

**Corporate Vision**

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

**Corporate Values**

A Challenging Spirit, Flexibility, Sincerity

The JFE Group is broadly carrying forward development of businesses with steel and engineering at its core.

**JFE Holdings, Inc. Headquarters of the JFE Group**

This is the JFE Group's streamlined head office, responsible for group-wide strategic functions, risk management and accountability to the public as the center of unified governance of the Group.

**JFE Steel Corporation**

JFE Steel Corporation is an integrated steel producer ranking third\* in the world in terms of crude steel production. It is highly competitive internationally thanks to the unique strengths of a framework built on two major steelworks — one each in eastern and western Japan. JFE Steel produces and sells a wide range of high-value-added products and Only One and Number One products, taking advantage of its world-class technology and product development capabilities. \*Source: Metal Bulletin

**JFE Engineering Corporation**

JFE Engineering Corporation is responsible for the engineering business, which is the JFE Group's core business, together with steel. JFE Engineering Corporation provides solutions based on advanced technologies in the fields of energy (mainly pipelines and LNG plants), environment (e.g., waste disposal facilities, water supply and sewerage facilities, biomass utilization), steel structures (e.g., bridges, steel frames), systems (e.g., industrial machinery) and logistics.

**Universal Shipbuilding Corporation**

With five shipyards and one technical research center, the company undertakes the construction and repair of large-sized merchant ships such as bulk carriers and tankers, and naval ships such as destroyers, minesweepers, and icebreakers. Through our thorough marketing activities, we contribute to both society and industry by quickly developing and building ships that make for satisfied customers.

**JFE Urban Development Corporation**

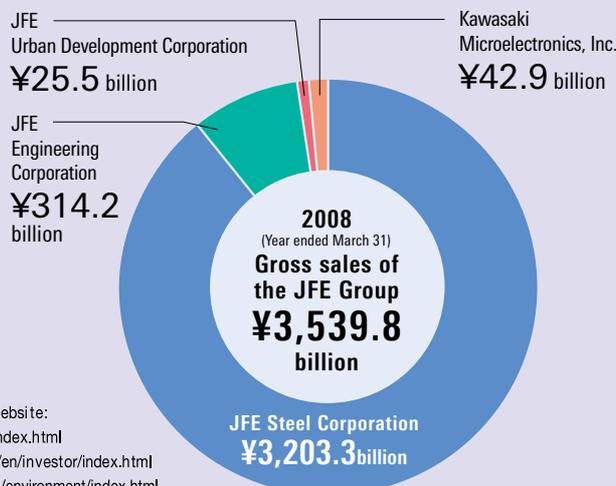
JFE Urban Development Corporation creates a pleasant urban environment through its four businesses: the large-scale complex development business, which involves the redevelopment of idle land owned by the JFE Group and the creation of new urban districts; the condominium business, which supplies distinctive, high-quality condominiums; the real estate solutions business, which engages in the redevelopment of land owned by third parties; and the property development business, which executes the development, management and operation of real estate assets.

**Kawasaki Microelectronics, Inc.**

Kawasaki Microelectronics, Inc. is an LSI vendor specializing in sophisticated, high-value-added ASIC (Application Specific Integrated Circuit). It offers a comprehensive range of services to its customers from designing and development to manufacturing, testing and shipping. Its strength is demonstrated in products for LCD panels, as reflected in its substantial market share worldwide.

**JFE R&D**

JFE R&D Corporation is a concept-creating research institution that undertakes further development of core technologies shared between the JFE Group's core businesses, namely, steel and engineering. It develops "concept creation-style" technology through the organic combination of these elemental technologies.



For a more detailed information, please access our website:  
 JFE Holdings, Inc. <http://www.jfe-holdings.co.jp/en/index.html>  
 Financial information <http://www.jfe-holdings.co.jp/en/investor/index.html>  
 Environmental Report <http://www.jfe-holdings.co.jp/environment/index.html>

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



## Members of the Board

President & CEO	Fumio Sudo
Member of the Board	Toshikuni Yamazaki
Member of the Board	Eiji Hayashida
Member of the Board	Hajime Bada
Member of the Board	Sumiyuki Kishimoto
Member of the Board	Uichiro Niwa
Member of the Board	Shigeo Asai

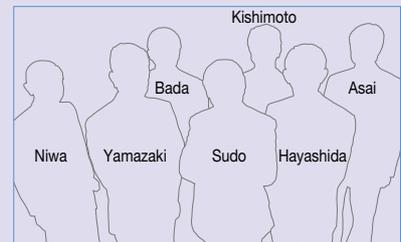
Mr. Uichiro Niwa and Mr. Shigeo Asai are external members of the board.

## Corporate Auditors

Full-time Auditor	Tetsuo Miyazaki
Full-time Auditor	Kunioki Kubo
Corporate Auditor	Toshikuni Nishinohara
Corporate Auditor	Takaaki Wakasugi

Mr. Toshikuni Nishinohara and Mr. Takaaki Wakasugi are external corporate auditors.

Members of the Board



## Corporate Officers

President & CEO	Fumio Sudo	CEO
Executive Vice President	Toshikuni Yamazaki	Supervision of Finance and Investor Relations Dept. and Comptrollers' Dept.
Senior Vice President	Eiji Hayashida	Supervision of General Administration Dept. and In Charge of Corporate Planning Dept. and Comptrollers' Dept.
Senior Vice President	Sakio Sasamoto	In Charge of General Administration Dept.
Senior Vice President	Shinichi Okada	In Charge of Finance and Investor Relations Dept.

# Management Organization and Internal Control

## Fundamental Philosophy on Corporate Governance

The JFE Group is structured with its businesses being run by operating companies placed under a holding company.

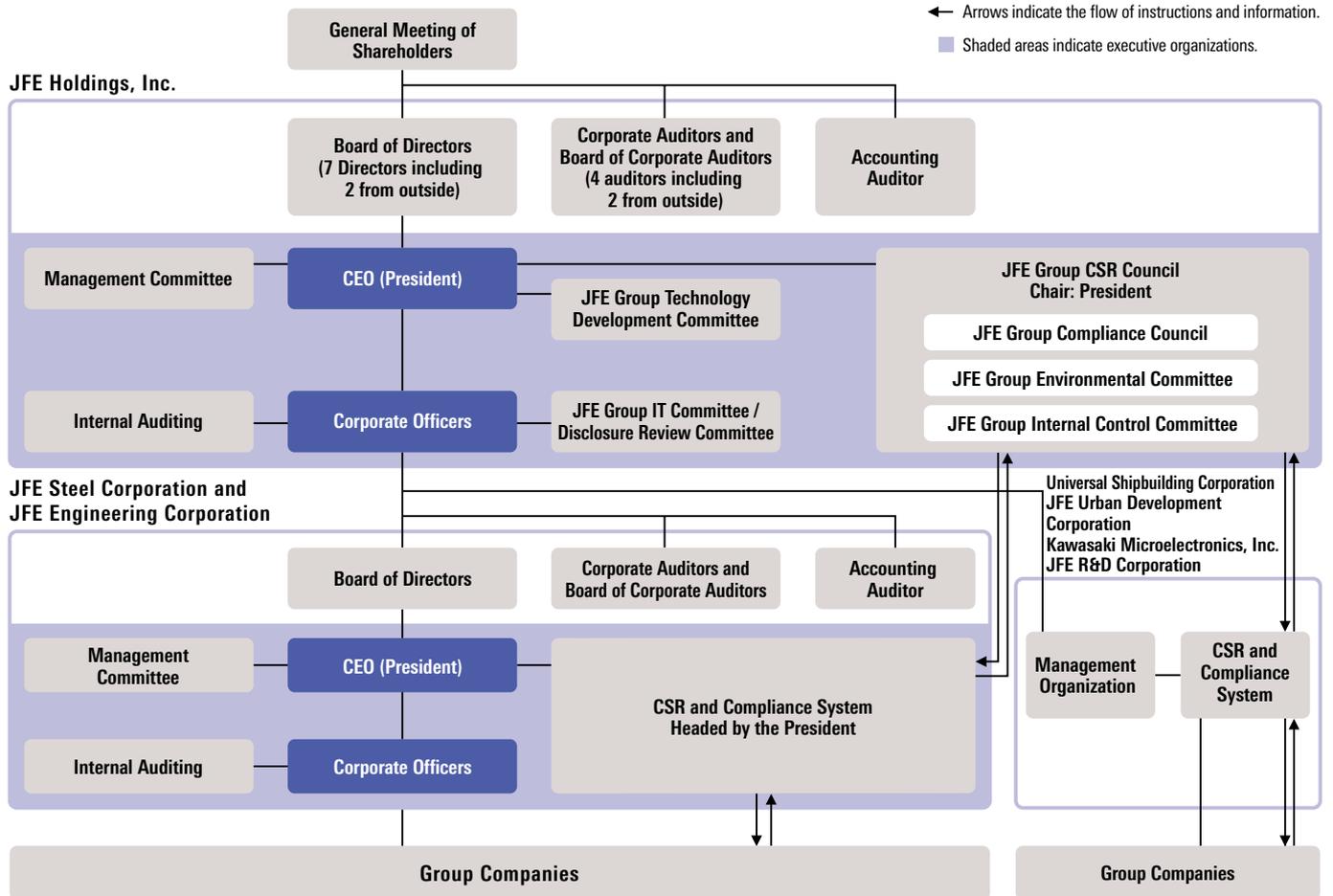
As the holding company, JFE Holdings, Inc. is the backbone of the centralized governance of the JFE Group and serves as the Group's streamlined head office, responsible for group-wide strategic functions, risk management and accountability to the public.

Meanwhile, the operating companies run businesses based on

optimized operational and executive systems tailored to the characteristics of each business field, with the aims of strengthening competitiveness and expanding earning power.

The JFE Group endeavors to maximize its enterprise value for all stakeholders, including shareholders, by ensuring that the holding companies and the operating companies fulfill all their responsibilities.

Relationship Diagram of Management Organization and Internal Control



## Management Organization and Internal Control

### 1. Corporate Institutions

The JFE Group member companies employ an auditor system. At JFE Holdings, Inc., there are four auditors (including two external auditors) and seven members of the board, of whom two external board members were newly appointed at the general meeting of shareholders effective in June 2007 in order to establish a more objective and transparent management organization. In addition, the Board of Corporate Auditors – where external auditors comprise half of the members – keeps an eye on management, endeavoring to ensure and strengthen corporate soundness.

Moreover, JFE Holdings, Inc., JFE Steel Corporation, JFE Engineering Corporation, Universal Shipbuilding Corporation, and Kawasaki Microelectronics, Inc. have adopted a corporate officer system to clearly define authority and responsibility through the separation of management decision-making and business execution and to accelerate execution.

### 2. Decision-making on Important Matters

With regard to important matters concerning each member company of the JFE Group, each company has its own rules which clearly define the decision-making process. For important managerial matters

concerning the entire Group, JFE Holdings, Inc. is structured to ultimately deliberate and resolve them.

JFE Holdings, Inc., JFE Steel Corporation and JFE Engineering Corporation hold Management Committee meetings approximately twice a month, with each meeting chaired by the President and attended by Members of the Board, Corporate Officers and Corporate Auditors. Their respective Boards of Directors meet once or twice a month.

The JFE Group has also group-wide committees to deliberate issues relating to technology development and IT shared across the Group.

### 3. Internal Control

JFE's internal control (including a risk management system) is defined by the Basic Policy for Building an Internal Control System. In accordance with this policy, regulations of the Board of Directors, rules of the Management Committee, the JFE Group CSR Council, the JFE Group Compliance Council, the JFE Group Internal Control Committee, the Disclosure Review Committee, and of various other committees, as well as rules for organization/work, information storage and management, and for dealing with violence against corporations have been enacted, and the Corporate Ethics Hotline has been established.

### Report on the Case Concerning the Antimonopoly Law

Regarding a breach of the Antimonopoly Law, JFE Engineering Corporation was ordered by the Fair Trade Commission of Japan in December of last year to pay a surcharge in relation to gas pipe construction work. Also, orders were issued to JFE Pipe Fitting Mfg. Co., Ltd. in March this year for the cessation of certain practices and surcharge payments relating to sales of flexible pipes and fittings for gas, and in June of this year to JFE Steel Corporation relating to sales of steel pipe piles and steel sheet piles.

The JFE Group is constantly reviewing its business and sales activities from the standpoint of compliance and through further reinforcement of such elements as its internal control system. Necessary measures, together with a strengthening of activities for safety and the environment, will realize sustainable growth as a company and will maximize its corporate value for all stakeholders, including shareholders.

### Concerning the Failure of East Japan Works (Chiba) to Conduct Hydrostatic Testing for Weld Repaired UOE Pipes on API Standard

JFE Steel Corporation has discovered that hydrostatic testing, compulsory for weld repaired UOE pipes on API standard, had not been performed by the UOE pipe mill at its East Japan Works (Chiba).

Taking this incident to heart, the company is now conducting a

thorough reform of its internal quality assurance system while simultaneously reviewing its administrative operations. We are committed to marshaling ourselves at this time to prevent a similar occurrence in the future.