

With Customers and Clients

JFE Group Quality Assurance System

JFE Steel has acquired ISO 9001 and various other QA qualifications including the new JIS mark and approvals from the American Petroleum Institute (API) and ship classification societies. The company has a standardized improvement program, based on the use of QC manuals, for its quality enhancement and management systems.

Furthermore, through joint product development carried out in partnership with customers, the company aims to supply products which help enhance customer competitiveness and customer satisfaction.

JFE Engineering has established a comprehensive quality assurance framework from sales, design, procurement, and installation through to follow-up services, by setting up Quality Management Systems (QMS) for the entire company.

Based on the group-wide quality assurance policy, each business department has obtained ISO 9001 qualification by developing QA manuals according to the characteristics of each product. Under this policy as well as QMS, the company aims to meet its customers' detailed needs for product quality.

Universal Shipbuilding has acquired various qualifications at each shipyard where new ships are built, such as ISO 9001 as well as the qualifications of ship classification societies and by the Japanese government.

Under the company-wide QMS, which complies with these qualifications, the company strives to ensure good quality products from sales, design, and ship building to follow-up services, in order to meet its customers' expectations.

Improvement of Customer Satisfaction (CS)

JFE Steel conducts customer interview surveys and analysis through a third party consultant firm. Based on the results, the development, manufacturing, and sales departments cooperate with each other to actively promote efforts that improve the company's standing from our customers' point of view.

Customer Solution Laboratory: Forging the Future of Steel Materials for Automobiles Together with Customers

In August 2005, the CSL was established as Japanese industry's first facility dedicated to enhancing communication with customers in the automotive fields to improve customer satisfaction. The CSL features displays of cutting edge research results, studies of automobile architecture and material compositions, laboratory, and meeting rooms. Joint activities carried out with customers from automobile manufacturers and parts manufacturers not only promote vigorous joint research but also accelerate the speed of R&D.



With Shareholders and Investors

Basic Policy for Returns to Shareholders

The JFE Group considers generating returns to its shareholders as one of its top management priorities, and strives to ensure the stable payment of dividends through the establishment of a sustainable corporate financial position for the entire Group.

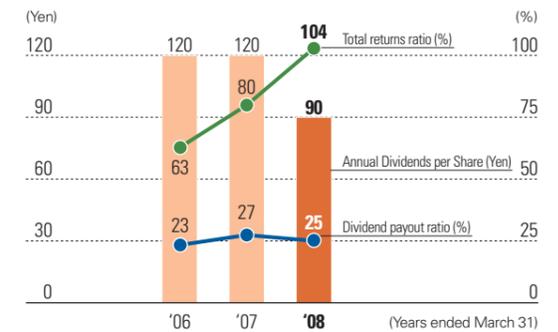
Under the Second Medium-Term Business Plan (April 2006–March 2009), we aimed at maintaining a basic dividend policy with a consolidated payout ratio of about 25%. Considering this basic policy, we have announced a dividend of 90 yen per share (payout ratio: 25.3%) for the year ended March 31, 2009. Consequently, we achieved the average payout ratio for the past three years at a 25% level.

In addition, we increased the total amount of treasury stock to more than 400 billion yen during the period, adding 153.3 billion yen in the year ended March 31, 2009. As a result, the total re-

turn ratio during the period reached 80%.

Taking into consideration the increasing uncertainty surrounding the global economy and the need for aggressive investments to foster our business growth, we will strive to maintain and improve our solid financial position first, while a stable return of interest to our shareholders remains one of the most important issues for our business operations.

Trends in Annual Dividends and Dividend Payout per Share



Dividend payout ratio (average) for April 2006–March 2009

25%

Total return ratio (average) for April 2006–March 2009

80%

Guided Plant Tours for Shareholders Attracting the participation of 2,599 shareholders

To help our shareholders better understand the JFE Group, we have been organizing guided tours of plants and corporate briefing sessions since the year ended March 31, 2007.

During the year ended March 2009, a total of 2,599 shareholders participated in 28 tours and sessions at JFE Steel's plants, either the East Japan Works (Chiba, Keihin) or the West Japan Works (Fukuyama, Kurashiki) as well as JFE Engineering's Tsu Works and Universal Shipbuilding's shipyards in Tsu, Ariake, and Manazuru. We had a total of more than 7,600 participants within the past three years.

We plan to maintain these tours and sessions for our shareholders through the year ending March 31, 2010 and onward.



A guided plant tour for shareholders