0
Engineering Business	13.3	10.0
Shipbuilding Business	21.0	16.5
Urban Development Business	(1.5)	(1.0)
LSI Business	(0.3)	1.0
Adjustments	9.4	(1.5)
Operating income	88.7	180.0

2. Crude Steel Production (JFE Steel)

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2009	Parent	5.12	6.90	12.01	6.95	6.87	13.81	25.83
	Consolidated	5.72	7.56	13.28	7.59	7.48	15.08	28.35
FY 2010	Parent	7.26	7.09	14.35	7.21	7.44*	14.65*	29.00*
	Consolidated	8.01	7.70	15.70	7.89	8.10*	16.00*	31.70*

*estimate

3. Shipments (JFE Steel on a non-consolidated basis)

(million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2009		4.34	6.28	10.62	6.20	6.36	12.56	23.18
FY 2010		6.54	6.61	13.14	6.33	7.03*	13.36*	26.50*

*estimate

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

(%)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2009		42.3	47.7	45.3	45.4	46.3	45.8	45.6
FY 2010		49.5	45.2	47.2	43.2	51*	47*	47*

*estimate

5. Foreign Exchange Rate (Yen/US dollar)

(JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2009		97.5	94.7	96.1	89.5	90.4	90.0	93.0
FY 2010		92.8	86.6	89.7	83.0	85*	84*	87*

*estimate

The assumed exchange rate for 2nd half of FY 2010 is JPY 85 / USD.

6. Average Selling Price (JFE Steel on a non-consolidated basis)

(thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2009		75.8	67.9	71.1	69.2	69.6	69.4	70.2
FY 2010		74.6	81.6	78.1	79.3	79*	79*	79*

*estimate

7. Engineering Business Orders (including inter-segment transactions)

	(billion yen)		
FY 2010	280*	0.3% increase from previous year	*estimate

8. Shipbuilding Business Orders (including inter-segment transactions)

	(billion yen)		
FY 2010	110*	85.2% increase from previous year	*estimate

9. Debt Outstanding, Interest Expense, and Cash and Deposits (JFE Holdings on a consolidated basis)

<u>Debt outstanding</u>		<u>Interest expense</u>	
As of	(billion yen)		(billion yen)
March 31, 2010	1,468.4	FY 2009	(19.4)
March 31, 2011	1,490*	FY 2010	(17)*
<u>Cash and deposits</u>			
As of	(billion yen)		
March 31, 2010	31.3		
March 31, 2011	35*		*estimate

10. Capital Investment and Depreciation Cost (JFE Holdings on a consolidated basis)

	(billion yen)		
	FY 2009	FY 2010	
Capital investment	225.2	220*	(on construction basis)
Depreciation	248.3	250*	*estimate

11. Breakdown of Changes in Ordinary Income (Forecast for FY 2010 compared to FY 2009)

				(billion yen)
		<u>FY 2009</u>		<u>FY 2010 (forecast)</u>
Steel Business	107.7	32.3	⇒	140.0
Cost reduction	50.0			
Raw material	(490.0)			
Sales volume, price and product mix	300.0			
Unrealized holding gains on inventories	230.0			
Others	17.7			
Engineering Business	(3.3)	13.3	⇒	10.0

Forecasts ordinary income of 10 billion yen, down from the previous year, due to declining construction projects and prices amidst unfavorable business conditions, despite continued efforts to improve earnings.

		<u>FY 2009</u>		<u>FY 2010 (forecast)</u>
Shipbuilding Business	(5.0)	21.5	⇒	16.5

Forecasts ordinary income of 16.5 billion yen, down from the previous year, due to a substantially reduced reversal of allowance for losses on construction contracts, despite further efforts to improve earnings by cutting costs through higher productivity.

Urban development Business	0.8	(1.8)	⇒	(1.0)
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Forecasts an ordinary loss of 1 billion yen, although this will be an improvement over the previous year due to a mild recovery in the condominium market.

LSI Business	1.9	(0.9)	⇒	1.0
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Forecasts ordinary income of 1 billion yen, an improvement over the previous year, due to structural reforms leading to lower fixed costs.

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