



JFE Group TODAY
2014





JFE Group Name

"J" stands for Japan; "F" for "Fe," the atomic symbol for iron; and "E" for engineering. Informally, the letters also refer to "Japanese future enterprise," expressing the Group's aspiration to contribute to Japan's future through its core businesses of steel production and engineering.

Corporate Vision

**The JFE Group—
contributing to society
with the world's
most innovative technology.**

Corporate Values

**Challenging Spirit,
Flexibility, Sincerity**

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Cutting-Edge Technologies Coexisting in Harmony with the Environment: Greater Tokyo Metropolitan Area's Leading Urban Steelworks

The Keihin District of JFE Steel East Japan Works serves the global market, supplying high-end steel manufactured using cutting-edge technologies. It is also the first works in Japan to adopt used plastics as blast furnace feedstock, and it engages in a number of other environmental and recycling initiatives. In these ways, this eco-friendly steelworks is helping preserve the environment of the Keihin waterfront area.



Where Steel Is Made—Achieving a Cumulative Global Record of 400 Million Tons

On May 13, 2013 the Fukuyama District of JFE Steel West Japan Works became the first in the world to achieve a cumulative crude steel output of 400 million tons, all produced at the same site. Upon its decision to install one more converter in its No. 3 steel mill, efforts were launched to introduce a cutting-edge process that utilizes converters for the preliminary treatment of molten pig iron.



Strengthening Natural Gas Supply Infrastructure for the Chukyo Area

Having enlarged the LNG storage capacity of its Kawagoe Thermal Power Station by 1.75 times, Chubu Electric Power Company upgraded its natural gas supply system to make it more flexible and efficient. LNG storage facilities in Kawagoe and Chita LNG Terminals are now connected across Ise Bay by a submarine gas pipeline to facilitate the backup function. Playing a key role in this project, JFE Engineering completed the installation of plant facilities and the pipeline three months ahead of schedule. We will continue to work in accordance with the national policy of promoting natural gas utilization by providing cutting-edge technologies.



Launching a Waste-to-Energy Plant in the Tokyo Suburbs

The Clean Plaza Fujimi, launched in April 2013 in Tokyo's Mitaka-Chofu suburbs, is intended to create a waste-to-energy plant coexisting in harmony with local residents. In addition to incorporating a high-performance stoker furnace, this plant has adopted an advanced exhaust gas treatment system to ensure eco-friendly operations. Along with plant design and construction, JFE Engineering has been commissioned to carry out plant operations over the next 20 years.



Developing a Worldwide Network of Steel Processing Centers to Provide Customers with Access to the Global Market

JFE Shoji Trade boasts a global network of 16 steel processing centers serving mainly Asian markets. Using a sophisticated quality management system, these centers perform the primary, secondary and tertiary processing of electrical steel sheets and automotive steel sheets and ensure the just-in-time delivery of products to global customers. One such center was established in March 2013 in India, where the construction of power generation plants is becoming a national issue. Drawing on the new center's processing capabilities to meet customer requirements, we are seizing business opportunities brought about by demand for electrical steel that is growing in step with electricity output.



World-Class Large Icebreaking Bulk Carrier

Built by Japan Marine United, "NUNAVIK" is one of the world's largest icebreaking bulk carriers. Boasting a deadweight capacity of 25,000 tons, NUNAVIK is capable of breaking through the ice as thick as 1.5 meters.



Passing on Our Steel Manufacturing Heritage to the Next Generation

In Japan, the age distribution of the workforce is drastically changing as the baby boomers are now reaching mandatory retirement age. With this in mind, proactive efforts are under way at JFE Steel to impart steel manufacturing skills to younger employees. We have appointed long-serving and rehired employees as technical experts dedicated to human resource nurturing, thereby passing on our accumulated technological expertise and know-how to the next generation of engineers who will, in turn, lead the JFE Group's future operations.



Female Employee Dialogue



Developing a Working Environment in Which Women Can Achieve Success, thereby Securing Sustainable Growth

Female Employee Dialogue

The JFE Group is promoting an array of initiatives aimed at securing sustainable growth through the strengthening of its corporate structure. One such initiative involves promoting diversity with an eye to developing a working environment in which women can better achieve success.* To mark JFE Holdings being selected as a Fiscal 2013 "Nadeshiko" Brand recipient (see below), we invited female workers from each Group entity to join in a dialogue with Mr. Hajime Bada, the president of JFE Holdings, serving as a facilitator. Here, we present excerpts from the discussions as attendees shared their frank opinions about the reality of working at the JFE Group, as well as their takes on the future.

* The number of female career-track employees in the Group is 519, or approximately 9% of the career-track employees at JFE Holdings, JFE Steel, JFE Engineering and JFE Shoji Trade. Among the fiscal 2013 new recruits, 62 of the 301 career-track employees and 47 of the 112 administrative specialists were female. In the latter job category, women account for approximately 40% (as of April 2013).



JFE Holdings Selected to Bear the "Nadeshiko" Label

JFE Holdings has been selected as a recipient of the Fiscal 2013 Nadeshiko Label, which is awarded to listed companies that have an excellent track record in facilitating women's career development and that are expected to achieve medium- and long-term improvements in their corporate value. This stock labeling system is handled by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange and is used as a way of introducing such companies' stock in a way that will attract the interest of investors. JFE Holdings was selected on the basis of its Groupwide initiative aimed at hiring and promoting women through the enhancement of the working environment.

Why Did You Join the JFE Group?

Bada: My name is Hajime Bada, and I'm serving as the president of JFE Holdings. Let me introduce myself and share with you why I joined JFE. Born in 1948, I was one of the so-called "baby boomers." I'm now 65 years old, so perhaps even older than your parents. After joining the former Kawasaki Steel Corporation in 1973, I was assigned to a manufacturing line in the Steelmaking Dept. of the Chiba District of the East Japan Works. Following 14 years of service in Chiba, I worked in the Kurashiki District of the West Japan Works for approximately seven years, and then transferred to the Head Office in Tokyo. It's been nearly 20 years since I moved to Tokyo. Before I even began my career, I had decided to enter a steel company because I studied metallurgy at the faculty of engineering while in university. However, I had been also thinking of pursuing studies in a graduate school. Then, knowing that it had a scholarship system, I chose Kawasaki Steel, not because of a particular admiration of the company. That's how I came to join JFE.

Ozaki: Thanks to Mr. Bada's frankness, I'm now able to share my story without being too nervous. I joined JFE in 1988 after finishing my education when Japan's bubble economy was robust. I began my career at the New Materials & High Technology Lab., engaging in R&D involving new materials, such as rare earth magnets and oxide superconductors. From 1996, I've been in charge of the development of new products and manufacturing technologies in the field of iron powder. As to the reason I joined JFE, looking back at my days in graduate school, where I studied liquid metal in the chemistry department of the faculty of science, at the time positions for women were extremely limited and the majority of female graduate students had no career choices but to become university researchers or teachers. Fortunately, however, the Equal Employment Opportunity Law was enforced in 1986, a year prior to my graduation. I was encouraged and determined to join the first company to offer me a job. That company happened to be the former Kawasaki Steel. In addition, when I was an elementary school student, I'd been impressed by TV commercials aired by Kawasaki Steel. So, I kind of felt I was destined to work

at this company.

Tanigaki: I was a student at a technical high school and studying interiors, such as those made of wood. After I looked at JFE's job posting, however, I happened to begin studying about steel. The more I studied, the more excited I got, thinking that "steel is far stronger than wood... and far more interesting!" On the other hand, I was accustomed to working with my hands and using machining tools to make repairs since my childhood, because of my family background. And I just loved that kind of work. So, I joined JFE. Currently, I'm in charge of the maintenance of energy facilities at the steel works.

Takada: I'm a graduate of a technical high school, too. After graduation, I was kind of determined to start my career at a manufacturing company. Just like Ms. Tanigaki, I had become interested in steel when I saw JFE's job posting. In particular, I was attracted to and studied steel manufacturing processes as well as how automobiles and buildings are produced using steel materials. Moreover, my homeroom teacher recommended me to enter JFE. That's how I entered this company, despite knowing that female workers are in the minority in its workforce. I'm now serving as a quality inspector of conditioning lines for UOE steel pipes used for gas and other pipe lines as well as in the construction of plants and other structures.

Togane: After joining in 2011, and I immediately after that I underwent on-site training at the Kure Shipyard in Hiroshima for one year. Then I transferred to the division I currently belong to. Now I'm engaged in basic design of semi-submersible* floating structures as well as FLNG, or floating production, storage and offloading facilities for natural gas. I had long aspired to be involved with offshore business which is promising field in the shipbuilding industry. IHI Marine United was the only one that offered a position matching my aspiration, which was the incentive why I made a choice of the company.

Ohno: I joined in 1999, and, until my transfer to my current department in January 2013, I was engaged in the domestic marketing of heavy plate, targeting heavy machinery manufacturers as well as shipbuilders. At present, my principal role in the department is planning and organizing various types of in-house training programs. In May 2014, I organized a



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* Semi-submersible: a floating offshore structure whose lower part is underwater.



Keiko Haraoka
General Manager, Human Resources
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plant tour at the Kurashiki District of West Japan Works, with nearly 40 career-track employees participating in the program. I decided to join a trading firm because it's always been my desire to do work that entails robust communications with many people. **Haraoka:** After joining the former Nippon Kokan K.K., I was assigned to the Cost Management Office of the Planning Administration Department. After that, I was in administrative accounting for nine years and went on to gain experience in the management and reorganization of subsidiaries. From April 2010 to the present, I've been in charge of human resource affairs. The reason I chose JFE is simple: I wanted to engage in administration of construction projects for bridges and waste incineration facilities so that I can boast that "It's me who made this plant!"

Okamoto: I joined the former Kawasaki Steel in 2002, so I was one of the last employees who entered this company prior to the merger. I began my career in the Kurashiki District in West Japan Works and then I was assigned to the Labor & Personnel Section of the General Administration Department. At first, my role was in the human resource management of on-site operators. To explain why I chose JFE, I have to go way back to my days in elementary school when I attended a plant tour held at a

steel works in Kurashiki and was extremely impressed. It was so overwhelming to walk around the vast plant premises and take a close look at all the amazing steel manufacturing facilities and processes. Later, I met a person who worked at the former Kawasaki Steel just as I was seeking to start my career. This made my desire to work at a steel-making company realistic; that's why I entered Kawasaki Steel.

How to Better Strike a Balance between Work and Family Life

Bada: Thank you very much. Now I see everyone had different motivations when joining JFE. Let us now discuss "how to better strike a balance between work and family life." Please be frank when sharing your perspectives.

Okamoto: I have three children, ages five, three and one. Because I have to take care of them, it's difficult for me to work overtime. However, my per-hour productivity is far greater than before I got married. Until I became a mother, I was able to stretch out my work hours as long as I wanted. But this made me rather dull and tired eventually, because I was thinking about work all the time. After I started to take care of my children I've got bet-

ter at switching my focus to housework and child rearing when at home and vice versa. Because of this, my mind is refreshed every morning before I begin my work, although I often find myself feeling physically exhausted due to child rearing.

Ozaki: I know how you feel. I struggled with raising three children just like you are doing. However, all of my children have now become university students so child rearing is no longer physically exhausting, but it's becoming financially harsher! I gave birth to twins in the year when the Child Care and Family Care Leave Law was enforced, so I was able to take one-year childcare leave.

Okamoto: In my case, my husband is working at the same company. Whenever our child develops a fever, we have "emergency meetings" to decide who takes a day off. Sometimes, one of us takes the morning off while the other takes the afternoon. I suspect that this kind of arrangement could not be made easily if each of us was working at different company.

Ozaki: I agree. Going forward, in step with growth in the number of female workers at JFE, the number of "intra-office" marriages might increase. Notwithstanding intra-office marriage, I believe that it is crucial to create a corporate culture that welcomes male workers' decision to take childcare leave or apply for shorter working hours.

Haraoka: When one of the male workers serving in my department took childcare leave, I encouraged him to take a sufficient period off. Nevertheless, his leave was merely around two weeks. I therefore assumed that it was too scary for him to take off more than two weeks.

Bada: I admit that many have a fear of being absent from work. On the other hand, most people have no trouble with leaving their workplaces for a month or two due to a business trip or training. So, I suspect that the cause of that kind of fear might be just differences in the ways how they view things. You know, there are even people who assert that all male workers should be legally obliged to take two-month childcare leave, so that they can learn more about society!

Ozaki: That would be such a nice idea. We are employed under the same conditions as male workers and are expected to work as hard as they do. However, when it comes to family life,

female workers tend to take greater roles. Because of this, I would like male workers to experience the struggles we go through in maintaining family life.

Haraoka: In recent years, there have been more families in which the husband stays home. But I imagine that, in this country, it would be so hard for such a husband to be accepted by a group of mothers gathering in a park with their children, no matter how much he may wish to get along well with them. I believe, accordingly, that not only do workplaces need to change, but the country's prevailing culture must be changed as a whole. It is indeed a challenging task.

Bada: JFE Engineering has the Kodomo-no-Mori JFE Childcare Center. What is the utilization rate like?

Haraoka: We permit commuting by car so that more staff can utilize the facility. With the aim of contributing to the local community, the facility is also available to families outside of the Group on Saturdays and Sundays, providing them with daycare services. So users are gradually growing in number.

Ohno: JFE Shoji Trade hosts Mothers' meetings three times a year during which employees are given the chance to interact with staff on childcare leave.

Haraoka: In addition to childcare leave, taking leave to provide nursing care is an issue that many people confront. I believe that a system whereby staff can work at home is the solution. Although it might be difficult to establish such a system for all job categories, an effective system can be put in place should the scope be appropriately defined.

Bada: Well, I think the Group can address that issue by flexibly adjusting its personnel administration system, although it must tackle many other challenges going forward. By the way, the JFE Group's corporate vision is "contributing to society with the world's most innovative technology." Because the Group's manufacturing operators are expected to maintain their skills and accumulate know-how to play key roles in this vision, aren't they also facing various challenges when trying to utilize childcare and other leave systems?

Takada: I suppose they are. For example, when I'm handling a grinder, I can sense how far I had ground the material to within a millimeter, even without measuring it. The more time I've spent

What Happened When Female Workers Joined a Steel Manufacturing Site for the First Time?

Bada: I had served at a steel works more than 20 years. However, when I was at a steel manufacturing site, there were never any women. Because it's hard for me to picture women working there, can you share with me challenges that confront you as you work on-site?

Tanigaki: Although the office building I regularly work in has female showers and rest rooms, I've sometimes been troubled when I make my daily rounds through the districts I'm in charge of. All alone, I have to take longish trips by car to check such facilities as power plants and transformer stations, but I find fewer female than male rest rooms in the vast premises of the steel works.

Takada: I have no trouble with my office facility, either. However, I sometimes happen to see a male worker entering a temporary toilet at an outside jobsite. Whenever this happens, I just look up to the sky and quietly pass him by...although I'd rather laugh because most men seem to be panicking in these situations!

Bada: It will take some time to set up female rest rooms all around the steel works' vast premises. However, because I'm convinced that female manufacturing operators will grow in number, I'll go on investing in necessary infrastructure development.

Tanigaki: I know some cases where facilities have been improved for the sake of women. For example, there were some rusty doors in a certain power plant that I'm in charge of, and they were too heavy for me to open. However, repairs were carried out and I found those frequently-used doors mended, although some are still too heavy for me.

Takada: I, too, have faced challenges and have seen some areas I expect the company to improve. Nevertheless, I'm very happy with my fellow operators and other comrades. They are so accepting, and especially, senior colleagues tend to take care of us as if we were their daughters. That's why I'm happy working at JFE!



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on this, the more accurate my sense has become. However, whenever I take off for a while, my senses get dull. Also, when I roll pipes to move them, I can sense each pipe's unique bends and weight, even if they are produced at the same facility. It depends on whether the pipes were produced earlier or later in their production lot. But this kind of perception, too, can be lost if it is not constantly trained over long years.

Our Future Goals as Pioneers

Bada: Currently, the JFE Group is promoting its fourth medium-term business plan (fiscal 2012–2014), which sets forth policies including for the strengthening of the domestic profit base and the development of new products and process technologies. I think all of you are pursuing respective duties to realize these policies. As the Group is encouraging each of its female workers to take a greater role in its operations, could you share your goals for the future before closing this dialogue?

Togane: Because I'm involved in offshore business, my goal is to manage EPC (Engineering Procurement and Construction) projects of offshore structures not only engineering. Moreover, I want to see off their departure to the ocean when they are undocked and towed. However the current business environment is more favorable for South Korean and western players, so it has been frustrating to see Japanese players struggle to gain a stronger market presence.

Bada: I feel the same way about recent conditions. However, offshore business is attracting interest as one of the most promising fields for Japan. Japan Marine United has invested in a Brazilian shipbuilder and I expect the company eventually will have the strength to execute offshore platform EPC projects.

Togane: That's right! Since the integration of Japan Marine United, more engineers have been assigned to offshore business. All of us are looking forward to striving toward future successes. Also, since joined I have seen more fellow female engineers in the company. I think my role regarding younger female engineers is to improve the circumstances surrounding us of how to utilize childcare and other programs for work-life balance, with due consideration to gaining the understanding of our colleagues.

Ohno: When I joined the workforce, I was helped by some brilliant senior female col-

leagues, who always looked happy even though they were busy and were counted on by supervisors. After working with them, my goal has become a professional like them. In my duties in human resource nurturing, I'm striving to become a reliable senior colleague for my younger comrades.

Bada: JFE Steel has set up the Diversity Promotion Section, pursuing initiatives aimed at creating a working environment that helps women's career development. Does JFE Shoji Trade have a similar human resource nurturing program?

Ohno: Yes it does. We are implementing such programs as plant tours inviting mid-level female personnel who already have extensive experience in their fields. One such tour organized recently went through JFE Steel's steel works and JFE Logistics Corporation's loading yard. This program has garnered favorable feedback from participants, as they are able to take a closer look at how the Group's products are manufactured and distributed.

Bada: Unlike JFE Steel, JFE Engineering and other manufacturing companies, a trading firm's business depends solely on the know-how and competencies retained by its human resources, as they have no production facilities. I expect JFE Shoji Trade will encourage a greater number of its female employees to strive for success in their careers.

Haraoka: I hope that my company will become a workplace that has no barrier to impede female employees. Whether male or female, each worker is an indispensable part of the workforce. Gender is merely an aspect of individuality. I was in the first group of new recruits to join the company as administrative career-track employees; at that time the majority of my fellow workers were men. So, I've worked hard to better adapt and live with the circumstances. As a result, however, I might have ended up giving my colleagues a limited and fixed concept about how female staff should work. Now, I'm thinking that my past working style is becoming rather a burden for my junior female colleagues. I wish the company could provide a workplace where everyone enjoyed working and still remain himself or herself. To make it happen, I suppose I would have to take some initiative in creating a working environment in which the atmosphere is unconstrained. Lately, I've come to speak more boldly and give my honest perspective so that those around me can better under-

stand how women see things.

Okamoto: Ms. Haraoka's story reminds me of how many challenges we must overcome going forward. On the other hand, although it's been 12 years since I joined JFE, we now welcome female new recruits every year. So, female workers are becoming anything but "special" in the workplace, making me feel that gender difference no longer constrains my daily operations. I expect that 10 to 20 years in the future, the company will be a wonderful workplace where a number of women are enjoying successful careers. When I think of my personal goals, I recall the words of encouragement my supervisor, who had previously served as the head of my first department, gave me at the time of his retirement, "I know you are now going through one of the toughest times of your career. But once you reach your 40s, your current struggles will start to bear fruit. Hang in there!" I'll work hard on my current duties to gain the trust of those inside and outside of the company, thereby making my career flourish in my forties.

Ozaki: Because I entered the workforce just after the enforcement of the Equal Employment Opportunity Law, I was determined to work here up until the retirement age, so that I could be a good example as a "groundbreaker" under the new law system. I've still got that determination. Another personal goal, as a general manager of a research department, is to accomplish as many breakthroughs as possible in my development projects, thereby creating new products and technologies that will be mainstays many decades later. I'll then be looking forward to seeing the on-site operators, including Ms. Tanigaki and Takada, demonstrate their skills in utilizing these breakthroughs.

Tanigaki: I'll do my best! When I joined JFE, colleagues around me were a bit awkward. Perhaps they were nervous having a female worker join them. Nevertheless, now I feel like they consider me an essential part of the workforce, even though I'd never pretend to be anything but myself in order to fit in. However, because I was the first female worker in the department, my track record will become a kind of standard for female workers in terms of "how competent can women become?" I'm committed to working hard without compromise no matter what my task

is, so that I can remain a good role model for junior female workers who will join in the future.

Takada: My current goal is to acquire a qualification required to complete a certain product-inspection process. Because I'm not qualified, I've been frustrated in that I have to ask a senior colleague for help whenever necessary to finish that process. Another goal is to help establish a closer collaboration between pipe manufacturing and conditioning sections in welded pipe manufacturing works. These sections' common aim is to deliver high-quality UOE steel pipes as much as possible. As a female employee responsible for the conditioning process, I'll have more robust communications with fellow female staffers who take care of manufacturing so that we can make good proposals to our supervisors.

Bada: Sounds wonderful. I'm so grateful that you are striving to make improvements in your respective workplaces. Thank you for joining us today. As I listened to each story, I was so impressed at the strong level of commitment to work that each of you maintain. That's just what I've expected from JFE employees. I'm convinced that our future female colleagues will follow your paths. Moreover, thanks to your efforts aimed at being good role models, I expect that those female workers will work vibrantly in JFE, and, in turn, become role models themselves for the next generation of female workers. I would be very happy if JFE becomes an employer of choice for women in this way. I'm determined to promote diversity even further, creating a workplace that welcomes employees with diverse individuality and encourages them to achieve success. I'm also looking forward to see all of you developing successful careers as pioneers.

**Mio Takada**

Welded Pipe Plant, Welded Dept. West
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REVITALIZING JAPAN

~The JFE Group's Initiatives~

As Japan looks to the 2020 Summer Olympics in Tokyo, its economy is becoming increasingly robust, breaking away from the longstanding anchor of deflation. Also, the country has moved well down the recovery track it started following the Great East Japan Earthquake. In this special feature, we introduce JFE Group initiatives that are supporting the revitalization of Japan in line with key themes: restoring and strengthening the nation; pursuing environment- and energy-related businesses; and passing on our technological traditions.



Installation of jacket-type quays with arc-shaped retaining wall at Sendai-Shiogama Port (February 2013)

Special Feature 1

Restoring and Strengthening the Nation: Reconstructing Japan's Infrastructure

Development and reinforcement of port quay walls: a collaborative initiative undertaken by JFE Steel Corporation and JFE Engineering Corporation

Protecting port facilities across Japan by installing highly earthquake-resistant, jacket-type quays with arc-shaped retaining walls

Loading wharfs consisting of conventional jacket-type quays comprise two structures: a quay supported by columns set into the seabed and an earth retaining wall supported by raked piling built in a reclaimed shoreline. Usually, these structures are completely separate; however, aiming to improve earthquake resistance, JFE Engineering has developed a new jacket-type quay construction method* employing quays and arc-shaped retaining walls that are structurally integrated. JFE Steel's role in the development project** was examining the earthquake resistance technologies applicable to retaining walls, while JFE Engineering carried out technical reviews of designs for connections between the jacket and retaining wall.

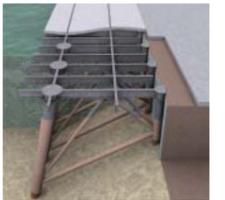
The benefits of the new method include a significant reduction in the weight of steel needed for the retaining wall and the elimination of the need for raked piling to support it. These benefits translate into a 20% reduction in total construction costs as well as an approximately 10% shorter construction period. Recognizing the advantages of this

technological breakthrough, the Tohoku Regional Development Bureau of Japan's Ministry of Land, Infrastructure and Transport (MLIT) adopted this highly economical and time-saving construction method for the reconstruction of Miyagi Prefecture's Sendai-Shiogama Port.

Looking ahead, we will employ this new construction method as part of our continuing commitment to contribute to the reconstruction efforts that have been instituted since the Great East Japan Earthquake, as well as the improvement of international ports designated by the government as strategically important.

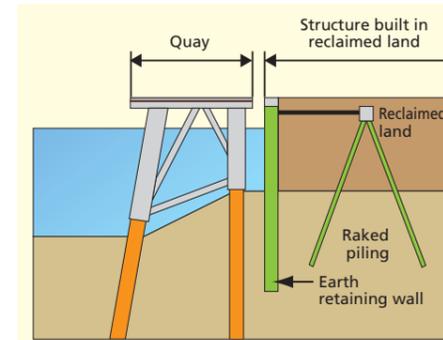
* This method is registered with the New Technology Information System (NETIS) database maintained by the Ministry for Land Infrastructure and Transport (MLIT).

** The Port and Airport Research Institute also participated in the joint R&D project.



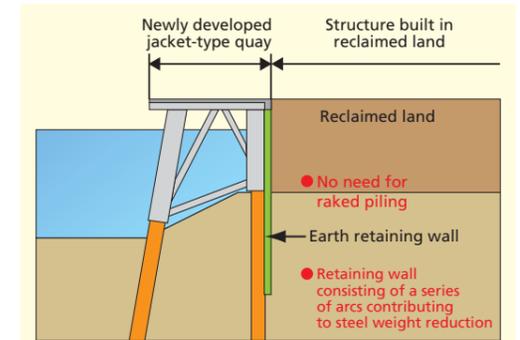
Conventional jacket-type quay construction

The quay and the structure built in the reclaimed land are separate



New construction method

Jacket-type quay is structurally integrated with the arcs of the retaining wall built in the reclaimed land



"Ganba" L-shape Jacket Structure. Innovative Solution for Solidifying Sheet Pile Quay Walls

In Japan, a number of aging sheet pile quay walls are in need of reinforcement and improvements in their earthquake resistance. Conventional reinforcement methods, however, are costly and time consuming because of the need for ground improvement in the reclaimed land and to solidify the seabed to ensure sufficient strength to support the quay.

To counter these difficulties, JFE Engineering and JFE Steel have developed and patented* a reinforcement technology they have dubbed the "Ganba" L-shape jacket structure. This method, while leaving the location of existing quay wall lines unchanged, secures greater wall strength by setting up an L-shaped reinforcement structure that rests on the seabed. The reinforcement structure's components are built of steel pipe piles and prefabricated L-shaped block components composed of steel shells and concrete. The use of these

prefabricated components can reduce workload at the construction site, cutting the construction period in half compared with conventional methods. Moreover, by eliminating the need for costly ground improvement work, the total construction cost is around 70% of the cost of most conventional methods. Thus, the method provides a solution for a number of problems that previously beset this type of reinforcement work.

Looking ahead, we will promote the "Ganba" L-shape jacket structure as a solution for addressing growing needs for the reinforcement and earthquake-resistance improvement of sheet pile quay walls.

* TOA CORPORATION also participated in the joint development and became a patent co-owner.

Special Features

Special Feature 2

Pursuing Environment- and Energy-Related Businesses as Japan's Eco-Friendly Forerunner

Accelerating Urban Development and Building Construction with HBL[®]440, a High-Performance Steel Made Using Cutting-Edge Thermo-Mechanical Control Process

Recent years have seen the emergence of many redevelopment projects centered in greater metropolitan areas, with a number of skyscrapers, including ultra-high-rise office buildings and housing complexes, being constructed. To accommodate the need for high-strength steel materials for the columns used in such construction projects, SA440, a 590N/mm² class high-performance steel for building structure materials, has been widely adopted. However, to achieve both high strength and toughness, the steel must undergo multiple rounds of heat treatment through separate lines, resulting in a long turnaround between the receipt of order and delivery.

Looking for a better solution, JFE Steel employed its cutting-edge thermo-mechanical control process to develop HBL[®]440 in May 2012. Having expanded the range of products made of this new 590N/mm² class high-performance steel, as of August 2013, JFE Steel's HBL[®]440 manufacturing lines have been capable of producing steel plates with thicknesses of up to 100mm.

With the aim of omitting multiple heat treatment in the course of HBL[®]440 production, JFE Steel utilizes Super-OLAC[®]* cooling equipment that embodies its market-leading "Number One" technologies. As a result, the turnaround for HBL[®]440 delivery has been shortened to approximately one month less than that for

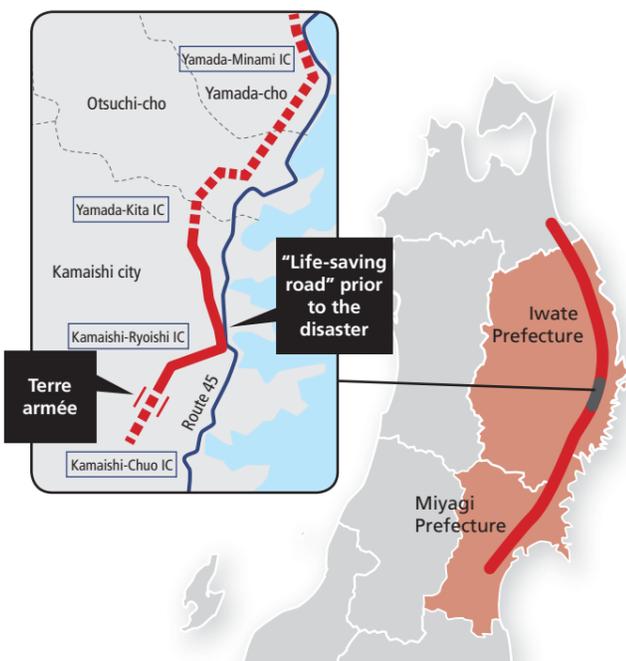
conventional steel materials, significantly improving construction times for high-rise buildings.

Going forward, we will develop high-value-added products for use in architecture and construction materials to accommodate wide-ranging customer needs.

* On-Line Accelerated Cooling equipment is capable of performing quick cooling with superior accuracy.



Terre Armée Construction Method: Maintaining a "Life-Saving Road"



The Kamaishi-Yamada Road,* a road constructed to alleviate traffic jams on Route 45, which connects Kamaishi city and Yamada-cho, was dubbed a "life-saving road" right after the Great East Japan Earthquake hit the region. Prior to the disaster, some had speculated that the road was unnecessary. Once the earthquake struck, however, the road came into its own, serving

as an evacuation route for local children and preventing the isolation of rural areas by providing access to evacuation shelters. Today, the Kamaishi-Yamada Road is seen as indispensable by the residents it serves.

Employing its terre armée construction method for reinforced soil walls to create highly safe and earthquake-resistant roads, the JFE Shoji Trade Group will continue to maintain this "life-saving road" and other road-related infrastructure, thereby contributing the reconstruction of the disaster-stricken areas.

* The Kamaishi-Yamada Road today constitutes a 23km stretch of the Sanriku Coastal Highway, which has been nicknamed "The Road of Reconstruction," extending a total length of 359km. Construction details: Maximum wall height: 19.48m; wall length: 318.13m; wall dimension; 4,331.9m²

HIPER[®], an Earthquake-Resistant Line Pipe That Reinforces Energy Infrastructure

HIPER[®]** is an earthquake-resistant line pipe developed by JFE Steel. The pipe is highly deformable and thus it is able to resist buckling even if the movement of the ground strata distorts the line. As the first company to commercialize this innovative type of pipeline pipe, JFE Steel created it by bringing together its cutting-edge material design technologies and a proprietary manufacturing process using HOP[®]** online heating equipment at the plate mill in the Fukuyama District of the West Japan Works. At the same time, JFE Steel utilized its newly developed Super-OLAC[®]-A accelerated cooling equipment launched 2011 at the facility, thereby achieving greater material uniformity for mass-produced products.

HIPER[®] performs particularly well in harsh environments. For example, the product is best suited for installation in earthquake-prone areas or discontinuous permafrost

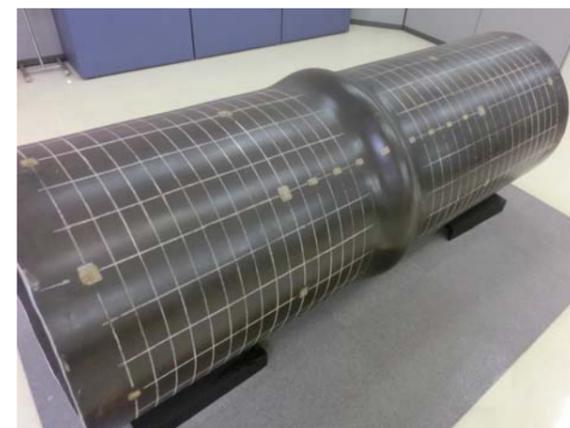
zones, in which the freezing and thawing of soil causes frequent uplifts and subsidence in the ground strata. Today, HIPER[®] is used throughout the world for pipelines in areas prone to ground movements, helping maintain the safety of energy transportation networks.

Looking ahead, we will remain a forerunner of technological innovation while satisfying customer needs by developing and delivering highly functional steel material products with superior quality. In these ways, we will contribute to resource and energy development around the globe.

* Higher Performance for Earthquake Related Ground Movements
 ** Heat-treatment On-line Process: Equipment for the heat treatment of steel plates using induction heating. HOP[®] represents one of JFE Steel's unique "Only One" technologies.



Pipeline construction (Western Canada)



HIPER[®] earthquake-resistant line pipe

Epoch-Making HIPER[®] Wins Prizes All around the World

HIPER[®] earthquake-resistant line pipe is becoming increasingly sought after worldwide, garnering favorable customer reviews for its superior performance. Reflecting this, HIPER[®] developer JFE Steel has been highly commended for its technological achievements and has been awarded a number of prizes around the world.

In November 2013, HIPER[®] was recognized at the 2013 R&D 100 Awards hosted by R&D Magazine, a U.S.-based technological information magazine. Every year, the R&D 100 Awards selects 100 products released in the previous year that best embody recent technological breakthroughs. This prominent awards event is nicknamed the "Academy Awards of technological innovation."

Moreover, the product won the 60th Okochi Memorial Technology Prize from the Okochi Memorial Foundation in March 2014.

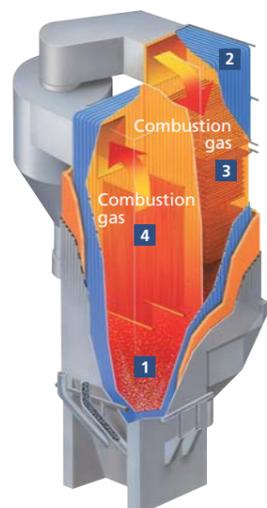


2013 R&D 100 Awards ceremony (Florida, the United States)

Bioenergy

On the back of growing expectations for largely employing biomass fuels and wood waste as a substitute for fossil fuels, the Japanese government's Biomass Nippon Comprehensive Strategy sets out a roadmap for the introduction of domestically produced biomass fuels as well as the establishment of a bioenergy-powered society. The JFE Group is assisting with the realization of this strategy in various ways.

Circulating fluidized bed boiler (CFB)



1 Fluidized bed furnace
Fuel is fluidized by air introduced from the bottom of furnace and burned

2 Water cooling walls
Membrane walls for cooling are set up around the boiler to minimize heat loss

3 Superheater
The superheater is optimally designed for conditions of combustion gas and steam

4 Wing panels
Wing panels (evaporator or superheater components) with high durability are installed in the furnace

Multiple Orders Received for Biomass Power Plant Construction

In concert with the introduction of the feed-in tariff (FIT) scheme introduced under the Renewable Electric Energy Act in July 2012, a number of power plant construction projects now under way will truly launch the renewable energy generation business. JFE Engineering is playing a key role in the design and construction of solar photovoltaic, geothermal and wind power generation facilities all across the nation. These projects include the development of biomass power plants, which employ a circulating fluidized bed boiler (CFB) fed by domestic wood chips as well as palm kernel shells (PKSs) imported from Southeast Asia.

Among a number of orders JFE Engineering has received for biomass power plant design and construction was one from SHOWA SHELL SEKIYU K.K. in August 2013. In accordance with this order, JFE Engineering will establish a new plant in Kawasaki city. The plant will boast a maximum output of 49MW, making it Japan's largest biomass facility in terms of power generation capacity.



Strengthening Our Biomass Fuel Supply Structure

To facilitate the launch of biomass power plants, it is crucial that operators secure stable supplies of biomass fuels. PKS, or palm kernel shell, is imported mainly from Southeast Asia and expected to become a mainstay biomass fuel. JFE Shoji Trade has further strengthened the PKS supply structure that it has built through an import channel from Malaysia to Japan, with the aim of contributing to the popularization of biomass power generation. Following the introduction of the FIT scheme, a number of Japanese business operators entered the biomass power generation business and annual domestic demand for PKS is likely to reach approximately 1 million tons in 2016.

Employing cargo vessels used for steel product exports on their return trips, JFE Shoji Trade will ship PKS mainly to domestic customers. Also, plans call for increasing the

annual shipment volume from the current 20,000 tons to 200,000 tons by 2017. To secure a stable PKS supply, JFE Shoji Trade will make full use of its strategic advantages, such as direct supply contracts with excellent palm oil mills that produce PKS with hardly any foreign matter and an import channel that uses Lahad Datu Port, a Malaysian port that is one of that country's closest to Japan and boasts relatively low traffic.



To accommodate increasingly robust PKS demand, JFE Engineering and JFE Shoji Trade will collaboratively assist biomass power generation operators, drawing on their respective competencies in the fields of plant engineering and biomass fuel supply. By doing so, we will contribute to the popularization of biomass power generation.

Special Feature 3

Passing on our Technological Properties; Maintaining Japan's Manufacturing Heritage

Technical Experts Pass on Steel Manufacturing Skills to the Next Generation

Today, the majority of Japan's manufacturers are confronting a rapid change in age distribution in the workforce due to the mass retirement of baby boomers. In step with this, passing on technological skills to younger operators is becoming an increasingly urgent issue. JFE Steel, too, has been seeing a decline in veteran employees at steel manufacturing sites. While staffers who joined the workforce following the merger of JFE Steel account for approximately 40% of all employees, a growing number of veterans will soon reach retirement age. Accordingly, there is a pressing need for passing on steel manufacturing skills to younger employees.

JFE Steel has been promoting proactive initiatives aimed at passing on its technological traditions to young and mid-level employees. For example, we have developed a unique human resource nurturing system that makes every employee's skills level visible, which allows us to provide educational programs optimized to each employee's strengths and weaknesses.

Despite these initiatives, imparting skills and know-how for troubleshooting and other irregular tasks has been a crucial issue for us, because the conventional educational programs used to date have not been suited to enhancing such competencies.

To address this situation, in October 2013 JFE Steel launched a new initiative, appointing technical experts dedicated to nurturing human resources and assigning them to every business unit in its East Japan and West



Japan works as well as the Chita Works. Specifically, veteran employees and reemployed retirees are assigned to particular manufacturing lines to serve as dedicated trainers, thereby sharing their immense wealth of knowledge and know-how about steel manufacturing. They will also spearhead troubleshooting drills while preparing educational materials. At present, 100 technical experts are on the job and we will expand the scope of this initiative to cover other worksites in need of their help.

In addition to regular technological education programs centered on day-to-day operations, we will promote this initiative across the board, thereby ensuring that steel manufacturing traditions established by our predecessors will be passed on to the next generation of engineers who will, in turn, lead the JFE Group's future operations.

"Win&WeDGE" Training Center for Welding Nurtures Leading Engineers

In March 2013, the Heavy Industry Works of JFE Engineering's Tsurumi Works established "Win&WeDGE,"* a training center for learning welding skills, with the aim of speeding up the process of passing down technological properties. While providing young engineers with day-to-day training programs, the center offers them the opportunity to engage in dynamic dialogues with highly skilled veterans. Looking ahead, we will work hard to nurture the competitive engineers needed to lead Japan's manufacturing sector into the future.

* Welding Innovation & Welder's Dojo for Global Equipment



Training session at a welding practice booth

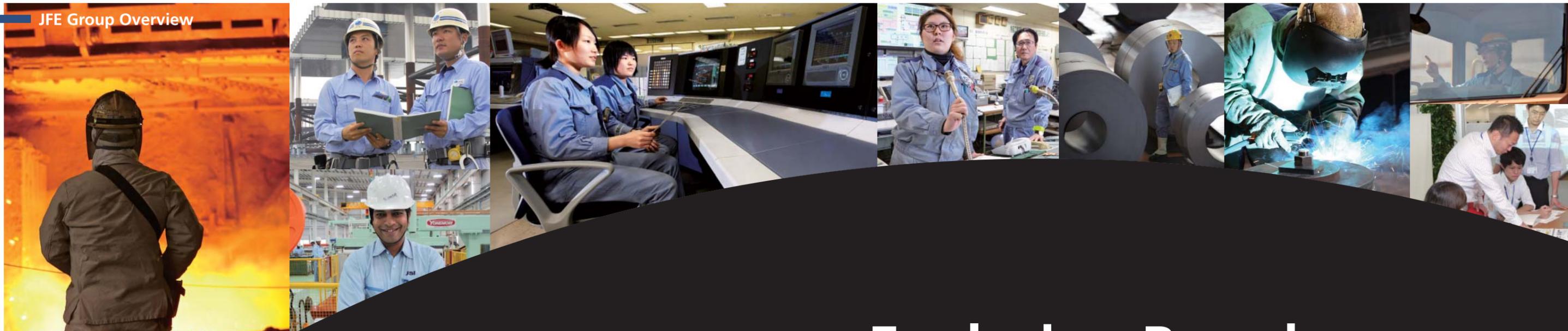
Disseminating Japan's Wealth of Manufacturing Know-how to Bases Worldwide

JFE Shoji Trade boasts a network of steel processing centers consisting of 16 bases around the world. Although each center hires local employees, some of the newcomers have not seen steel being produced until they join. To impart the know-how required at manufacturing sites, the JFE Shoji Trade Group dispatches Japanese engineers from other steel processing centers. Taking up residence worldwide wherever their presence is most needed, these engineers strive to share the wealth of manufacturing traditions we have accumulated in Japan to local employees, help to launch new steel processing centers, oversee facility operations and ensure safety and quality management.



Japanese and Thai operators sharing manufacturing know-how at SASC, a steel processing center that specializes in automobile steel sheets

JFE Group Overview



The JFE Group — Exploring Broader Applications for Steel and Related Materials

The JFE Group was formed in 2002 when Nippon Kokan K.K. and Kawasaki Steel Corporation jointly established JFE Holdings as their stock-holding company. Since then, the Group has been striving toward excellence as a 21st century corporate group in line with its corporate vision of contributing to society with the world's most innovative technology.

Holding Company

JFE Holdings, Inc.

Strategically Maximizing Corporate Value

As the holding company of the JFE Group, JFE Holdings formulates strategies and manages fund raising. And, as a listed company, it also handles information disclosure. Led by JFE Holdings, each Group company has adopted an operating structure optimized to its respective business fields and strives to achieve greater competitiveness, profitability and corporate value to secure sustainable growth.



Steel Business

JFE Steel Corporation

“Only One” and “Number One” Products

JFE Steel is one of the world's leading integrated steel producers. A strong international player with a sophisticated production system consisting of two major steelworks, one each in eastern and western Japan, JFE Steel engages in the production and sale of unique “Only One” and market-leading “Number One” branded products, plus a wide range of other added-value products incorporating its cutting-edge technologies and development know-how.



Engineering Business

JFE Engineering Corporation

Innovative Technologies for Energy and the Environment

JFE Engineering technologies enhance the effective use of resources for clean energy. In addition to its core businesses in environmental infrastructure and power generation, JFE Engineering offers specialized expertise in the fields of industrial machinery and steel structures such as bridges.



Trading Business

JFE SHOJI TRADE CORPORATION

Creating Value as the Core Trading Company

JFE Shoji Trade engages in domestic trading and the import and export of products centering on steel materials, as well as steel raw materials, non-ferrous metals, chemicals, fuels, materials and machinery, and marine vessels. It is also expanding operations in the food-stuffs and electronics fields.



(Equity-method affiliate)

Japan Marine United Corporation

Meeting Global Customer Needs with Green Technologies

A leader in the new building and repair of large merchant ships, including tankers, bulk carriers, container ships, and such specialty vessels as anchor-handling tug supply vessels (AHTSVs), destroyers, minesweepers and icebreakers, Japan Marine United operates seven shipyards/works and two technical research centers.



3,666.8 billion yen*
(FY 2013)

JFE Steel	73.4%	2,691.6 billion yen
JFE Engineering	7.7%	284.1 billion yen
JFE Shoji Trade	48.6%	1,781.3 billion yen

* After deducting inter-Group transactions, which accounted for 29.7% (¥1,090.2 billion) of Group sales

Outline and Characteristics of the Steel Business

JFE Steel Corporation

Always Looking 10 Years Ahead, Pursuing Technological Innovation as a World-Leading Steel Maker

As a steelmaker boasting world-leading production facilities and excellent technological development capabilities, JFE Steel is well positioned to meet growing demand for high-end steel. Proactively developing innovative and unique products that offer superior functionality, JFE Steel will continue to ensure the stable supply of high-end steel to domestic customers, while also serving markets worldwide through outstanding production and distribution networks that it has been expanding in partnership with other leading steelmakers. JFE Steel also remains committed to providing solutions to social needs in such fields as environmental protection.



Eiji Hayashida
President & CEO

Two Major Steelworks Equipped with Large-Scale Blast Furnaces

The Chiba District of the JFE Steel East Japan Works was the country's first integrated coastal steelworks constructed after World War II. The East Japan Works also includes the Keihin District, a complex of facilities situated mainly on Ohgishima, a 5.5-million-m² man-made island that belongs to Kawasaki and Yokohama cities and constitutes a part of Tokyo Bay's shoreline.

The West Japan Works includes the Fukuyama District and Kurashiki District, both of which boast advantageous locations due to their proximity to deep harbors. Together, they occupy a total area equivalent to 540 times that covered by the Tokyo Dome. The East and West Japan works are equipped with large, world-class blast furnaces and are part of an extensive, highly efficient production structure.

JFE Steel's production network also includes the Chita Works located in the Chukyo Industrial Zone. This facility boasts world-leading production capabilities, including for a variety of specialty steel pipes and tubes, such as tubular goods for the oil industry and line pipes.



A blast furnace at the Kurashiki District of the West Japan Works

Building the JFE Brand through Customer Satisfaction

JFE Steel is strengthening its integrated service and technology support system, which encompasses everything from planning and product design, manufacturing and delivery to quality assurance, thereby securing greater customer satisfaction and ensuring that JFE remains the brand of choice.



Products shipped from the Fukuyama District of the West Japan Works

A seamless small steel pipe being produced

JFE Steel Manufacturing Bases

East Japan Works



Chiba District



Keihin District

West Japan Works



Fukuyama District

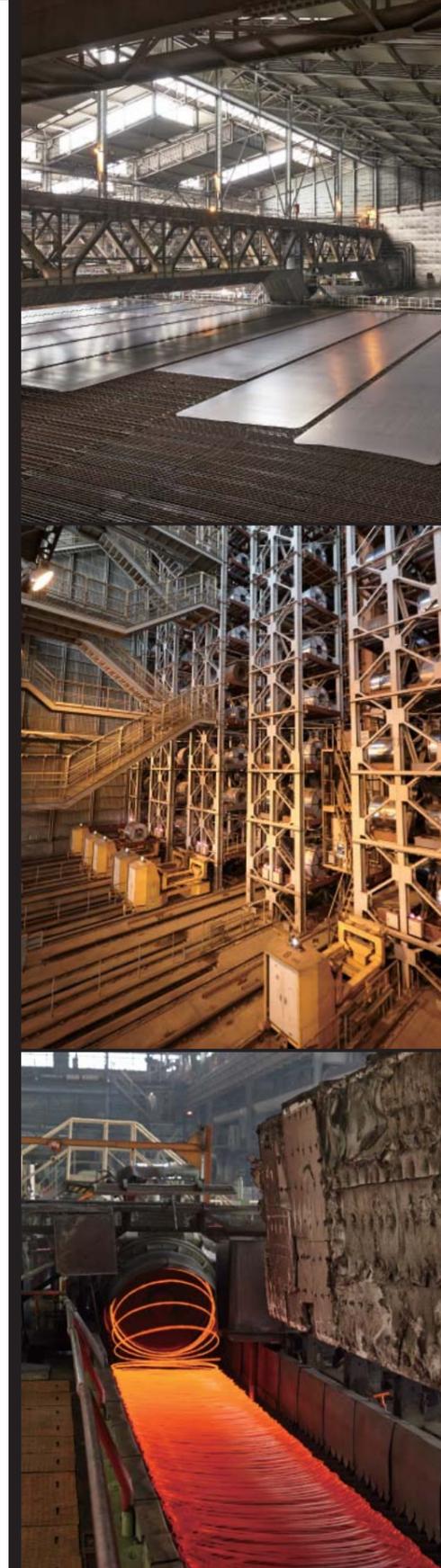
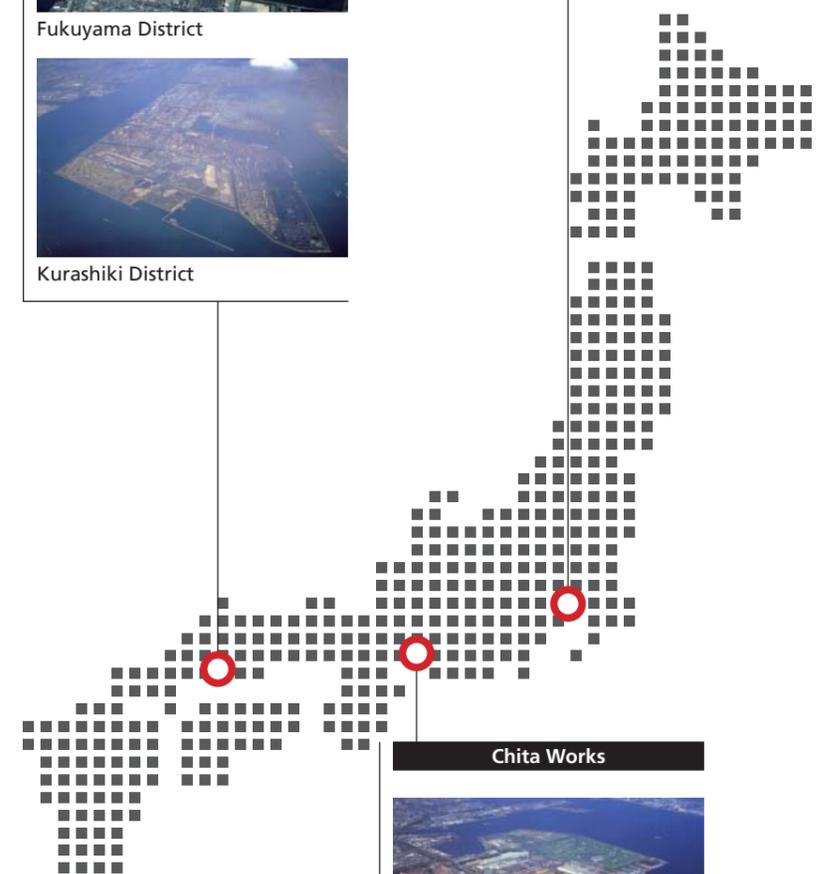


Kurashiki District

Chita Works



Chita Works



JFE Group Overview

Developing Manufacturing Platforms in Japan

With the aim of securing stable operations as well as greater cost competitiveness for its domestic steelworks and other manufacturing bases, JFE Steel is tackling such immediate priorities as enhancing its manufacturing platforms in terms of both facilities and human resources. With regard to facilities, JFE Steel proactively carries out repairs and upgrades, targeting mainly aging facilities with the aim of restoring and improving their operational efficiency and thus raising their competitiveness to new levels. Among recently upgraded facilities are coke ovens as well as raw material loading, unloading and distribution facilities that needed quite extensive repairs.

With regard to human resources, in October 2013 JFE Steel launched a new initiative, appointing a group of dedicated trainers, or "technical experts," to help it counter the effects of rapidly changing age distribution within its overall workforce due to the mass retirement of baby boomers. Selected from among veteran employees and rehired retirees, these trainers have been dispatched to every manufacturing site, where they impart their skills to younger employees, with particular emphasis on instilling troubleshooting know-how and other technical wisdom.



Exterior view of a coke oven (Kurashiki District)



Raw material unloading facility (Fukuyama District)

Securing Access to Burgeoning Markets Worldwide

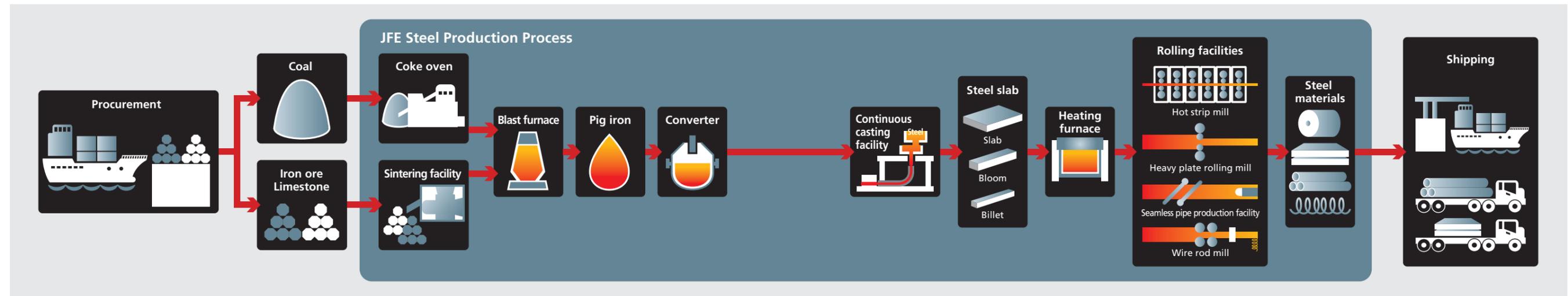
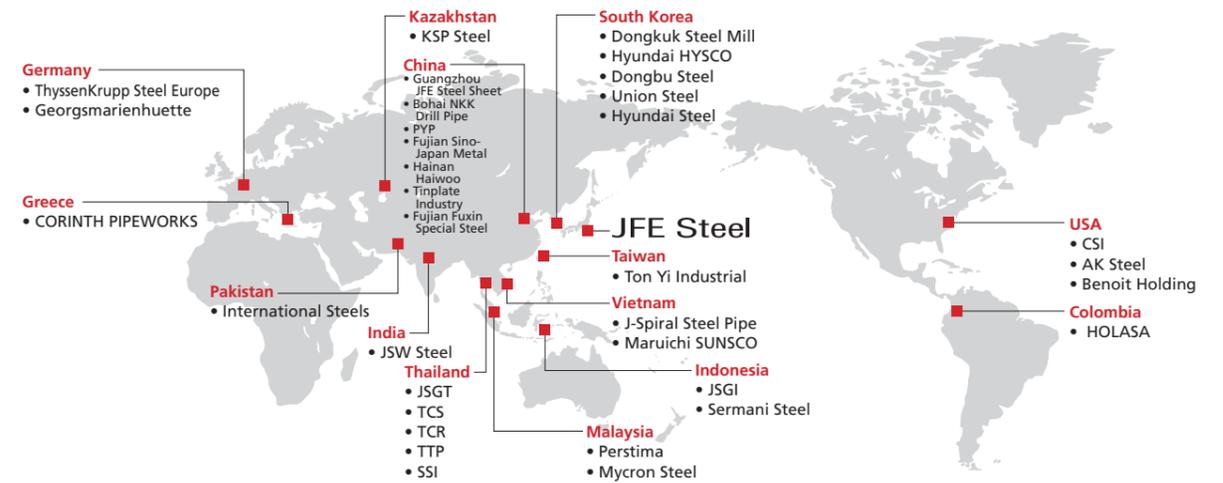
With an eye on the world's steel market, which is poised for growth, JFE Steel is reinforcing its ability to respond to rising steel demand, taking such steps as stepping up exports. For example, targeting such emerging markets as China, India and Southeast Asia, high-end steel production and distribution networks have been established by securing local alliance partners to supply automotive steel sheets.

In China, the cold-rolling line and hot-dip galvanizing line maintained by Guangzhou JFE Steel Sheet Co., Ltd., a 50-50 joint venture, have been enjoying steady operations, while in Thailand, JFE Steel Galvanizing (Thailand) Ltd., a wholly owned subsidiary, launched a hot-dip galvanizing line

in 2013. In India, strategic partner JSW Steel Ltd. began operating a second cold-rolling mill at its Vijayanagar Works, a facility that leverages automotive steel sheet production technologies licensed from JFE Steel. In Indonesia, PT. JFE Steel Galvanizing Indonesia, a wholly owned subsidiary, is constructing a hot-dip galvanizing line.

Also, efforts are now under way to establish a supply structure for steel pipe for energy infrastructure use in the burgeoning global market. The U.S.-based 50-50 joint venture California Steel Industries, Inc. is building its No. 2 electrical resistance welded pipe mill, with the aim of initiating operations in August 2014.

Main Capital and Alliance Partners



Fiscal 2013 Highlights

April 2013

- Conducted a test for the long-term production of ferro-coke, an innovative blast furnace feed, while verifying the applicability of ferro-coke in actual blast furnaces
- Received Commendation for Science and Technology from the Minister of Education, Culture, Sports, Science and Technology for the development of spray-transfer type carbon arc welding technology boasting superior workability

May 2013

- The Fukuyama District of the West Japan Works became the first in the world to achieve cumulative crude steel output of 400 million tons
- Agreed on the establishment of a joint venture in Zhejiang Province, China, to manufacture and sell automotive steel pipes
- Decided to install another converter in the No. 3 steel mill of the Fukuyama District of the West Japan Works in order to introduce a cutting-edge process for the preliminary treatment of molten pig iron
- Held spring festivals in the Keihin District of the East Japan Works and the Fukuyama District of the West Japan Works

June 2013

- Received the Grand Prize from the Japan Society for Technology of Plasticity for the development of high-speed rolling technology for a tandem cold mill using hybrid lubricants
- Decided to construct Indonesia's first hot-dip galvanizing line for automobiles in Bekasi District, West Java Province
- Held the 21st J1 Activity JFE Steel Family Meeting

July 2013

- Confirmed through verification testing the effectiveness of thermal power generation technology employing waste heat emitted from steelworks
- JFE West Japan baseball team participated in an intercity tournament

August 2013

- Commercialized JBCR295, a square steel tube for construction use made using a roll forming method that boasts the greatest wall thickness in its product class in Japan
- Expanded the range of products made of HBI®440, a 590N/mm² high-performance TMCP steel for construction materials, to offer a wider variety of thicknesses

September 2013

- Received the Monozukuri Nippon Grand Award from the Minister of Economy, Trade and Industry for the development of a high-tensile-strength steel plate for large input welding that contributes to the safety and cost-efficient construction of ultra-high-rise buildings



Expanding Our Automotive Steel Sheet Supply Network Overseas

JFE Steel has been developing its overseas supply network to accommodate rising demand, particularly in Asia, for automotive steel sheet as well as in response to heightening customer requests for local procurement options.

In Thailand, an opening ceremony was held in November 2013 to celebrate JFE Steel Galvanizing (Thailand) Ltd.'s launch of a hot-dip galvanizing line.

In India, JSW Steel Ltd. launched a second cold-rolling mill at its Vijayanagar Works. JFE Steel has assisted with the construction and launch of this steelworks while licensing its automotive steel sheet production technologies to JSW Steel.

In Indonesia, PT. JFE Steel Galvanizing Indonesia decided to construct Indonesia's first hot-dip galvanizing line for automobiles. Construction is now under way to launch this facility in March 2016.



Fukuyama District Achieves Cumulative Global Record of 400 Million Tons

In May 2013, the Fukuyama District of JFE Steel West Japan Works became the first in the world to achieve a cumulative crude steel output of 400 million tons, all produced at the same site. This record attests to the works' longstanding track record, which extends back 46 years and 10 months to the launch of first blooming mill in July 1966.



JFE Steel Group Integrates Bar and Wire Rod Businesses

In April 2014, JFE Steel and JFE Bars & Shapes Corporation integrated their bar and wire rod businesses, with the latter company transferring business units that handle sales, technical services and R&D to JFE Steel's bar and wire rod business units. As a result, the JFE Steel brand now includes JFE Group-brand bar and wire rod. Drawing on this business integration, JFE Steel will boost its marketing capabilities to capture a greater share of the domestic market while expanding sales in burgeoning overseas high-end steel markets for automobiles and construction machinery.



Outstanding Performances by Company Sports Teams

The JFE West Japan baseball team participated in an intercity tournament and both the JFE East Japan and West Japan baseball teams took part in the Japan National Championship. A group of enthusiastic company-related people joined local residents in rooting for their teams. Thanks to this support, the JFE East Japan baseball team placed in the top eight in the Japan National Championship.

Also, the Group's running team participated in Japan's New Year *ekiden* (road relay race) for the 38th consecutive year and performed well, buoyed by loud cheering from the roadside.



First Order Received for Newly Developed HFW Steel Pipe with One-Inch Thick Wall

JFE has developed the world's first X-80 grade (American Petroleum Institute standard) high-frequency welded (HFW) steel pipe with a one-inch thick wall. Orders for this pipe were placed by Dril-Quip Inc. and GE Oil & Gas, two of the world's leading manufacturers of oil and natural gas drilling equipment, for use as conductor casing. With superior strength due to the thickness of its wall, this newly developed pipe is expected to apply for not only conductor casing but also high-quality line pipes for offshore pipelines and other purposes.



JFE Steel Receives METI Minister's Prize in Fifth Monozukuri Nippon Grand Award

JFE Steel was awarded the Minister's Prize in the fifth Monozukuri Nippon Grand Award for the development of high-tensile-strength steel plate for ultra-large-input welding. Organized by Japan's Ministry of Economy, Trade and Industry (METI), this award program commends excellence, bestowing prizes to mid-level manufacturing leaders and promising young operators who are bolstering production sites, with the aim of facilitating the preservation and further development of Japan's manufacturing traditions. JFE Steel received the Minister's Prize for the third consecutive year.

October 2013

- Delivered tubular goods totaling 1,900 tons for an ultra-deep gas field development project in the Gulf of Mexico Deep Shelf
- Launched a joint research project with the Yokohama municipal government with the aim of employing steel slag products to improve water quality and wildlife habitats
- JFE East Japan and JFE West Japan baseball teams participated in the Japan National Championship
- Held an autumn festival at the Chiba District of the East Japan Works

November 2013

- Earthquake-resistant line pipe HIPER® was selected as a prize-winning product in the 2013 R&D 100 Awards
- Held an opening ceremony for JFE Steel Galvanizing (Thailand) Ltd.
- Held the 22nd J1 Activity JFE Steel Family Meeting
- Held autumn festivals at the Kurashiki District of the West Japan Works and the Chita Works

December 2013

- Developed "SUPERHOT®-G," a high-carbon, hot-rolled steel sheet with excellent formability

January 2014

- JFE Steel running team participated in the New Year *ekiden*, recording a solid result
- Decided to integrate the JFE Steel Group's bar and wire rod businesses

February 2014

- The Chiba District of the East Japan Works achieved a cumulative output of 200 million tons produced at its hot strip mill
- Received the Chairman's Prize from the Japan Society for the Promotion of Machine Industry for the development of an online welding-quality inspection system for high-toughness electric resistance welded tubes

- Developed the world's first X80-grade electric resistance welded steel pipe with one-inch thickness and received the first two orders

March 2014

- Won the Iwatani Naoji Memorial Award for APR used-plastic pulverization technology
- Developed JIP Clean Mix JFM®X, an iron powder for sintered machine parts boasting superior turning and drilling machinability
- Won the 60th Okochi Memorial Technology Prize for HIPER® earthquake-resistant line pipe from the Okochi Memorial Foundation

Outline and Characteristics of the Engineering Business

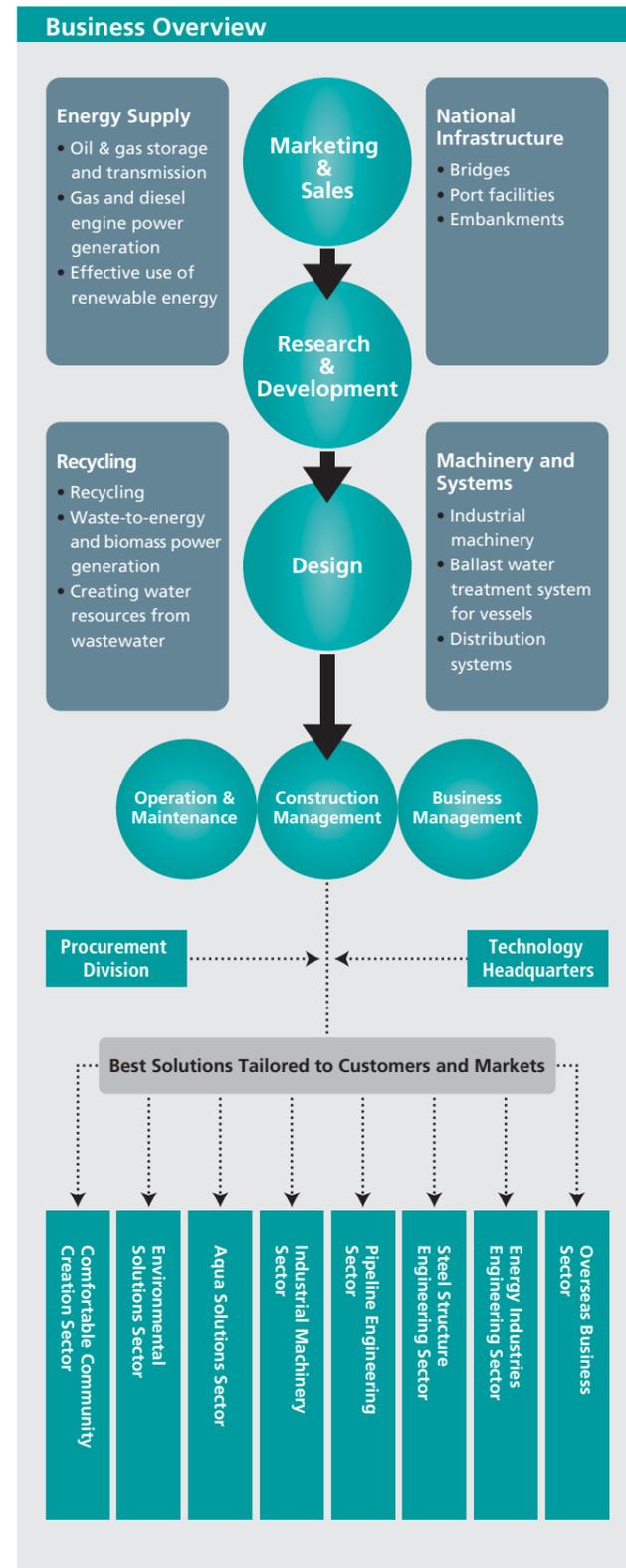
JFE Engineering Corporation

A Pioneering Company That Leverages Cutting-Edge Engineering Technologies for the Timely Provision of Products and Services

JFE Engineering supports society and industry through its engineering business. Its outstanding track record includes the development of cutting-edge technologies in such fields as natural gas and energy generation systems employing waste and sewage sludge. In recent years, JFE Engineering has been engaged in a number of construction projects for renewable energy-generation facilities, including photovoltaic, geothermal and biomass power plants. Simultaneously, it has brought its superior technological capabilities to bear in the construction of transportation, distribution and water and sewerage infrastructures, thereby making significant contributions to economic growth in countries around the world. Going forward, JFE Engineering will remain committed to providing optimal solutions that meet societal needs, thus helping maintain the crucial underpinnings of daily life.



Hisanori Kanou
President & CEO



Integrated Service Structure Encompassing Planning, Construction and Operations

Today, engineering companies are being expected to play ever broader roles in industry and society. In response, JFE Engineering is building an integrated business structure, extending the scope of operations not only to plant construction but also to plant operations. In its provision of solutions for the urban and aqueous environments, JFE Engineering proactively engages in projects involving PFI* and DBO** approaches. In either case, the commissioned company must make a project proposal, which details the project flow, layouts and equipment specifications based on the client's requirements (performance order), and to design an optimum basic plan, as well as a sound plan for operational and maintenance management, to best serve the communities involved.

* Private Finance Initiative
** Design Build Operate



JFE Engineering operates a waste-biogas power generation center under Nagaoka City's PFI project



Establishment ceremony for J&M Steel Solutions



New Yangon plant

Growing Business Networks and Local Workforces in Countries Abroad

With the aim of securing the sustainable growth of its overseas business, JFE Engineering is striving to secure business networks built on local workforces. Encompassing operations ranging from sales and design to manufacturing, these networks are being strengthened through the establishment of joint ventures, the pursuit of mergers and acquisitions and the formulation of business alliances, and are thus welcoming an increasingly greater number of personnel who are well versed in local conditions. This approach has resulted in initiatives such as J&M Steel Solutions, an infrastructure construction joint venture established in Myanmar by JFE Engineering and Myanmar's Ministry of Construction, which began operating its new Yangon plant in April 2014.

Blazing a Path to New Engineering Fields

JFE Engineering is taking on challenges related to new businesses creation and has expanded its operations to encompass such fields as agriculture and healthcare. In smart agribusiness, plans call for launching its first cultivation facility in Tomakomai, Hokkaido Prefecture, in July 2014. Incorporating cutting-edge technologies to optimize cultivation, the facility will ship such agricultural produce as tomatoes from summer 2014 onward.



Artist's rendering of J Farm Tomakomai

Fiscal 2013 Highlights

April 2013

- Newly developed hybrid tide embankment was constructed in Iwate Prefecture
- Reformed the personnel administration system (eliminated administrative specialists and welcomed temporary employees into full-time employment)

May 2013

- Initiated a drilling survey in the Matsuo Hachimantai area of Iwate Prefecture in preparation for the launch of a geothermal power generation facility
- Completed the Malun Bridge in Myanmar
- Received an order for a sewage water treatment facility in the Philippines
- Completed the Phoenix-Ohashi Bridge in Niigata

June 2013

- Received an order for installation of the "Cycle Tree" bicycle parking system in an office building near Nagoya Station
- The JFE BallastAce® product lineup was expanded to cover all types of vessels
- Entered into an alliance in the renewable energy generation business
- Received an order for the construction of Japan's largest container crane in Yokohama Port
- Conducted *kariyushi* Cool Biz campaign
- Completed the Shake Daiichi Elevated Bridge for the Metropolitan Inter-City Expressway

July 2013

- Received an order for a core system to be installed in the central wholesale market of Niigata city
- Initiated an internship program for university students from Southeast Asia
- Launched a biogas plant in Nagaoka, Niigata Prefecture
- Commenced power generation at Kumozu Solar Power in Tsu, Mie Prefecture
- Received an order for the Fujikawa Bridge, the largest bridge designed by JFE Engineering during fiscal 2013

August 2013

- Received an order for a Kawasaki biomass power plant that will boast the largest power generation capacity in Japan
- Received an order for the construction of a mega solar photovoltaic power generation facility in Kushiro, Hokkaido
- Received an order for the construction of a passenger terminal in Ulan Bator's international airport
- Received multiple orders for the refurbishment of waste-to-energy plants' core systems

September 2013

- Received an order from the Hokuriku Regional Agricultural Administration Office for Japan's first steel surge tank for irrigation
- Completed the expansion of an LNG storage facility at Kawagoe Thermal Power Station and the construction of a submarine gas pipeline crossing Ise Bay

Geothermal Power Generation Facility Drilling Survey Begins

Iwate Chinetsu K.K., a geothermal power generation business in which JFE Engineering has invested, initiated a drilling survey in the Matsuo Hachimantai area in Iwate Prefecture. With the aim of commercializing renewable energy generation, efforts are now under way to launch a facility capable of generating around 7,000kW.



Phoenix-Ohashi Bridge Completed in Niigata

Spanning the Shinanogawa river, the Phoenix-Ohashi bridge constitutes part of Route 404, a national road that connects the Nagaoka and Joetsu areas. JFE Engineering spent approximately three years completing this large bridge which extends 870 meters and incorporates 4,400 tons of steel.



Kariyushi Cool Biz Campaign

JFE Engineering adopted a Companywide summer dress code incorporating *kariyushi* shirts, a type of dress shirt originating in Okinawa and well suited to the region's hotter climate, with the aim of promoting energy-saving operations.



Operations Commence at Kumozu Solar Power

Aiming to launch a full-scale power generation business, JFE Engineering plans to develop mega solar photovoltaic power generation facilities across Japan. Kumozu Solar Power has been completed in Tsu city, Mie Prefecture, and JFE Engineering foresees a network of such facilities covering a further seven locations, including Kurashiki city, Okayama Prefecture, and Hagamachi, Tochigi Prefecture.



Hybrid Caissons for Breakwater at Kamaishi Port Completed

Two hybrid caissons for a breakwater being constructed at the entrance to Kamaishi Port have been completed at the Tsu Works' large dock for offshore structures and shipped to Kamaishi Port.



Myanmar's First Elevated Road Completed

JFE Engineering has completed a bridge in the Shwegondine area of central Yangon, Myanmar, thereby contributing to a significant decrease in traffic delays.



Order Received for Newly Developed Hybrid Tide Embankment for Kesennuma Port

Halving the construction period, JFE Engineering's hybrid tide embankment method employs body blocks prefabricated during a steel pipe pile foundation is built at the construction site.



JFE Kankyo Corporation Begins Neutralizing Waste with Low PCB Concentrations

The Yokohama Eco-Clean Plant, the first facility in Kanagawa Prefecture to acquire certification from Japan's Minister of the Environment for the disposal of waste containing low concentrations of PCBs, is working to safely help dispose of the large volume of items containing PCBs now stored in the greater Tokyo metropolitan area.



Waterworks Plant Business Is Integrated with Isomura Hosui Kiko Co., Ltd.

JFE Engineering is expanding its aqueous business in Japan and overseas by establishing a one-stop service structure capable of serving needs related to waterworks and sewage treatment facilities.



Disposal of Debris from Miyagi Prefecture's Disaster-Stricken Areas Completed

Working at the behest of local governments, JFE Engineering successfully completed the disposal of debris from areas with extensive damage from the Great East Japan Earthquake. Approximately 440,000 tons of debris have been collected from four locations across Miyagi Prefecture and disposed of in JFE Engineering's incineration facilities.



Installation of Steam Supply Facility for Geothermal Power Plant Completed in Indonesia

The Patuha Geothermal Power Plant in West Java, Indonesia, will initiate power generation by the end of 2014. With the market expected to expand due to the country's abundant geothermal resources, plans call for setting up many other similar plants.

October 2013

- Received a Project Innovation Award from the International Water Association for a sewage water treatment facility built in Poblacion, Manila
- Launched Tsurunoura Solar Power in Kurashiki, Okayama Prefecture
- Received an order for a power generation facility employing waste heat recovery systems in Indonesia
- Established the Comfortable Community Creation Sector
- Received an order for waterworks infrastructure for the Hakone district from the Enterprise Department of the Kanagawa prefectural government

November 2013

- Disclosed CAD data for the design of bicycle parking systems
- Received the first order for a new PET system for cerebral stroke diagnosis from Kagawa University
- Opened the Tomakomai Sales Office
- Integrated the waterworks plant business with Isomura Hosui Kiko Co., Ltd.
- Established the joint venture J&M Steel Solutions in Myanmar

December 2014

- Received an order for a waste-to-energy plant from Cleaning Kounan Union in Kochi Prefecture
- Completed the disposal of debris from areas in Miyagi Prefecture affected by the Great East Japan Earthquake
- Completed the construction of the first elevated road in Myanmar

January 2014

- Established the Aqua Solutions Sector
- Completed the construction of hybrid caissons for a breakwater at Kamaishi Port
- Opened the Minami Kyushu Sales Office
- Received an order for the repair work of a ferry pier in Yangon, Myanmar

February 2014

- Received an order for a newly developed tide embankment for Kesennuma Port

March 2014

- Launched Haga Solar Power, the largest photovoltaic power generation facility constructed by JFE Engineering, in Tochigi Prefecture
- Held a groundbreaking ceremony for the Smart Agricultural Production Plant
- JFE Kankyo Corporation began neutralizing waste containing low concentrations of PCBs
- Completed elevated road crossings for two districts for the Metropolitan Inter-City Expressway
- Completed the installation of a steam supply facility for a geothermal power plant in Indonesia
- Delivered gas engine power generation facilities to Kyoto University Hospital and Osaka University Hospital as independent power supply systems for emergencies

Outline of the Trading Business

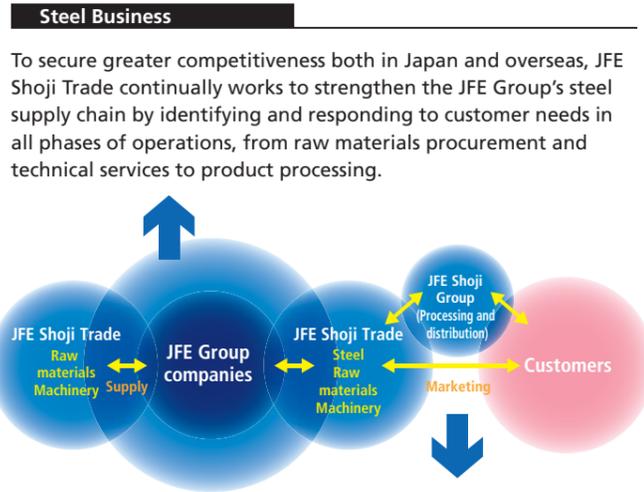
Developing New Markets and Creating New Value

JFE Shoji Trade is engaged in the domestic trade, export and import of steel products, steel raw materials and steel-production machinery in addition to related third-country trading businesses, and is also expanding into the food and electronics fields. In Japan, JFE Shoji Trade has built a sales system optimized to ensure customer satisfaction, thereby securing its foundation in the core domestic market. Overseas, its business bases are being expanded principally in Asia, while efforts are under way to cultivate promising markets, including in the Middle East and Africa. JFE Shoji Trade is also an active participant in resource development projects to ensure stable supplies of raw materials for respective Group companies. By fully leveraging its specialized expertise and know-how, JFE Shoji Trade will aggressively take on new challenges as the Group's core trading company.



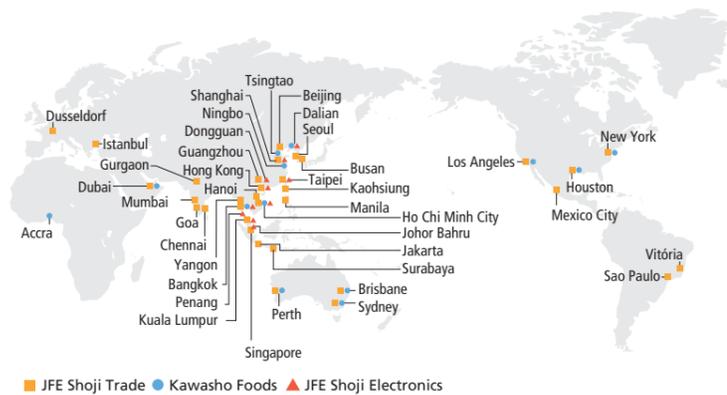
Tsutomu Yajima
President & CEO

JFE SHOJI TRADE CORPORATION



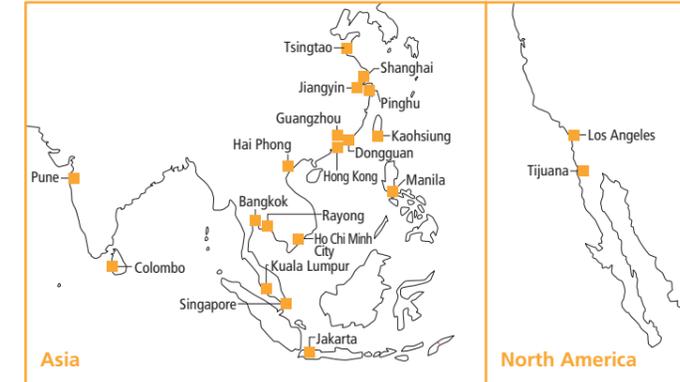
Globally Expanding Network

JFE Shoji Trade functions as the JFE Group's core trading company. Operating 51 bases in 18 countries as the JFE Shoji Trade Group, it most recently established bases in Turkey and Mexico City in 2013 and 2014 respectively. JFE Shoji Trade is securing strongholds in promising regional markets for the trading of steel products and raw materials, thereby spearheading the JFE Group's market development efforts.



Strengthening the Network of Steel Processing Centers

The JFE Shoji Trade Group boasts a global network of 21 Group subsidiaries encompassing 12 countries. These subsidiaries include 19 steel processing companies located in 11 countries mainly in Asia.



Raw Materials and Machinery

Strengthening Marketing of Materials and Machinery in Step with JFE Group's Global Expansion

Material and Machinery Trading with JSW Steel
Indian steelmaker JSW Steel Ltd. is a capital alliance partner of JFE Steel. While supplying various materials and machinery to JSW Steel, JFE Shoji Trade is allocating expatriates to JSW Steel Vijayanagar Works.



JFE Shoji Trade expatriates and JSW Steel staff at Vijayanagar Works

Other Businesses

Kawasho Foods Corporation

Marketing Highly Recognized Brand Items

Leveraging its original supply chain, which covers the entire world, JFE Shoji Trade is marketing a selection of unique brand items targeting mainly West Africa.



Fiscal 2013 Highlights

April 2013

- New management team formed, with Tsutomu Yajima as President & CEO
- Opened the Istanbul Liaison Office
- JFE Shoji Trade Steel Construction Materials and JFE Shoji Construction Materials Sales integrated

- JFE Shoji Usuitakenzai and JFE Seibu Usuitakenzai integrated

May 2013

- Kawasho Foods exhibited its GEISHA brand canned goods at AFRICAN FAIR 2013

June 2013

- Representing the JFE Group, JFE Shoji Terre One Corporation participated in EE Tohoku '13 engineering exhibition

- Announced the construction of a second works at Indonesian steel processing center

- JFE Shoji Electronics Thailand Ltd. participated in the NEPCON Thailand 2013 exhibition

July 2013

- Announced the establishment of a new steel processing center in northern Vietnam

August 2013

- Entered into a domestic agency contract with the U.S.-based Advanced Steel Recovery, LLC. for the sale of FASTeK system

September 2013

- JFE Shoji India Private Limited held an opening ceremony

October 2013

- The JFE Shoji Trade Group held the first round of Groupwide "J1 Activity Presentation Meetings" at two locations in eastern and western Japan
- Kawasho Foods published *Most Recommended Corned Beef Recipes from the Staff of Kawasho* to introduce its Nozaki brand products
- Zhejiang Haixing Foods Co., Ltd., a joint venture in which

- Kawasho Foods is an investor, initiated operations and shipments of GEISHA brand canned goods to Nigeria

November 2013

- Established a sales subsidiary for raw palm kernel shell (PKS) in Malaysia
- Launched the operation of expanded facilities at Thai steel processing center
- Held fifth J-SLIM Activity presentation meeting

- Kyushu Tech K.K. completed solar photovoltaic power plant using its idle real estate

- JFE Shoji Electronics Thailand Ltd. participated in METALEX 2013, exhibiting cleaning equipment in tandem with Cleanvy (Thailand) Co., Ltd.

December 2013

- Signed a land leasing contract to secure a cargo collection yard for raw PKS

- Opened the Zhangzhou Branch
- Opened the Mexico City Branch

February 2014

- Singapore Branch and JFE SHOJI STEEL MALAYSIA SDN. BHD. received excellent vendor awards from Panasonic Corporation at its joint meeting for Singaporean and Malaysian suppliers



Japan Marine United

Rapidly Achieving Benefits of Integration to Secure Leading Position and Continuing Growth

Japan Marine United Corporation (JMU) was established in January 2013 through the merger of Universal Shipbuilding Corporation and IHI Marine United Inc.

The merger is enabling JMU to leverage substantial corporate resources realized by combining the two former companies' strengths in engineering and technological development, as well as broader marketing capabilities and facilities capable of handling large projects.

Making use of these competencies, JMU is expanding its product lineup while remaining in the technological forefront in energy saving and environmental load reduction, working to realize marine vessels of superior performance and quality that satisfy customer needs in a timely manner.



Shinjiro Mishima
President & CEO

Fiscal 2013 Highlights

- April 2013**
 - JMU launched "The Integration 2013" companywide initiative to mark the first year of the merger
- June 2013**
 - JMU, IHI Corporation and JGC Corporation decided to jointly invest in Brazilian shipbuilder Estaleiro Atlantico Sul S.A.
- July 2013**
 - Fukushima Kizuna offshore substation built for the Floating Offshore Wind Farm Demonstration and Research Project was completed at the Isogo Works and towed into the ocean off Fukushima
- August 2013**
 - CAPE GREEN 209BC, JMU's first Eco-Ship was delivered at the Kure Shipyard
 - CAPE GREEN 209BC, JMU's first G-series bulk carrier was delivered at the Ariake Shipyard
 - IZUMO, one of Japan's largest helicopter destroyers, was christened and launched at the Isogo Works

JMU Eco-Ships, Full Steam Ahead!

SHOYOH is a 97,000 DWT eco-type coal carrier, the first of three sister ships. Supported by such energy-saving technologies as contra-rotating propellers (CRP) and power turbine generator systems that reuse exhaust gas, SHOYOH achieves a 16% improvement in fuel efficiency over conventional vessels.

CAPE GREEN is JMU's first G-series bulk carrier, having 209,000 DWT. Her unique shape of accommodation reduces wind resistance, and her Sea-Navi® system provides optimum routing and monitoring. CAPE GREEN is the first vessel to incorporate a sophisticated heat-recovery system that integrates turbo-charger generator and steam-turbine generator. Thanks to these and other features, CAPE GREEN's greenhouse gas emissions are 25% lower and her fuel efficiency is 20% higher compared to conventional vessels.



CAPE GREEN



SHOYOH



Contra-rotating propellers

IZUMO, Japan's Largest-class DDH, Launched

IZUMO, a helicopter destroyer (DDH) from the FY2010 plan of Japan's Ministry of Defense is being built in JMU's Yokohama Shipyard Isogo Works, was christened and launched in August 2013. The vessel is one of the Japan's largest naval ships of its kind.



The launching ceremony for the IZUMO

Floating Offshore Wind Farm Launched to Sea Off Fukushima Prefecture

JMU constructed, towed and installed a 25 MVA floating substation as a participant in the first phase of the Floating Offshore Wind Farm Demonstration and Research Project. The initiative is part of a rehabilitation project for Fukushima Prefecture, administered by Japan's Ministry of Economy, Trade and Industry. The floating substation, named FUKUSHIMA KIZUNA, entered verification trials in November 2013.



The offshore substation being towed into position

Multiple Orders Received for Strategic Products

JMU has successfully secured orders for car carriers and Large LNG carriers, which JMU has targeted as strategic products. The car carriers, with state-of-art technologies, satisfy both enhancing the capacity up to 7,500 units and reduction of fuel consumption. To meet the customer's special needs, JMU implemented innovative measures to minimize greenhouse gas emissions, not only CO₂ but also NOx and SOx. Such challenging specifications were achieved by incorporating cutting-edge environmentally friendly equipment from Japan's leading manufacturers. JMU offers its own "SPB" cargo-containment system for large LNG carriers. In addition, the dimensions of Large LNG carriers compatible with the expanded Panama Canal's enable flexible trade.

* Self-supporting prismatic shape IMO type-B



Car carrier



Large LNG carrier

September 2013

- JMU became the first in the world to obtain an Approval In Principle (AIP) from Nippon Kaiji Kyokai (NK) for its submerged floating power generation system using ocean thermal energy conversion

October 2013

- JMU obtained an AIP from NK for its floating multipurpose LNG storage unit

November 2013

- The patrol ship Akitsushima was delivered to the Japan Coast Guard at the Isogo Works
- Verification trial operation of the

floating offshore fan off Fukushima started

December 2013

- JMU agreed on the joint development of an LNG fuel tank made using the SPB method for container ships
- Mr. Naoki Tsuda, the former president of IHI Marine United Inc., received a "Traffic Culture Award" from Japan's Minister of Land, Infrastructure, Transport and Tourism

January 2014

- JMU launched the "Back to Basics 2014" companywide initiative
- NUNAVIK, a world-class large ice-breaking bulk carrier was christened

and delivered at the Tsu Shipyard

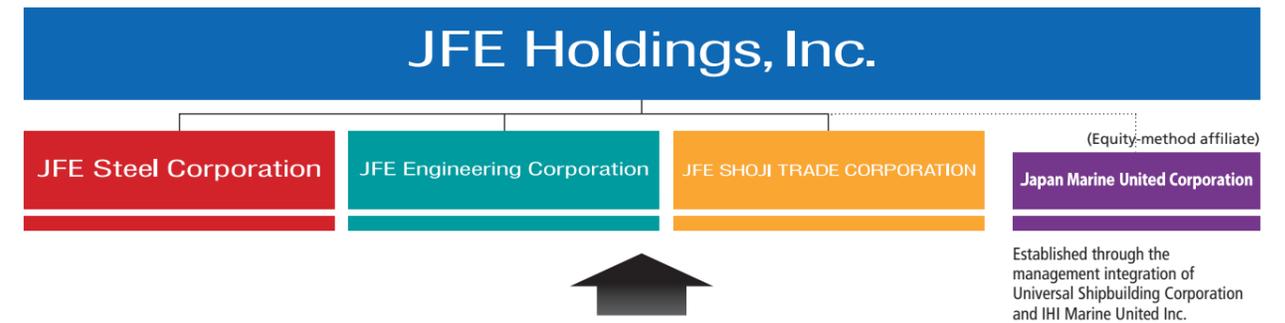
February 2014

- JMU received orders for a fuel-efficient, low-emission car carriers
- JMU received orders for a large LNG carrier incorporating an SPB tank
- KYO-EI, the first ship of super-Malaccamax VLCC, was delivered at the Ariake Shipyard
- JMU received an order from the government of Tuvalu for a cargo/passenger ship used for international voyages

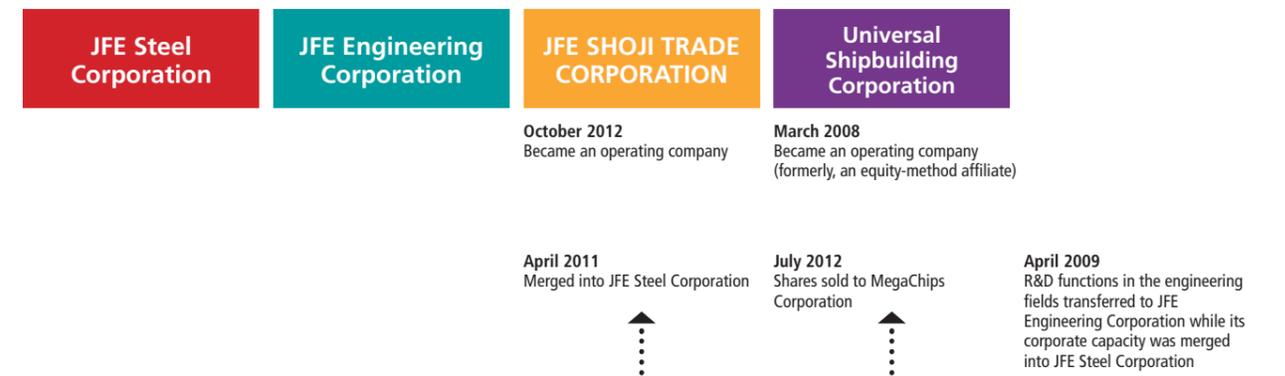
March 2014

- The Tsurumi Works obtained OSHMS certification

January 1, 2013~



October 1, 2012~



April 1, 2003 Established as an operating company



September 27, 2002 Inaugurated JFE Holdings, Inc.

July 1969	Landfill operations commenced at West Plant, Chiba Works 7	December 1971	Construction of Ohgishima commenced at Keihin Steel Works 14
July 1961	Mizushima Works established in Kurashiki, Okayama Prefecture 6	January 1969	Tsu Shipyard inaugurated operations 13
February 1951	Chiba Works established as first modern integrated iron and steel works in postwar Japan 5	April 1968	Keihin Steel Works established (consolidation of Kawasaki, Tsurumi and Mizue works) 12
August 1950	Steel division of Kawasaki Heavy Industries spun off as independent Kawasaki Steel Corporation 4	February 1965	Fukuyama Works established 11
August 1943	Chita Works established in Aichi Prefecture 3	October 1940	Tsurumi Steelmaking and Shipbuilding Company (formerly Asano Shipyard) acquired and absorbed
May 1917	Fukiai Works established in Kobe 2	June 1936	First blast furnace blown in and integrated steel production started 10
October 1896	Kawasaki Dockyard Company, Ltd. established (later renamed Kawasaki Heavy Industries, Ltd.)	April 1916	Yokohama Shipyard launched (later renamed Asano Shipyard Co., Ltd.) 9
April 1878	Shozo Kawasaki established Kawasaki Tsukiji Shipyard in Tsukiji, Tokyo 1	June 1912	Nippon Kokan K.K. established 8



Contributing to Sustainable Societies

Customers and Business Partners

The JFE Group delivers products and services of the highest quality to support customers' high competitiveness and meet other diverse needs. To underpin these efforts, the Group acquires and maintains all necessary technical certifications, adopts best practice management systems and operates facilities to collaborate with customers in joint development activities.



Training session

Shareholders and Investors

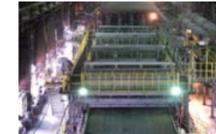
The JFE Group places priority on the timely and appropriate disclosure of corporate information, making every effort to release information online and publish business results promptly. Plant tours and investor briefings are also conducted to facilitate understanding of the Group's business and related activities.



Plant tour for JFE Group shareholders

Pursuing Eco-Friendly Manufacturing Processes

In the steel business, we have achieved world-leading energy-efficient manufacturing processes thanks to the success of efforts aimed at introducing energy-saving facilities. Going forward, we will continue to work to enhance energy efficiency while promoting CO₂ reduction through the development of the "COURSE50" innovative steel manufacturing process.



Super-SINTER® line introduced to Keihin District

Creating an Eco-Friendly Society through Our Products and Services

We are supplying highly functional steel materials that are indispensable to the development of a low-carbon society while promoting resource recycling and renewable energy-related initiatives. By doing so, we are contributing to the creation of an eco-friendly society through our products and services.



Ultra-large ore carrier

Social Progress



Employees

The JFE Group actively hires new recruits and maintains healthy labor-management relations in its commitment to provide a dynamic working environment for a diverse workforce. The Group is an equal opportunity employer for women and persons with physical disabilities and encourages respect for human rights. Occupational safety and the maintenance of a favorable work environment for employees are top priorities.



Cultivating human resources

Community Residents

The JFE Group supports the communities where it operates with a variety of long-term initiatives, such as support for university research and educational events, cultural and social welfare activities and disaster-related reconstruction.



Manufacturing workshop for kids

JFE Group Environmental Philosophy

JFE Group Environmental Policy

Environmental Protection



Disseminating Eco-Friendly Solutions Using Cutting-Edge Technologies and Products

Leveraging our world-leading energy-saving technologies and products, we are disseminating environment-friendly solutions, particularly in developing countries, thereby helping cut CO₂ emissions on a global basis.



Eco-Products 2013

JFE Group CSR Report (September 2014 issue)

The JFE Group CSR Report provides detailed information about societal and environmental initiatives.

www.jfe-holdings.co.jp/environment



Data

Corporate Information

Holding Company (As of April 1, 2014)

Name: JFE Holdings, Inc. **Paid-in Capital:** 147.1 billion yen
Head Office: 2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011 **URL:** www.jfe-holdings.co.jp/en
Phone: +81-3-3597-4321 (main)
Establishment: September 27, 2002

Operating and Main Group Companies (As of April 1, 2014)

Steel Business Net sales: 2,691.6 billion yen; Employees: 42,481

JFE Steel Corporation Head Office: Chiyoda-ku, Tokyo

Group Companies

■ Electric Furnaces and Bar/Shaped Steel

- JFE Bars & Shapes Corporation

■ Manufacture and Sale of Processed Steel Products, Raw Materials, etc.

- JFE Chemical Corporation
- JFE Metal Products & Engineering Inc.
- JFE Galvanizing & Coating Co., Ltd.
- JFE Container Co., Ltd.
- JFE Mineral Company, Ltd.
- JFE Welded Pipe Manufacturing Co., Ltd.
- Mizushima Ferroalloy Co., Ltd.
- JFE Pipe Fitting Mfg. Co., Ltd.
- JFE Kozai Corporation
- JFE Material Co., Ltd.
- JFE Precision Co., Ltd.
- River Steel Co., Ltd.
- JFE Electrical Steel Co., Ltd.
- Philippine Sinter Corporation
- JFE Steel Galvanizing (Thailand) Ltd.
- Thai Coated Steel Sheet Co., Ltd.
- Shinagawa Refractories Co., Ltd.*
- Nippon Chuzo K.K.*
- Nippon Chutetsukan K.K.*
- NKK Seamless Steel Pipe K.K.
- Dongkuk Steel Mill Co., Ltd.*
- Guangzhou JFE Steel Sheet Co., Ltd.*
- Thai Cold Rolled Steel Sheet Public Co., Ltd.*
- JSW Steel Ltd.*
- Pancheng Yihong Pipe Co.
- California Steel Industries, Inc.*
- PT. JFE Steel Galvanizing Indonesia

■ Logistics & Warehousing, Facility Maintenance & Construction and Utility Supply, etc.

- JFE Logistics Corporation
- JFE Civil Engineering & Construction Corp.
- JFE Mechanical Co., Ltd.
- JFE Electrical & Control Systems, Inc.
- Setouchi Joint Thermal Power Co., Ltd.*
- K.K. JFE Sanso Center*

■ Trading and Other Steel-Related Businesses

- JFE Life Corporation
- JFE Systems, Inc.
- JFE Techno-Research Corporation
- JFE East Japan GS Co., Ltd.
- JFE Steel Australia Resources Pty Ltd.
- Brazil Japan Iron Ore Corporation*
- Japan-Brazil Niobium Corporation*
- GECOSS CORPORATION*
- Exa Corporation*

Engineering Business

Net sales: 284.1 billion yen; Employees: 7,366

JFE Engineering Corporation

Head Office: Chiyoda-ku, Tokyo Yokohama Head Office: Yokohama

Group Companies

- JFE Technos Corporation
- JFE Kankyo Corporation
- Asuka Soken Co., Ltd.
- Japan Recycling Corporation
- JFE Environmental Service Corporation
- Kitanippon Industrial Co., Ltd.
- Fuji Kako Co., Ltd..
- Tohoku Dock Tekko K.K.
- Japan Tunnel Systems Corporation*
- JP Steel Plantech Co.*

Trading Business Net sales: 1,781.3 billion yen; Employees: 6,207

JFE SHOJI TRADE CORPORATION

Tokyo Head Office: Chiyoda-ku, Tokyo Osaka Head Office: Osaka

Group Companies

Japan

■ Heavy Steel Plate Processing

- JFE Shoji Zosen Kako Corporation

■ Thin Steel Plate Processing

- JFE Shoji Coil Center Corporation
- JFE Shoji Kohnan Steel Center Co., Ltd.
- Mizushima Kohan Kogyo K.K.

■ Manufacturing and Distribution of Steel Construction Materials

- JFE Shoji Trade Steel Construction Materials Corporation
- JFE Shoji Usuitakenzai Corporation

■ Steel Pipe Processing and Distribution

- K&I Tubular Corporation
- JFE Shoji Kohkankanzai Inc.

■ Terre Armée

- JFE SHOJI TERRE ONE CORPORATION

■ Food Business

- Kawasho Foods Corporation

■ Electronics

- JFE Shoji Electronics

Overseas

■ China

- DONGGUAN JFE SHOJI STEEL PRODUCTS CO., LTD.
- GUANGZHOU JFE SHOJI STEEL PRODUCTS CO., LTD.
- ZHEJIANG JFE SHOJI STEEL PRODUCTS CO., LTD.
- JIANGSU JFE SHOJI STEEL PRODUCTS CO., LTD.

■ The Philippines

- JFE SHOJI STEEL PHILIPPINES, INC.

■ Thailand

- CENTRAL METALS (THAILAND) LTD.
- STEEL ALLIANCE SERVICE CENTER CO., LTD.

■ Vietnam

- JFE SHOJI STEEL VIETNAM CO., LTD.
- JFE SHOJI STEEL HAI PHONG CO., LTD.

■ India

- JFE SHOJI STEEL INDIA PRIVATE LIMITED

■ Malaysia

- JFE SHOJI STEEL MALAYSIA SDN. BHD.

■ Singapore

- KAWARIN ENTERPRISE PTE. LTD.

■ Indonesia

- PT. JFE SHOJI STEEL INDONESIA

■ United States

- VEST INC.

■ Mexico

- JFE SHOJI STEEL DE MEXICO, S.A. DE C.V.

(Equity-method affiliate)

Japan Marine United Corporation

Head Office: Minato-ku, Tokyo

Group Companies

- JMU AMTEC Co., Ltd.
- IMC Co., Ltd.

* JMU Defence Systems Co., Ltd.

*Equity-method affiliate
 Net sales: Fiscal 2013 (ended March 31, 2014)
 Employees: as of March 31, 2014

Management Structure

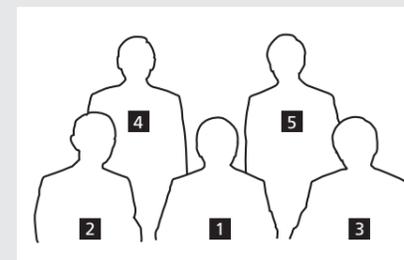
Members of the Board, Corporate Officers and Corporate Auditors of JFE Holdings



Members of the Board

- Hajime Bada** President & CEO
- Eiji Hayashida** Member of the Board
- Shinichi Okada** Member of the Board
- Akimitsu Ashida*** Member of the Board
- Masafumi Maeda*** Member of the Board

* External



Corporate Officers

Hajime Bada CEO
 President & CEO

Shinichi Okada Supervision of the General Administration
 Executive Vice President Dept. and the Comptrollers' Dept.
 In charge of the Corporate Planning Dept.
 and Finance and Investor Relations Dept.

Yasushi Yamamura In charge of the Comptrollers' Dept.
 Vice President

Masashi Terahata In charge of the General Administration Dept.
 Vice President

Corporate Auditors

Sakio Sasamoto Full-time Auditor

Yasushi Kurokawa Full-time Auditor

Hiroyuki Itami* Corporate Auditor

Shigeo Oyagi* Corporate Auditor

* Messrs. Hiroyuki Itami and Shigeo Oyagi serve as External Corporate Auditors

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Note: Fiscal Year (FY) 2013 in the following pages refers to the period beginning April 1, 2013 and ended March 31, 2014.

Five-year Financial Summary

JFE Holdings, Inc. and Consolidated Subsidiaries

	Millions of yen				
	FY2013	FY2012	FY2011	FY2010	FY2009
Operating results (for the year)					
Net sales	¥3,666,859	¥3,189,196	¥3,166,511	¥3,195,560	¥2,844,356
Operating income	153,327	39,873	44,779	182,810	88,775
Ordinary income before interest and discount expenses*1	187,622	66,588	68,075	182,268	88,752
Ordinary income	173,676	52,214	52,977	165,805	69,289
Net income	102,382	39,599	(36,633)	58,608	45,659
Comprehensive income	178,013	111,672	(19,268)	29,086	—
Cash flows (for the year)					
Cash flows from operating activities	254,809	287,071	110,087	302,603	389,548
Cash flows from investing activities	(164,020)	(163,616)	(205,494)	(302,282)	(236,725)
Free cash flows*2	90,789	123,455	(95,406)	320	152,822
Cash flows from financing activities	(105,576)	(147,550)	96,078	23,073	(321,617)
Financial position (at the year end)					
Total assets	4,241,700	4,107,519	4,007,263	3,976,644	3,918,317
Property, plant and equipment, net	1,599,148	1,606,862	1,644,884	1,712,318	1,800,170
Net assets	1,745,930	1,596,797	1,456,340	1,478,310	1,465,898
Debt outstanding	1,534,036	1,596,363	1,593,633	1,496,413	1,468,472
Capital investment and others					
Capital investment	175,715	179,679	197,449	180,492	225,268
Depreciation and amortization	181,311	194,062	238,316	246,666	248,374
R&D expenses	31,177	33,662	34,243	33,523	36,082
Crude steel output (thousand tons)	31,584	30,687	29,235	31,472	28,352
Employees	57,210	57,044	54,133	54,400	53,892
Ratio					
Return on sales (ROS)*3	4.7%	1.6%	1.7%	5.2%	2.4%
Return on assets (ROA)*4	4.5%	1.6%	1.7%	4.6%	2.2%
Return on equity (ROE)*5	6.3%	2.7%	(2.6%)	4.1%	3.3%
Equity capital ratio	40.1%	37.9%	35.3%	36.2%	36.3%
Debt-to-equity ratio*6	67.9%	76.9%	83.5%	76.5%	75.5%
Per share data					
Net income	¥ 177.44	¥ 71.20	¥ (68.71)	¥ 110.73	¥ 86.35
Net assets	2,950.61	2,700.83	2,627.63	2,708.51	2,689.88
Cash dividends	40	20	20	35	20

Notes: *1 Ordinary income before interest and discount expenses = Ordinary income + interest and discount expenses
 *2 Free cash flows = Cash flows from operating activities + cash flows from investing activities
 *3 Return on sales (ROS) = Ordinary income/net sales × 100
 *4 Return on assets (ROA) = (Ordinary income+interest and discount expenses)/total assets × 100

*5 Return on equity (ROE) = Net income/total shareholders' equity × 100
 *6 Debt-to-equity ratio = Debt outstanding/total shareholders' equity × 100
 Debt-to-equity ratio in the rating of debt having a capital component, with 75% of this 300 billion yen in debt deemed to be capital, as assessed by rating agencies.

Financial Information

Consolidated Balance Sheets

JFE Holdings, Inc. and Subsidiaries

March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2013	FY2012	FY2013
Assets			
Current assets:			
Cash and deposits (Notes 5 and 13)	¥ 62,913	¥ 64,621	\$ 611,280
Notes and accounts receivable (Notes 8 and 13)	630,061	597,275	6,121,851
Allowance for doubtful accounts	(3,615)	(1,628)	(35,124)
Merchandise and finished goods	336,216	286,524	3,266,770
Raw materials and supplies	380,972	369,290	3,701,632
Deferred tax assets (Note 16)	55,880	41,493	542,945
Other current assets (Note 8)	191,887	164,580	1,864,428
Total current assets	1,654,315	1,522,157	16,073,795
Property, plant and equipment (Note 8):			
Land (Note 9)	506,570	509,239	4,921,978
Buildings and structures	1,776,367	1,754,924	17,259,687
Machinery and equipment	5,584,266	5,478,451	54,258,317
Construction in progress	59,121	61,402	574,436
Subtotal	7,926,325	7,804,017	77,014,428
Accumulated depreciation	(6,327,176)	(6,197,155)	(61,476,642)
Property, plant and equipment, net	1,599,148	1,606,862	15,537,776
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 13)	405,197	365,533	3,937,009
Investments in securities (Notes 6, 8 and 13)	421,173	383,716	4,092,236
Allowance for doubtful accounts	(7,024)	(8,185)	(68,247)
Deferred tax assets (Note 16)	35,247	90,502	342,469
Net defined benefit asset (Note 10)	11,652	—	113,214
Other assets (Note 8)	121,990	146,933	1,185,289
Total investments and other assets	988,236	978,500	9,601,982
Total assets	¥ 4,241,700	¥ 4,107,519	\$ 41,213,563

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2013	FY2012	FY2013
Liabilities			
Current liabilities:			
Short-term borrowings (Note 13)	¥ 102,649	¥ 82,115	\$ 997,366
Current portion of long-term debt (Notes 7 and 13)	260,475	283,252	2,530,849
Commercial paper (Note 13)	22,998	—	223,455
Notes and accounts payable (Note 13)	401,922	365,308	3,905,188
Other current liabilities	317,048	295,582	3,080,528
Total current liabilities	1,105,094	1,026,259	10,737,407
Long-term liabilities:			
Long-term debt (Notes 7 and 13)	1,147,912	1,230,995	11,153,439
Accrued retirement benefits (Note 10)	—	118,845	—
Reserve for rebuilding furnaces	25,981	33,919	252,438
Deferred tax liabilities (Notes 9 and 16)	22,800	23,707	221,531
Allowance for losses on specific waste disposal business	26,222	29,047	254,780
Net defined benefit liability (Note 10)	115,058	—	1,117,936
Other long-term liabilities	52,701	47,948	512,057
Total long-term liabilities	1,390,675	1,484,462	13,512,193
Total liabilities	2,495,769	2,510,722	24,249,601
Contingencies (Note 11)			
Net assets			
Shareholders' equity:			
Common stock:			
Authorized 2,298,000,000 shares			
Issued 614,438,399 shares as of March 31, 2014			
614,438,399 shares as of March 31, 2013	147,143	147,143	1,429,683
Capital surplus	647,121	647,121	6,287,611
Retained earnings	965,204	886,338	9,378,196
Treasury stock, at cost:			
37,566,828 shares as of March 31, 2014			
37,328,220 shares as of March 31, 2013	(178,977)	(178,529)	(1,738,991)
Total shareholders' equity	1,580,491	1,502,072	15,356,500
Accumulated other comprehensive income:			
Net unrealized gains and losses on securities	102,574	69,184	996,638
Net unrealized gains and losses on hedges	(411)	(138)	(3,993)
Revaluation reserve for land, net of tax (Note 9)	14,541	14,243	141,284
Translation adjustments	9,949	(26,687)	96,667
Remeasurements of defined benefit plans (Note 10)	(5,024)	—	(48,814)
Total accumulated other comprehensive income	121,628	56,602	1,181,772
Minority interests (Note 9)	43,810	38,121	425,670
Total net assets	1,745,930	1,596,797	16,963,952
Total liabilities and net assets	¥4,241,700	¥4,107,519	\$41,213,563

Financial Information

Consolidated Statements of Income

JFE Holdings, Inc. and Subsidiaries

Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2013	FY2012	FY2013
Net sales	¥3,666,859	¥3,189,196	\$35,628,245
Cost of sales	3,215,380	2,884,161	31,241,546
Gross profit	451,479	305,034	4,386,698
Selling, general and administrative expenses	298,151	265,161	2,896,919
Operating income	153,327	39,873	1,489,768
Non-operating income (expenses):			
Interest income	1,148	879	11,154
Interest expense	(13,945)	(14,374)	(135,493)
Dividends received	8,940	7,988	86,863
Foreign exchange gains	6,833	10,108	66,391
Equity in earnings of affiliates	19,374	9,586	188,243
Other, net	(2,002)	(1,846)	(19,452)
Ordinary income	173,676	52,214	1,687,485
Extraordinary income (loss) (Note 20)	(13,167)	23,167	(127,934)
Income before income taxes and minority interests	160,509	75,381	1,559,551
Income taxes (Note 16):			
Current	28,886	26,302	280,664
Deferred	25,125	6,045	244,121
	54,011	32,347	524,786
Income before minority interests	106,497	43,033	1,034,755
Minority interests	(4,114)	(3,434)	(39,972)
Net income	¥ 102,382	¥ 39,599	\$ 994,772

	Yen		U.S. dollars (Note 1)
	FY2013	FY2012	FY2013
Basic net income per share	¥ 177.44	¥ 71.20	\$ 1.72
Cash dividends per share	40	20	0.38

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

JFE Holdings, Inc. and Subsidiaries

Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2013	FY2012	FY2013
Income before minority interests	¥106,497	¥ 43,033	\$1,034,755
Other comprehensive income (Note 17):			
Net unrealized gains and losses on securities	32,035	39,075	311,261
Net unrealized gains and losses on hedges	359	1,586	3,488
Translation adjustments	15,345	10,020	149,096
Share of other comprehensive income of affiliates accounted for using equity method	23,775	17,957	231,004
Total other comprehensive income	71,516	68,638	694,869
Comprehensive income	¥178,013	¥111,672	\$1,729,624
Total comprehensive income attributable to:			
Shareholders of the parent	¥172,135	¥108,453	\$1,672,512
Minority interests	5,878	3,218	57,112

The accompanying notes are an integral part of these statements.

Financial Information

Consolidated Statements of Changes in Net Assets

JFE Holdings, Inc. and Subsidiaries

Years ended March 31, 2014 and 2013

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2012	¥147,143	¥647,121	¥1,011,124	¥(378,442)	¥1,426,945
Cash dividends			(5,395)		(5,395)
Net income			39,599		39,599
Acquisition of treasury stock				(2,428)	(2,428)
Disposal of treasury stock			(158,299)	202,341	44,042
Decrease by change of scope of consolidation			(253)		(253)
Transfer from land revaluation account			(437)		(437)
Net changes in items other than shareholders' equity					—
Total changes in items during the year			(124,785)	199,913	75,127
Balance at March 31, 2013	¥147,143	¥647,121	¥ 886,338	¥(178,529)	¥1,502,072

	Millions of yen							
	Accumulated other comprehensive income							
	Net unrealized gains and losses on securities	Net unrealized gains and losses on hedges	Revaluation reserve for land, net of tax	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2012	¥31,185	¥(1,780)	¥13,806	¥(55,900)	¥—	¥(12,689)	¥42,084	¥1,456,340
Cash dividends								(5,395)
Net income								39,599
Acquisition of treasury stock								(2,428)
Disposal of treasury stock								44,042
Decrease by change of scope of consolidation								(253)
Transfer from land revaluation account								(437)
Net changes in items other than shareholders' equity	37,999	1,641	437	29,213	—	69,292	(3,962)	65,329
Total changes in items during the year	37,999	1,641	437	29,213	—	69,292	(3,962)	140,456
Balance at March 31, 2013	¥69,184	¥ (138)	¥14,243	¥(26,687)	¥—	¥ 56,602	¥38,121	¥1,596,797

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2013	¥147,143	¥647,121	¥886,338	¥(178,529)	¥1,502,072
Cash dividends			(23,113)		(23,113)
Net income			102,382		102,382
Acquisition of treasury stock				(2,201)	(2,201)
Disposal of treasury stock			(99)	1,753	1,654
Decrease by change of scope of consolidation			(5)		(5)
Transfer from land revaluation account			(297)		(297)
Net changes in items other than shareholders' equity					—
Total changes in items during the year			78,866	(448)	78,418
Balance at March 31, 2014	¥147,143	¥647,121	¥965,204	¥(178,977)	¥1,580,491

	Millions of yen							
	Accumulated other comprehensive income							
	Net unrealized gains and losses on securities	Net unrealized gains and losses on hedges	Revaluation reserve for land, net of tax	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2013	¥ 69,184	¥(138)	¥14,243	¥(26,687)	¥ —	¥ 56,602	¥38,121	¥1,596,797
Cash dividends								(23,113)
Net income								102,382
Acquisition of treasury stock								(2,201)
Disposal of treasury stock								1,654
Decrease by change of scope of consolidation								(5)
Transfer from land revaluation account								(297)
Net changes in items other than shareholders' equity	33,389	(273)	297	36,636	(5,024)	65,026	5,689	70,715
Total changes in items during the year	33,389	(273)	297	36,636	(5,024)	65,026	5,689	149,133
Balance at March 31, 2014	¥102,574	¥(411)	¥14,541	¥ 9,949	¥(5,024)	¥121,628	¥43,810	¥1,745,930

The accompanying notes are an integral part of these statements.

Financial Information

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	
Balance at April 1, 2013	\$1,429,683	\$6,287,611	\$8,611,912	\$(1,734,638)	\$14,594,558
Cash dividends			(224,572)		(224,572)
Net income			994,772		994,772
Acquisition of treasury stock				(21,385)	(21,385)
Disposal of treasury stock			(961)	17,032	16,070
Decrease by change of scope of consolidation			(48)		(48)
Transfer from land revaluation account			(2,885)		(2,885)
Net changes in items other than shareholders' equity					—
Total changes in items during the year			766,284	(4,352)	761,931
Balance at March 31, 2014	\$1,429,683	\$6,287,611	\$9,378,196	\$(1,738,991)	\$15,356,500

	Thousands of U.S. dollars (Note 1)							
	Accumulated other comprehensive income							Total net assets
	Net unrealized gains and losses on securities	Net unrealized gains and losses on hedges	Revaluation reserve for land, net of tax	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	
Balance at April 1, 2013	\$672,211	\$(1,340)	\$138,389	\$(259,298)	\$ —	\$ 549,961	\$370,394	\$15,514,933
Cash dividends								(224,572)
Net income								994,772
Acquisition of treasury stock								(21,385)
Disposal of treasury stock								16,070
Decrease by change of scope of consolidation								(48)
Transfer from land revaluation account								(2,885)
Net changes in items other than shareholders' equity	324,417	(2,652)	2,885	355,965	(48,814)	631,811	55,275	687,087
Total changes in items during the year	324,417	(2,652)	2,885	355,965	(48,814)	631,811	55,275	1,449,018
Balance at March 31, 2014	\$996,638	\$(3,993)	\$141,284	\$ 96,667	\$(48,814)	\$1,181,772	\$425,670	\$16,963,952

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

JFE Holdings, Inc. and Subsidiaries

Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2013	FY2012	FY2013
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 160,509	¥ 75,381	\$ 1,559,551
Adjustments for:			
Depreciation and amortization	181,311	194,062	1,761,669
Decrease in reserves	(9,626)	(3,681)	(93,528)
Interest and dividend income	(10,089)	(8,867)	(98,027)
Interest expense	13,945	14,374	135,493
Changes in assets and liabilities:			
Changes in notes and accounts receivable	(26,779)	40,145	(260,192)
Changes in inventories	(61,360)	90,878	(596,191)
Changes in notes and accounts payable	13,318	(10,177)	129,401
Other, net	14,327	(73,163)	139,205
Subtotal	275,557	318,953	2,677,390
Interest and dividend income received	21,233	14,782	206,305
Interest paid	(14,165)	(16,342)	(137,631)
Income taxes paid	(27,815)	(30,322)	(270,258)
Net cash provided by operating activities	254,809	287,071	2,475,796
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment	(177,867)	(174,165)	(1,728,206)
Proceeds from sales of property, plant and equipment	3,480	7,708	33,812
Payments for purchases of investments in securities	(4,276)	(7,999)	(41,546)
Proceeds from sales of investments in securities	15,591	8,987	151,486
Other, net	(948)	1,852	(9,211)
Net cash used in investing activities	(164,020)	(163,616)	(1,593,664)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	34,437	(51,937)	334,599
Increase in long-term debt	176,950	450,800	1,719,296
Repayments of long-term debt	(284,229)	(239,425)	(2,761,649)
Payments for redemption of bonds with subscription rights to shares	—	(300,000)	—
Payments for purchases of treasury stock	(570)	(811)	(5,538)
Payments for dividends by parent company	(23,019)	(5,443)	(223,659)
Other, net	(9,145)	(733)	(88,855)
Net cash used in financing activities	(105,576)	(147,550)	(1,025,806)
Effects of exchange rate change on cash and cash equivalents	12,707	8,053	123,464
Net decrease in cash and cash equivalents	(2,080)	(16,042)	(20,209)
Cash and cash equivalents at beginning of the year	64,463	50,492	626,340
(Decrease) increase in cash and cash equivalents at beginning of the year by newly consolidated or deconsolidated subsidiaries	(64)	30,012	(621)
Cash and cash equivalents at end of the year (Note 5)	¥ 62,318	¥ 64,463	\$ 605,499

The accompanying notes are an integral part of these statements.

Financial Information

Notes to Consolidated Financial Statements

JFE Holdings, Inc. and Subsidiaries

Years ended March 31, 2014 and 2013

1. Basis of Presentation

The accompanying consolidated financial statements of JFE Holdings, Inc. (the "Company" hereinafter) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The Company's overseas subsidiaries maintain their accounts and records in conformity with generally accepted accounting principles and practices prevailing in their respective countries of domicile.

The notes to the consolidated financial statements include information that is not required under the Japanese GAAP but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Act, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

Certain amounts in the prior years' financial statements have been reclassified to conform to the 2014 presentation.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2014, which was ¥102.92 to US\$1.00. These convenient translations should not be construed as representations that the Japanese yen amounts have been could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation principles

The consolidated financial statements include the accounts of the Company's 303 domestic and foreign subsidiaries (the "Group" as JFE Holdings, Inc. consolidated group, hereinafter). All significant inter-company transactions and accounts are eliminated in consolidation.

62 affiliates are accounted for by the equity method whereby the Group includes in net income its share of income or losses of these companies, and records its investments at cost adjusted for its share of income, losses or dividends received.

(b) Translation of foreign currencies

Revenues and expenses are translated at the rates of exchange prevailing when transactions are made, and assets and liabilities are translated into Japanese yen at the exchange rates in effect on the respective balance sheet date.

The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet dates except for shareholders' equity, which is translated at historical rates. Differences arising from such translation are shown as "translation adjustments" in a separate component of net assets in the balance sheets.

(c) Valuation of securities

Available-for-sale securities

Marketable:

Valued primarily at market based on an average of the market prices for a period of one month prior to the settlement date. (Valuation differences are recorded as net unrealized gains and losses on securities, net of tax, in net assets in the balance sheets by the direct capitalization method, with the costs of sales calculated primarily by the moving average method.)

Non-marketable:

Valued primarily at cost by the moving average method.

(d) Valuation of inventories

Inventories are stated at cost determined by the weighted average method. These inventories with lower profitability are written down to their net realizable value.

(e) Depreciation method for property, plant and equipment (except for leased assets)

Depreciation is calculated primarily by the declining balance method.

(f) Intangible assets (except for leased assets)

Amortization of intangible assets is calculated primarily by the straight-line method.

Amortization of the software for internal use is computed by the straight-line method based on the estimated useful lives (primarily 5 years).

(g) Allowance for doubtful accounts

The projected uncollectible amount is provided as the allowance using historical default rates in the past for ordinary credits and individual collectability assessments for credits deemed to have high likelihood of default and for other specific credits.

(h) Reserve for rebuilding furnaces

Reserve for rebuilding furnaces is provided based on the estimated cost of repair.

(i) Allowance for losses on specific waste disposal business

Allowance for losses on specific waste disposal business is provided based on the estimated amount sufficient to cover probable loss that will be incurred in the following fiscal years.

(j) Retirement benefits

The retirement benefit obligation for employees is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Prior service cost is amortized in projected average years of service of the employees.

Actuarial losses are amortized in projected average years of service of the employees from the following fiscal year after the year in which they occurred.

(k) Leases

Leased assets under finance leases that do not transfer ownership to the lessees are capitalized and depreciated to a residual value of zero using the straight-line method with useful life defined by the terms of the contract.

(l) Revenue recognition for long-term construction-type contracts

The percentage-of-completion method (cost-comparison method to estimate the percentage of completion) is applied for construction contracts where the percentage of completion can be reliably estimated. For other contracts, the completed-contract method is applied.

(m) Consolidated tax return

The Company files a consolidated tax return with certain domestic subsidiaries.

(n) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Net income used in the computation was ¥102,382 million (\$994,772 thousand) and ¥39,599 million, and the average number of shares used in the computation was 577,015 thousand and 556,186 thousand for the years ended March 31, 2014 and 2013, respectively.

Cash dividends per share shown in the consolidated statements of income are the amounts applicable to the respective year.

3. Changes in Accounting Policies and Adoption of New Accounting Standards

Accounting standard for retirement benefits

Effective from the end of the year ended March 31, 2014, the Company has adopted "Accounting Standard for Retirement Benefits" (the Accounting Standards Board of Japan ("ASBJ") Statement No. 26, issued on May 17, 2012 (hereinafter, the "Standard No. 26")) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012 (hereinafter "Guidance No. 25")) (excluding the provisions indicated in the body text of paragraph 35 of the Standard No. 26 and paragraph 67 of the Guidance No. 25). Under the standard and the guidance, the Company revised its method of accounting for retirement benefit obligation, to record the amount deducting the plan assets from these obligations as net defined benefit asset and net defined benefit liability and also record unrecognized actuarial gains or losses and unrecognized prior service cost as net defined benefit asset and net defined benefit liability.

With regard to the adoption of the standard and the guidance, in accordance with the transitional treatment indicated in paragraph 37 of the Standard No. 26, the impact of these changes is included in remeasurements of defined benefit plans in accumulated other comprehensive income at March 31, 2014.

As a result of this change, net defined benefit asset of ¥11,652 million (\$113,214 thousand) and net defined benefit liability of ¥115,058 million (\$1,117,936 thousand) were recorded. Also, accumulated other comprehensive income decreased by ¥5,024 million (\$48,814 thousand) at March 31, 2014.

Also, the impact of the charge was to decrease net assets per share by ¥8.71 (\$0.08) as of March 31, 2014.

4. Accounting Standard Issued But Not Yet Adopted

(a) Accounting standard for retirement benefits

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26 and ASBJ Guidance No. 25, which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, being followed by partial amendments from time to time through 2009.

Financial Information

(1) Overview

According to the revised standard, actuarial losses and prior service cost are recognized in net assets of balance sheets after adjustments of tax effects, and the deficit or surplus is recorded as a liability or an asset. In addition, it is allowed to allocate benefits to periods of service according to the benefit formula as well as straight-line allocation. The calculation method of discount rate was also revised.

(2) Expected adoption date

Revisions of calculation method of the retirement benefit obligations and service costs will be adopted from the beginning of the year ending March 31, 2015.

(3) Effects of the adoption of the standard and the guidance

The Company is currently evaluating the effect of change in the calculation method of the retirement benefit obligations and service costs which will have on its consolidated results of operations and financial position.

(b) Accounting standards for business combinations

On September 13, 2013, the ASBJ revised "Accounting Standard for Business Combinations" (ASBJ Statement No. 21), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7), "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2), "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4).

(1) Overview

Major revisions of these standards and related guidance are as follows:

- The difference relating to change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary is recorded in "capital surplus". Also, "minority interests" is renamed to "noncontrolling interests".
- Acquisition-related costs are accounted for as expenses in the year in which the costs are incurred.
- If the provisional accounting treatments are settled in the following year of the year of business combination, and the consolidated financial statements of the year of the business combination is presented together with the consolidated financial statements of the following year of the business combination, the revision of allocation of the acquisition

cost due to settlement of the provisional accounting treatments is reflected to the consolidated financial statements of the year of the business combination.

- "Income before minority interests" under the previous standard is renamed to "net income". Accordingly, "net income" under the previous standard is renamed to "net income attributable to the parent".

(2) Expected adoption date

These standards and related guidance will be adopted from the beginning of the year ending March 31, 2016. The accounting for provisional treatments will be adopted effective for business combinations, which will occur on or after the beginning of the year ending March 31, 2016.

(3) Effects of the adoption of these standard and related guidance

The Company is currently evaluating the effect that these revisions will have on its consolidated results of operations and financial position.

5. Cash and Cash Equivalents and Nonmonetary Transactions

Cash and cash equivalents at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Cash and deposits.....	¥62,913	¥64,621	\$611,280
Time deposits with a maturity of more than three months.....	(594)	(158)	(5,771)
	¥62,318	¥64,463	\$605,499

Assets acquired and liabilities assumed at the date of the business combination through the share exchange to make JFE Shoji Trade Corporation ("JFE Shoji") a wholly owned subsidiary of the Company at March 31, 2013, were as follows:

	Millions of yen
Current assets.....	¥442,515
Non-current assets.....	108,006
Total assets.....	¥550,521
Current liabilities.....	¥409,311
Non-current liabilities.....	19,687
Total liabilities.....	¥428,999

The treasury stocks which had been owned by the Company were allocated to the shareholders of JFE Shoji in compensation for the share exchange.

6. Securities

The following is a summary of held-to-maturity securities and available-for-sale securities at March 31, 2014 and 2013:

Marketable:

There were no held-to-maturity securities at March 31, 2014.

	Millions of yen		
	Held-to-maturity securities		
	FY2012		
	Book value (Carrying amount)	Estimated fair value	Unrealized gain (loss)
Book value lower than estimated fair value:			
Bonds.....	¥199	¥200	¥ 0
Book value exceeding estimated fair value:			
Bonds.....	—	—	—
Total.....	¥199	¥200	¥ 0

	Millions of yen					
	Available-for-sale securities					
	FY2013			FY2012		
	Book value (Estimated fair value)	Cost, net of accumulated impairment losses	Unrealized gain (loss)	Book value (Estimated fair value)	Cost, net of accumulated impairment losses	Unrealized gain (loss)
Cost lower than book value:						
Equity securities.....	¥343,150	¥171,920	¥171,230	¥286,102	¥154,752	¥131,349
Bonds.....	20	19	0	20	19	0
Sub total.....	343,171	171,940	171,230	286,122	154,772	131,350
Cost exceeding book value:						
Equity securities.....	46,957	55,605	(8,648)	68,604	86,643	(18,038)
Bonds.....	—	—	—	—	—	—
Sub total.....	46,957	55,605	(8,648)	68,604	86,643	(18,038)
Total.....	¥390,128	¥227,545	¥162,582	¥354,727	¥241,415	¥113,311

	Thousands of U.S. dollars		
	Available-for-sale securities		
	FY2013		
	Book value (Estimated fair value)	Cost, net of accumulated impairment losses	Unrealized gain (loss)
Cost lower than book value:			
Equity securities.....	\$3,334,143	\$1,670,423	\$1,663,719
Bonds.....	194	184	0
Sub total.....	3,334,347	1,670,617	1,663,719
Cost exceeding book value:			
Equity securities.....	456,247	540,273	(84,026)
Bonds.....	—	—	—
Sub total.....	456,247	540,273	(84,026)
Total.....	\$3,790,594	\$2,210,891	\$1,579,692

The impairment losses on available-for-sale securities for the years ended March 31, 2014 and 2013 were ¥1,128 million (\$10,959 thousand) and ¥2,439 million, respectively.

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7. Long-term Debt

Long-term debt at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
1.278% yen bonds, due September 2013	¥ —	¥ 40,000	\$ —
1.351% yen bonds, due September 2015	20,000	20,000	194,325
0.927% yen bonds, due July 2014	40,000	40,000	388,651
0.708% yen bonds, due March 2015	40,000	40,000	388,651
0.572% yen bonds, due May 2015	60,000	60,000	582,977
0.858% yen bonds, due May 2017	20,000	20,000	194,325
1.326% yen bonds, due June 2021	30,000	30,000	291,488
0.455% yen bonds, due September 2016	20,000	20,000	194,325
0.686% yen bonds, due September 2018	15,000	15,000	145,744
0.453% yen bonds, due April 2017	30,000	30,000	291,488
0.804% yen bonds, due March 2024	10,000	—	97,162
Loans, principally from banks and insurance companies, due 2015-2073...	1,123,387	1,199,248	10,915,147
Less current portion	(260,475)	(283,252)	(2,530,849)
Total long-term debt	¥1,147,912	¥1,230,995	\$11,153,439

8. Pledged Assets

At March 31, 2014 and 2013, pledged assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Notes receivable	¥ 945	¥ 945	\$ 9,181
Property, plant and equipment	4,400	4,385	42,751
Investments in securities	350	319	3,400
Other assets	401	406	3,896

The Company sets pledges as collateral on the consolidated subsidiaries' short-term loans receivable from the Company related to warranty for equipment performance (book value of ¥8,000 million [\$77,730 thousand] and ¥8,700 million on the financial statements of individual consolidated subsidiaries at March 31, 2014 and 2013, respectively).

9. Revaluation of Land for Business

In the years ended March 31, 2001 and 2002, part of the subsidiaries and affiliates revaluated the land for business purposes based on the Law Concerning Revaluation of Land and its amendment issued on March 31, 2001 and 2002, respectively. Revaluation differences, net of the portion charged to "deferred tax liabilities" and "minority interests," were recorded as "revaluation reserve for land, net of tax" in net assets.

The fair value of these lands is lower than the revaluated book value, and the difference was ¥17,043 million (\$165,594 thousand) and ¥17,344 million on March 31, 2014 and 2013, respectively.

10. Retirement Benefits

Year ended March 31, 2014

Defined benefit plans

The changes in retirement benefit obligation for the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
Balance at beginning of year	¥289,544	\$2,813,291
Service cost	12,558	122,017
Interest cost	4,223	41,031
Actuarial gains	977	9,492
Retirement benefits paid	(35,364)	(343,606)
Prior service cost	(985)	(9,570)
Other	77	748
Balance at end of year	¥271,032	\$2,633,424

The changes in plan assets for the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
Balance at beginning of year	¥168,788	\$1,639,992
Expected return on plan assets	2,727	26,496
Actuarial losses	9,274	90,108
Contributions from the employer	3,083	29,955
Retirement benefits paid	(16,318)	(158,550)
Other	70	680
Balance at end of year	¥167,626	\$1,628,701

Reconciliation between the balances of retirement benefit obligation and plan assets and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet at March 31, 2014 was as follows:

	Millions of yen	Thousands of U.S. dollars
Funded retirement benefit obligation	¥236,691	\$2,299,757
Fair value of plan assets	(167,626)	(1,628,701)
	69,064	671,045
Unfunded retirement benefit obligation	34,341	333,666
Net liability and asset recorded on the consolidated balance sheet	¥103,405	\$1,004,712

	Millions of yen	Thousands of U.S. dollars
Net defined benefit liability	¥115,058	\$1,117,936
Net defined benefit asset	(11,652)	(113,214)
Net liability and asset recorded on the consolidated balance sheet	¥103,405	\$1,004,712

The components of retirement benefit expenses for the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥12,558	\$122,017
Interest cost	4,223	41,031
Expected return on plan assets	(2,727)	(26,496)
Recognized actuarial gains	(959)	(9,317)
Amortization of prior service cost	1,846	17,936
Other	517	5,023
Total	¥15,459	\$150,204

The components of remeasurements of defined benefit plans (before income tax effect) at March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
Unrecognized prior service cost	¥ (170)	\$ (1,651)
Unrecognized actuarial losses	7,343	71,346
Other	220	2,137
Total	¥7,394	\$71,842

The components of plan assets at March 31, 2014 were as follows:

General account	44%
Equity securities	40
Bonds	14
Cash and deposits	1
Others	1
Total	100%

Retirement benefit trust represents 31% of the total plan assets.

The expected long-term rate of return on plan assets is determined considering current and expected allocation of plan assets and current and expected long-term rate of return derived from various components of the plan assets.

Principal assumptions used for the actuarial calculation at March 31, 2014 were as follows:

Discount rate	Primarily 1.5%
Expected long-term rate of return on plan assets	Primarily 1.5%

Defined contribution plans

The required contribution amount to the defined contribution plan by the Group was ¥3,691 million (\$35,862 thousand).

Year ended March 31, 2013

The following tables set forth the changes in the benefit obligation, plan assets and funded status of the Company and its subsidiaries at March 31, 2013.

	Millions of yen
Retirement benefit obligation	¥(289,544)
Fair value of plan assets	168,788
Unfunded retirement benefit obligation	(120,756)
Unrecognized net retirement benefit obligation at transition	98
Unrecognized actuarial losses	15,812
Unrecognized prior service cost	91
Net amount	(104,754)
Prepaid cost	14,091
Accrued retirement benefits	¥(118,845)

Retirement and pension costs of the Company and its subsidiaries included the following components for the year ended March 31, 2013.

	Millions of yen
Service cost (Note 1)	¥12,289
Interest cost	4,347
Expected return on plan assets	(1,573)
Amortization:	
Net retirement benefit obligation at transition	37
Actuarial losses	7,468
Prior service cost	10
Accrued retirement benefit cost	22,579
Other (Note 2)	3,836
Total	¥26,416

Notes:

- Accrued retirement benefit cost incurred by consolidated subsidiaries applying a simplified method to calculate retirement benefit obligation was included under "service cost."
- Premiums on defined contribution plans
- Other than the above, the Company and its subsidiaries paid incremental benefits of ¥1,427 million for the year ended March 31, 2013.

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The rationale for calculations of retirement benefit obligation for the year ended March 31, 2013 was as follows:

1. Retirement benefit projection amortization method:	Primarily, the straight-line method over the period
2. Discount rate:	Primarily 1.5%
3. Expected return on plan assets:	Primarily 0.7%
4. Amortization period for prior service cost:	Primarily 10 years (Treated as cost using the straight-line method for a set number of years within the average remaining service period for employees at the time of accrual.)
5. Amortization period for actuarial losses:	Primarily 10 years (Amortized using the straight-line method over a set number of years within the average remaining service period for the employees during the consolidated fiscal year in which discrepancies were accrued. These amounts are treated as cost posted to the next consolidated fiscal year after the year in which they were accrued.)

11. Contingencies

At March 31, 2014 and 2013, the Group was contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Guarantees of debt	¥25,798	¥27,222	\$250,660
Trade notes discounted	2,658	5,322	25,825
Trade notes endorsed	864	560	8,394

At March 31, 2014 and 2013, commitments outstanding for loan commitments were ¥281 million (\$2,730 thousand).

12. Leases

The Group leases certain buildings and structures, machinery and equipment, office space and other assets.

As discussed in Note 2 (k), lease assets under finance leases that do not transfer ownership to lessees are capitalized and depreciated to residual value of zero using the straight-line method with useful life defined by the terms of the contract.

Future minimum lease payments subsequent to March 31, 2014 and 2013 for non-cancelable operating leases are summarized as follows:

(Year ending March 31)

	Millions of yen	Thousands of U.S. dollars
2014		
2015	¥ 4,274	\$ 41,527
2016 and thereafter	10,815	105,081
Total	¥15,089	\$146,609
2013		
2014	¥ 4,454	
2015 and thereafter	18,131	
Total	¥22,585	

13. Financial Instruments

(a) Overview

(1) Group policy for financial instruments

The Group raises funds mainly through the bank loans or by commercial paper/ bond issues based on the capital investment plans considering the stability of the fund and financing costs. Temporary surplus of funds are operated only for short-term investments. Derivative transactions are only utilized to hedge the following risks and the Group does not enter into derivative transactions for trading or speculative purposes.

(2) Types of financial instruments and related risk and risk management

Trade receivables such as notes and accounts receivable are exposed to credit risk. The Group manages this risk by monitoring the financial conditions of its customers periodically. Some trade receivables are sold before their maturities.

Trade payables such as notes and accounts payable are due within one year. Some accounts receivable and accounts payable are denominated in foreign currency and exposed to foreign currency risk. Foreign exchange forward contracts are utilized in a timely manner to hedge the net balance of foreign currencies received from export and foreign currencies paid for raw material purchase.

Stocks as investment securities are exposed to market fluctuation risk. Investment securities denominated in foreign currencies are exposed to foreign currency risk. Investment securities mainly consist of securities of companies with which a business relationship has been established and the Group reviews these fair values periodically.

Debts and bonds are managed so as not to concentrate the maturities considering the liquidity risk. Variable interest rate debts are exposed to interest fluctuation risk. Some of the debts and bonds, which are exposed to interest fluctuation risk, are hedged by the interest rate swap agreements to correspond with and to decrease interest payments.

Derivative transactions are exposed to market fluctuation risk of future foreign exchange and interest rates. However, the Group utilizes the derivative transactions to correspond with the actual demands of imports and exports, debts and bonds, and thus the risk is limited to the extent of opportunity loss. The Group enters into derivative transactions only with financial institutions with high credit ratings, and thus there is almost no credit risk, which is the risk of default by the counterparties' bankruptcy, etc. The Group implemented the internal rules of derivative transactions and transactions are operated based on these rules. Derivative transactions are executed based on the above internal rules, which require

(b) Fair value of financial instruments

Carrying value on the consolidated balance sheets, fair value and difference as of March 31, 2014 and 2013 are as follows. The financial instruments whose fair value is extremely difficult to determine are not included below.

	Millions of yen					
	FY2013			FY2012		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Cash and deposits	¥ 62,913	¥ 62,913	¥ —	¥ 64,621	¥ 64,621	¥ —
Notes and accounts receivable	630,061	630,061	—	597,275	597,275	—
Investments in securities:						
Held-to-maturities	—	—	—	199	200	0
Available-for-sale securities	390,128	390,128	—	354,727	354,727	—
Total assets	¥1,083,103	¥1,083,103	¥ —	¥1,016,824	¥1,016,824	¥ 0
Notes and accounts payable	¥ 401,922	¥ 401,922	¥ —	¥ 365,308	¥ 365,308	¥ —
Short-term borrowings	102,649	102,649	—	82,115	82,115	—
Commercial paper	22,998	22,998	—	—	—	—
Current portion of long-term debt	260,475	260,664	188	283,252	283,252	—
Long-term debt:						
Bonds	205,000	205,929	929	275,000	276,361	1,361
Long-term borrowings	942,912	944,406	1,493	955,995	955,719	(275)
Total liabilities	¥1,935,958	¥1,938,570	¥2,611	¥1,961,672	¥1,962,757	¥1,085
Derivative transactions*1:						
Hedge accounting not applied	¥ 418	¥ 418	¥ —	¥ 588	¥ 588	¥ —
Hedge accounting applied	163	163	—	(470)	(470)	—
Total derivative transactions	¥ 582	¥ 582	¥ —	¥ 117	¥ 117	¥ —

getting the approval from the financial operating officer. The balances, fair values and valuation differences are reported to the management meetings periodically. Consolidated subsidiaries operate the derivative transactions based on the internal rules.

(3) Supplemental information on fair value of financial instruments

As well as the values based on market prices, fair values of financial instruments include values, which are reasonably calculated in cases where market prices do not exist. As the calculation of those values uses certain assumptions, those values may vary in cases where different assumptions are applied. Also, for the contract amount regarding derivative transactions described in Note 14. "Derivatives and Hedging Activities," the contract amount itself does not indicate market risk related to derivative transactions.

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	Thousands of U.S. dollars		
	FY2013		
	Carrying value	Fair value	Difference
Cash and deposits	\$ 611,280	\$ 611,280	\$ —
Notes and accounts receivable	6,121,851	6,121,851	—
Investments in securities:			
Held-to-maturities	—	—	—
Available-for-sale securities	3,790,594	3,790,594	—
Total assets	\$10,523,736	\$10,523,736	\$ —
Notes and accounts payable	\$ 3,905,188	\$ 3,905,188	\$ —
Short-term borrowings	997,366	997,366	—
Commercial paper	223,455	223,455	—
Current portion of long-term debt	2,530,849	2,532,685	1,826
Long-term debt:			
Bonds	1,991,838	2,000,864	9,026
Long-term borrowings	9,161,601	9,176,117	14,506
Total liabilities	\$18,810,318	\$18,835,697	\$25,369
Derivative transactions*1:			
Hedge accounting not applied	\$ 4,061	\$ 4,061	\$ —
Hedge accounting applied	1,583	1,583	—
Total derivative transactions	\$ 5,654	\$ 5,654	\$ —

*1 Derivative transactions are presented on a net basis and net liability position is shown in parenthesis.

Note 1. Valuation method for financial instruments and information of investments in securities and derivative transactions

Assets:

Cash and deposits and Notes and accounts receivable

These are paid in short-term and the fair value approximates carrying value. Some accounts receivable are subject to the allocation treatment of the foreign exchange forward contracts.

Securities

Fair value of stocks is based on the quoted price on stock exchanges and that of bonds is based on the quoted price on bond markets or price presented by the counter party financial institutions. Please see Note 6. "Securities" regarding the information of the fair value for the investment in securities by classification.

Liabilities:

Notes and accounts payable, Short-term borrowings, Current portion of long-term debt (except for bonds due within one year) and Commercial paper

These are paid in short-term and the fair value approximates the equivalent of carrying value. Some accounts payable are subject to the allocation treatment of the foreign exchange forward contracts.

Bonds and bonds due within one year (included in current portion of long-term debt)

Fair value of bonds is based on the quoted market price. Fair value of the bonds subject to the special treatment of the interest rate swaps are calculated by discounting the sum of principal and interest including the interest swap, using the reasonable interest rate applied to the same kind of bond issues.

Long-term borrowings

Fair value of long-term borrowings is estimated by discounting the sum of principal and interest, using the reasonable interest rate applied to the same kind of new borrowings. Fair value of the long-term borrowings subject to the special treatment of the interest rate swaps is calculated by discounting the sum of principal and interest including the interest swap, using the reasonable interest rate applied to the same kind of long-term debt.

Derivative transactions

Please see Note 14. "Derivatives and Hedging Activities."

Note 2. Financial instruments whose fair value cannot be reliably determined

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
	Carrying value		
Unlisted stock	¥31,013	¥28,968	\$301,331
Unlisted bond	—	1	—
Subscription certificates	31	19	301

Financial instruments above are not included in securities on the table in (b) "Fair value of financial instruments" because there are no market prices available and it is extremely difficult to determine the fair value.

Note 3. The redemption schedule for financial instruments and securities with maturities

	Millions of yen							
	FY2013				FY2012			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 62,913	¥—	¥—	¥—	¥ 64,621	¥ —	¥—	¥—
Notes and accounts receivable	547,070	75	—	—	536,304	272	—	—
Securities:								
Held-to-maturities	—	—	—	—	200	—	—	—
Available-for-sale securities with maturities	—	20	—	—	1	20	—	—
Total	¥609,984	¥95	¥—	¥—	¥601,127	¥292	¥—	¥—

	Thousands of U.S. dollars			
	FY2013			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 611,280	\$ —	\$—	\$—
Notes and accounts receivable	5,315,487	728	—	—
Securities:				
Held-to-maturities	—	—	—	—
Available-for-sale securities with maturities	—	194	—	—
Total	\$5,926,778	\$923	\$—	\$—

Note 4. Scheduled maturities of short-term borrowings, current portion of long-term debt and long-term debt

	Millions of yen					
	FY2013					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term borrowings	¥102,649	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	22,998	—	—	—	—	—
Current portion of long-term debt	260,475	—	—	—	—	—
Long-term debt:						
Bonds	—	80,000	20,000	50,000	15,000	40,000
Long-term borrowings	—	156,670	235,440	23,467	80,962	446,370
Total	¥386,123	¥236,670	¥255,440	¥ 73,467	¥95,962	¥486,370

	Millions of yen					
	FY2012					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term borrowings	¥ 82,115	¥ —	¥ —	¥ —	¥ —	¥ —
Current portion of long-term debt	283,252	—	—	—	—	—
Long-term debt:						
Bonds	—	80,000	80,000	20,000	50,000	45,000
Long-term borrowings	—	180,301	156,597	166,779	23,313	429,002
Total	¥365,368	¥260,301	¥236,597	¥186,779	¥73,313	¥474,002

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Thousands of U.S. dollars

	FY2013					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term borrowings	\$ 997,366	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial paper	223,455	—	—	—	—	—
Current portion of long-term debt	2,530,849	—	—	—	—	—
Long-term debt:						
Bonds	—	777,302	194,325	485,814	145,744	388,651
Long-term borrowings	—	1,522,250	2,287,602	228,012	786,649	4,337,057
Total	\$3,751,680	\$2,299,553	\$2,481,927	\$713,826	\$932,394	\$4,725,709

14. Derivatives and Hedging Activities

Derivative transactions for which hedge accounting is not applied for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	FY2013		FY2012		FY2013	
	Contracted amount	Recognized gain (loss)	Contracted amount	Recognized gain (loss)	Contracted amount	Recognized gain (loss)
Foreign exchange forward contracts:						
USD (Selling)	¥ 8,083	¥ 64	¥17,814	¥ (67)	\$ 78,536	\$ 621
EUR (Selling)	1,955	(35)	307	(22)	18,995	(340)
AUD (Selling)	7	(0)	—	—	68	(0)
THB (Selling)	64	(0)	99	(3)	621	(0)
USD (Buying)	1,654	32	5,075	87	16,070	310
EUR (Buying)	161	10	52	9	1,564	97
GBP (Buying)	3	0	—	—	29	0
CHF (Buying)	2	0	—	—	19	0
THB (Buying)	9	(0)	0	(0)	87	(0)
SGD (Buying)	—	—	8	0	—	—
Total		¥ 70		¥ 4		\$ 680
Interest rate swap agreements:						
To receive floating and pay fixed rates	¥20,000	¥ (7)	¥20,000	¥ 7	\$194,325	\$ (68)
To receive fixed rates and pay floating	20,000	352	¥20,000	574	194,325	3,420
Total		¥344		¥582		\$3,342
Commodity forward contracts:						
Nonferrous metal (Selling)	¥ 112	¥ 2	¥ 115	¥ 8	\$ 1,088	\$ 19
Nonferrous metal (Buying)	53	0	58	(5)	514	0
Total		¥ 2		¥ 2		\$ 19

Derivative transactions for which hedge accounting is applied for the years ended March 31, 2014 and 2013 were as follows:

(a) Currency related

Hedged item	Millions of yen				Thousands of U.S. dollars		
	FY2013		FY2012		FY2013		
	Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value	
Benchmark method							
Foreign exchange forward contracts:							
USD (Selling)	Accounts receivable (forecasted transactions)	¥ 427	¥ (3)	¥ 1,304	¥ (25)	\$ 4,148	\$ (29)
EUR (Selling)	Accounts receivable (forecasted transactions)	7	(0)	0	0	68	(0)
CAD (Selling)	Accounts receivable (forecasted transactions)	316	(1)	384	5	3,070	(9)
USD (Buying)	Accounts payable (forecasted transactions)	94,315	500	93,848	(429)	916,391	4,858
EUR (Buying)	Accounts payable (forecasted transactions)	422	15	378	36	4,100	145
GBP (Buying)	Accounts payable (Forecasted transactions)	80	(0)	—	—	777	(0)
CNY (Buying)	Accounts payable (forecasted transactions)	401	6	—	—	3,896	58
THB (Buying)	Accounts payable (forecasted transactions)	29	0	4	(0)	281	0
Allocation method							
Foreign exchange forward contracts:							
USD (Selling)	Accounts receivable	508	Note 1	290	Note 1	4,935	Note 1
EUR (Selling)	Accounts receivable	—	—	2	Note 1	—	—
USD (Buying)	Accounts payable and deposits received	42,912	Note 1	29,169	Note 1	416,945	Note 1
EUR (Buying)	Accounts payable and deposits received	—	—	18	Note 1	—	—
THB (Buying)	Accounts payable and deposits received	—	—	11	Note 1	—	—
Cross currency swap contracts:							
To receive USD floating and pay JPY fixed rates	Long-term debt	36,206	Note 1	26,206	Note 1	351,787	Note 1

Fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

Note 1. Fair value of the foreign exchange forward contracts to which allocation treatment has been applied is included in the fair value of corresponding accounts receivable, accounts payable and long-term debt as hedged item.

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(b) Interest rate related

Hedged item	Millions of yen				Thousands of U.S. dollars		
	FY2013		FY2012		FY2013		
	Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value	
Benchmark method							
Interest rate swap agreements:							
To receive floating and pay fixed rates	Long-term debt	¥123,772	¥(351)	¥123,842	¥(57)	\$1,202,603	\$(3,410)
Special treatment							
Interest rate swap agreements:							
To receive floating and pay fixed rates	Bonds and long-term debt	205,330	Note 1	121,830	Note 1	1,995,044	Note 1
To receive fixed rates and pay floating		145,200	Note 1	270,200	Note 1	1,410,804	Note 1

Fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

Note 1. Fair value of the interest rate swap agreements to which special treatment method has been applied is included in the fair value of corresponding bonds and long-term debt as hedged item.

15. Research and Development Expenses

Research and development expenses charged to income were ¥31,177 million (\$302,924 thousand) and ¥33,662 million for the years ended March 31, 2014 and 2013, respectively.

16. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2014 and 2013 are presented below:

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Deferred tax assets:			
Loss carry-forwards	¥112,348	¥145,975	\$1,091,605
Accrued retirement benefits	—	34,989	—
Net defined benefit liability	33,728	—	327,710
Loss on impairment of property, plant and equipment	17,930	16,235	174,212
Accrued bonuses	13,778	12,674	133,870
Others	63,739	74,769	619,306
Total deferred tax assets	241,525	284,644	2,346,725
Valuation allowance	(78,606)	(92,969)	(763,758)
Deferred tax assets net of valuation allowances	162,919	191,674	1,582,967
Deferred tax liabilities:			
Net unrealized gains and losses on securities	(56,270)	(40,012)	(546,735)
Reserve for advanced depreciation of noncurrent assets	(7,866)	(8,060)	(76,428)
Others	(19,685)	(24,701)	(191,265)
Total deferred tax liabilities	(83,822)	(72,774)	(814,438)
Net deferred tax assets	¥ 79,096	¥118,900	\$ 768,519

Reconciliation of the statutory tax rate to the effective tax rate for the years ended March 31, 2014 and 2013 were as follows:

	FY2013	FY2012
Statutory tax rate	38.0%	38.0%
Valuation allowance and others	—	4.9
Equity in earnings of affiliates	(4.3)	—
Effective tax rate	33.7%	42.9%

The "Act on Partial Revision of the Income Tax Act" (Act No. 10, 2014) was promulgated on March 31, 2014 and the special reconstruction surtax will no longer be imposed from years beginning on or after April 1, 2014. Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 38.0% to 35.0% for temporary differences which are expected to reverse in the year beginning on April 1, 2014. As a result, deferred tax assets, net of deferred tax liabilities, decreased by ¥3,116 million (\$30,275 thousand), and income taxes—deferred and net unrealized gains and losses on hedges increased by ¥3,126 million (\$30,373 thousand) and ¥10 million (\$97 thousand), respectively, at and for the year ended March 31, 2014.

17. Comprehensive Income

Reclassification adjustments and income tax effects attributable to other comprehensive income for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Net unrealized gains and losses on securities:			
Gains arising during the year	¥48,852	¥61,783	\$474,659
Reclassification adjustments	(586)	(122)	(5,693)
Amounts before income tax effects	48,266	61,661	468,966
Income tax effects	(16,230)	(22,586)	(157,695)
Net unrealized gains and losses on securities	32,035	39,075	311,261
Net unrealized gains and losses on hedges:			
Gains arising during the year	378	634	3,672
Reclassification adjustments	175	1,876	1,700
Amounts before income tax effects	554	2,510	5,382
Income tax effects	(194)	(924)	(1,884)
Net unrealized gains and losses on hedges	359	1,586	3,488
Translation adjustments:			
Adjustments arising during the year	15,340	10,020	149,047
Reclassification adjustments	4	—	38

Amounts before income tax effects	15,345	10,020	149,096
Income tax effects	—	—	—
Translation adjustments	15,345	10,020	149,096
Share of other comprehensive income of affiliates accounted for using equity method:			
Gains arising during the year	23,832	17,522	231,558
Reclassification adjustments	(56)	434	(544)
Share of other comprehensive income of affiliates accounted for using equity method	23,775	17,957	231,004
Total other comprehensive income	¥71,516	¥68,638	\$694,869

18. Segment Information

(a) Overview of reportable segments

Year ended March 31, 2014

The Group places three operating companies, JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji, and executes businesses based on operating systems specifically designed for each industry under the Company as a holding company. The reportable segments are identified by products and services belonging to the operating companies.

Products and services for each reportable segment are as follows:

"Steel" produces and sells a wide range of steel products, steel processed products and raw materials and operates peripheral business, such as transporting, and maintenance and construction of equipment.

"Engineering" provides engineering services for energy, urban environment, recycle, steel construction and industrial machines and systems.

"Trading" purchases, processes and sells steel products, raw materials for steel production, nonferrous metal products, food, etc.

Year ended March 31, 2013

The Group places one operating company to each industry and executes business based on an operating system specifically designed for its industry under the Company as a holding company. The reportable segments are identified by products and services belonging to the operating companies. For the year ended March 31, 2012, the Group consisted of four operating companies that were JFE Steel Corporation, JFE Engineering Corporation, Universal Shipbuilding Corporation and Kawasaki Microelectronics, Inc. and four reportable segments based on these four operating companies were "Steel", "Engineering", "Shipbuilding" and "LSI", respectively.

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The Company sold all shares of its wholly owned subsidiary, Kawasaki Microelectronics, Inc., to MegaChips Corporation on July 1, 2012, and thereby abolished the Group's LSI segment from the second quarter ended September 30, 2012. Also, JFE Shoji became a wholly owned subsidiary of the Company through a share exchange on October 1, 2012. Consequently, the "Trading" segment was newly established from the third quarter ended December 31, 2012. In addition, the Group abolished the "Shipbuilding" segment from the fourth quarter ended March 31, 2013 because Universal Shipbuilding Corporation, formerly a consolidated subsidiary of the Company, was merged with IHI Marine United Inc. and became an equity-method affiliate of the Company named Japan Marine United Corporation on January 1, 2013.

Products and services for each reportable segment are as follows:

"Steel" produces and sells a wide range of steel products, steel processed products and raw materials and operates peripheral business, such as transporting, and maintenance and construction of equipment.

"Engineering" provides engineering services for energy, urban environment, recycle, steel construction and industrial machines and systems.

"Shipbuilding" constructs merchant ships and vessels and maintains them.

"LSI" produces and sells a wide range of LSI products.

"Trading" purchases, processes and sells steel products, raw materials for steel production, nonferrous metal products, food, etc.

(b) Method of calculating net sales, income (loss), assets, liabilities and other items by reportable segment

Accounting policies of the reportable segments are consistent with those described in Note 2. "Summary of Significant Accounting Policies." Income by reportable segment is based on ordinary income. Intersegment transactions are based on prevailing market price.

(c) Net sales, income (loss), assets, liabilities and other items by reportable segment

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Sales:			
Steel			
Sales to customers.....	¥ 1,796,667	¥ 2,071,832	\$ 17,456,927
Intersegment sales or transfers...	894,955	427,982	8,695,637
Total	¥ 2,691,622	¥ 2,499,814	\$ 26,152,565
Engineering			
Sales to customers.....	¥ 275,918	¥ 256,896	\$ 2,680,897
Intersegment sales or transfers...	8,195	10,644	79,624
Total	¥ 284,114	¥ 267,541	\$ 2,760,532

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Shipbuilding			
Sales to customers.....	¥ —	¥ 139,869	\$ —
Intersegment sales or transfers...	—	24	—
Total	¥ —	¥ 139,894	\$ —
LSI			
Sales to customers.....	¥ —	¥ 4,890	\$ —
Intersegment sales or transfers...	—	—	—
Total	¥ —	¥ 4,890	\$ —
Trading			
Sales to customers.....	¥ 1,513,442	¥ 670,678	\$ 14,705,033
Intersegment sales or transfers...	267,899	114,985	2,602,982
Total	¥ 1,781,341	¥ 785,663	\$ 17,308,015
Total			
Sales to customers.....	¥ 3,586,028	¥ 3,144,167	\$ 34,842,868
Intersegment sales or transfers...	1,171,049	553,636	11,378,245
Total	¥ 4,757,077	¥ 3,697,804	\$ 46,221,113
Adjustments			
Sales to customers.....	¥ 80,831	¥ 45,028	\$ 785,376
Intersegment sales or transfers...	(1,171,049)	(553,636)	(11,378,245)
Total	¥ (1,090,218)	¥ (508,608)	\$ (10,592,868)
Consolidated			
Sales to customers.....	¥ 3,666,859	¥ 3,189,196	\$ 35,628,245
Intersegment sales or transfers...	—	—	—
Total	¥ 3,666,859	¥ 3,189,196	\$ 35,628,245

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Segment income:			
Steel	¥ 126,231	¥ 15,300	\$ 1,226,496
Engineering.....	18,478	16,446	179,537
Shipbuilding.....	—	8,010	—
LSI	—	410	—
Trading.....	21,568	7,478	209,560
Total	166,279	47,646	1,615,614
Adjustments.....	7,397	4,567	71,871
Consolidated.....	¥ 173,676	¥ 52,214	\$ 1,687,485

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Segment assets:			
Steel	¥ 3,638,164	¥ 3,523,803	\$ 35,349,436
Engineering.....	286,116	267,093	2,779,984
Shipbuilding.....	—	—	—
LSI	—	—	—
Trading.....	589,171	523,022	5,724,553
Total	4,513,452	4,313,918	43,853,983
Adjustments.....	(271,751)	(206,399)	(2,640,410)
Consolidated.....	¥ 4,241,700	¥ 4,107,519	\$ 41,213,563

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Depreciation:			
Steel	¥ 168,860	¥ 180,123	\$ 1,640,691
Engineering.....	5,610	5,769	54,508
Shipbuilding.....	—	4,190	—
LSI	—	193	—
Trading.....	4,873	2,198	47,347
Total	179,344	192,474	1,742,557
Adjustments.....	1,967	1,588	19,111
Consolidated.....	¥ 181,311	¥ 194,062	\$ 1,761,669

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Amortization of goodwill:			
Steel	¥ 119	¥ 1,058	\$ 1,156
Engineering.....	33	—	320
Shipbuilding.....	—	2,596	—
LSI	—	—	—
Trading.....	82	142	796
Total	235	3,797	2,283
Adjustments.....	—	19	—
Consolidated.....	¥ 235	¥ 3,817	\$ 2,283

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Interest income:			
Steel	¥ 809	¥ 716	\$ 7,860
Engineering.....	100	109	971
Shipbuilding.....	—	1	—
LSI	—	0	—
Trading.....	651	379	6,325
Total	1,560	1,208	15,157
Adjustments.....	(411)	(328)	(3,993)
Consolidated.....	¥ 1,148	¥ 879	\$ 11,154

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Interest expense:			
Steel	¥ 12,685	¥ 14,664	\$ 123,251
Engineering.....	189	307	1,836
Shipbuilding.....	—	48	—
LSI	—	1	—
Trading.....	1,875	948	18,218
Total	14,750	15,970	143,315
Adjustments.....	(805)	(1,595)	(7,821)
Consolidated.....	¥ 13,945	¥ 14,374	\$ 135,493

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Equity in earnings (losses) of affiliates:			
Steel	¥ 12,519	¥ 6,640	\$ 121,638
Engineering.....	3,713	822	36,076
Shipbuilding.....	—	—	—
LSI	—	—	—
Trading.....	635	(179)	6,169
Total	16,867	7,283	163,884
Adjustments.....	2,506	2,303	24,349
Consolidated.....	¥ 19,374	¥ 9,586	\$ 188,243

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Investment in affiliates accounted for using equity method:			
Steel	¥ 334,200	¥ 289,660	\$ 3,247,182
Engineering.....	5,908	17,662	57,403
Shipbuilding.....	—	—	—
LSI	—	—	—
Trading.....	20,301	18,876	197,250
Total	360,409	326,199	3,501,836
Adjustments.....	40,238	38,095	390,963
Consolidated.....	¥ 400,648	¥ 364,294	\$ 3,892,809

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Increase in property, plant and equipment and intangible assets:			
Steel	¥ 154,222	¥ 161,773	\$ 1,498,464
Engineering.....	10,861	7,334	105,528
Shipbuilding.....	—	5,557	—
LSI	—	152	—
Trading.....	9,325	3,602	90,604
Total	174,409	178,420	1,694,607
Adjustments.....	1,306	1,259	12,689
Consolidated.....	¥ 175,715	¥ 179,679	\$ 1,707,296

(d) Information about products and services

Information about products and services has not been disclosed since the classification by products and services is the same as the reportable segment.

Financial Information

(e) Information by geographical area

(1) Sales

	Millions of yen					
	FY2013			FY2012		
	Japan	Others	Total	Japan	Others	Total
Sales.....	¥2,412,064	¥1,254,794	¥3,666,859	¥1,978,945	¥1,210,250	¥3,189,196

	Thousands of U.S. dollars		
	FY2013		
	Japan	Others	Total
Sales.....	\$23,436,300	\$12,191,935	\$35,628,245

(2) Property, plant and equipment

Information about property, plant and equipment has not been disclosed since property, plant, and equipment in Japan constituted more than 90% of property, plant and equipment on the consolidated balance sheets.

(g) Information about impairment loss by reportable segment

	Millions of yen			
	FY2013			
	Steel	Engineering	Trading	Total
Impairment loss.....	¥5,666	¥429	¥2,633	¥8,729

	Millions of yen						
	FY2012						
	Steel	Engineering	Shipbuilding	LSI	Trading	Adjustments	Total
Impairment loss.....	¥5,306	¥858	¥—	¥—	¥—	¥660	¥6,825

	Thousands of U.S. dollars			
	FY2013			
	Steel	Engineering	Trading	Total
Impairment loss.....	\$55,052	\$4,168	\$25,582	\$84,813

(h) Information on unamortized balance of goodwill by reportable segment

	Millions of yen			
	FY2013			
	Steel	Engineering	Trading	Total
Unamortized balance	¥352	¥801	¥718	¥1,872

	Millions of yen					
	FY2012					
	Steel	Engineering	Shipbuilding	LSI	Trading	Total
Unamortized balance	¥521	¥—	¥—	¥—	¥16	¥537

	Thousands of U.S. dollars			
	FY2013			
	Steel	Engineering	Trading	Total
Unamortized balance	\$3,420	\$7,782	\$6,976	\$18,188

(f) Information about major customers

Information about major customer for the year ended March 31, 2014 has not been disclosed since there were no external customers who constituted more than 10% of net sales on the consolidated statement of income.

Information about major customer for the year ended March 31, 2013 was as follows:

Name of customer.....	Name of the related segment	Millions of yen
		FY2012
JFE Shoji Trade Corporation...	Steel	¥380,223
Marubeni-Itochu Steel Inc.	Steel	320,898

(i) Information about gain on negative goodwill by reportable segment

No gain on negative goodwill was recognized for the year ended March 31, 2014.

Gain on negative goodwill of ¥57,042 million was recognized in extraordinary income during the year ended March 31, 2013 since the Company executed the share exchange with JFE Shoji in exchange for common share of the Company.

Gain on negative goodwill was not allocated to reporting segments.

19. Impairment Loss

The Company classified long-lived assets as idle assets, leased assets, project-oriented assets and business-oriented assets and grouped each of those classified assets into the minimum unit which will generate cash flows independent of other assets or group of assets.

For the year ended March 31, 2014, primarily the book value of the interest in natural resources in Australia was

reduced to the recoverable amount due to the deteriorated business environment. The Company recognized loss on impairments of long-lived assets totaling ¥8,729 million (\$84,813 thousand), including ¥4,597 million (\$44,665 thousand) for investments and other assets, ¥3,485 million (\$33,861 thousand) for land, ¥411 million (\$3,993 thousand) for machinery and equipment and ¥234 million (\$2,273 thousand) for buildings and structures. The recoverable amount is principally measured at its value in use, which was calculated by discounting the future cash flows at a discount rate of 6.4%.

For the year ended March 31, 2013, primarily the book value of the idle properties was reduced to the recoverable amount. The Company recognized loss on impairments of long-lived assets totaling ¥6,825 million, including ¥3,787 million for machinery and equipment, ¥767 million for buildings and structures and ¥2,270 million for land. The recoverable amount of the above assets is principally based on the estimated value of disposition.

20. Extraordinary Income (Loss)

For the years ended March 31, 2014 and 2013, extraordinary income (loss) consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2012	FY2013
Gain on turning a trading business company into a wholly owned subsidiary (Note 1).....	¥ —	¥35,762	\$ —
Loss on impairment of property, plant and equipment	(8,729)	(6,825)	(84,813)
Loss on change in equity (Note 2).....	—	(5,769)	—
Loss on liquidation of affiliates	(4,437)	—	(43,111)

Note 1: Gain on turning a trading business company into a wholly owned subsidiary consists of gain on negative goodwill of ¥57,042 million and loss on step acquisition of ¥21,279 million in association with the business combination making JFE Shoji a wholly owned subsidiary.

Note 2: Loss on change in equity is related to the merger of Universal Shipbuilding Corporation and IHI Marine United Inc.

21. Net Income per Share

Diluted net income per share is not shown due to no dilutive stocks for the years ended March 31, 2014 and 2013.

(Year ended March 31, 2014)	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted average shares	EPS	EPS
Basic EPS				
Net income available to common shareholders.....	¥102,382	577,015	¥177.44	\$1.72
(Year ended March 31, 2013)	Millions of yen	Thousands of shares	Yen	
	Net income	Weighted average shares	EPS	
Basic EPS				
Net income available to common shareholders.....	¥39,599	556,186	¥71.20	



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Independent Auditor's Report

The Board of Directors
 JFE Holdings, Inc.

We have audited the accompanying consolidated financial statements of JFE Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of JFE Holdings, Inc. and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 19, 2014



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