

(Translation for reference only)

(Security Code: 5411)

May 28, 2014

Notice of the 12th Ordinary General Meeting of Shareholders

Dear Shareholders:

JFE Holdings, Inc. (or the “Company”) hereby would like to inform you that the 12th Ordinary General Meeting of Shareholders will be held as follows, and would be grateful if you could attend the Meeting.

If you cannot attend the Meeting, you may exercise your voting rights through one of the following means. We ask that you exercise your voting rights after carefully reading the “Reference Materials for General Meeting of Shareholders” shown below.

[Exercise of voting rights in writing]

You are kindly asked to send us via return mail the enclosed voting form after indicating your approval or disapproval of each Proposal no later than 17:30 on June 18, 2014 (Wednesday).

[Exercise of voting rights via electronic media (including the Internet)]

You are kindly asked to exercise your voting rights no later than 24:00 on June 18, 2014 (Wednesday) in accordance with the instructions contained in the “Guide to Exercising Your Voting Rights via Electronic Media (including the Internet)” shown on page 3.

Yours faithfully,

Hajime Bada

Representative Director, President and CEO

JFE Holdings, Inc.

2-3 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo

(Translation for reference only)

- 1. Date and Time:** Thursday, June 19, 2014, 10:00 a.m. (doors scheduled to open at 9:00 a.m.)
- 2. Venue:** Peacock Room of the Imperial Hotel, Tokyo (Teikoku Hotel), 2nd floor of the Main Building
1-1 Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo

3. Objectives of Meeting:

Items to be reported

1. Business Report, Consolidated Financial Statements and Accounting Auditor's and Audit & Supervisory Board's Reports on Consolidated Financial Statements for the 12th term (from April 1, 2013 to March 31, 2014)
2. Non-consolidated Financial Statements for the 12th term (from April 1, 2013 to March 31, 2014)

Items to be resolved

- Proposal 1: Dividend of surplus
- Proposal 2: Payment of Directors' and Audit & Supervisory Board Members' bonuses
- Proposal 3: Election of five Directors
- Proposal 4: Election of two Audit & Supervisory Board Members
- Proposal 5: Election of one Substitute Audit & Supervisory Board Member

4. Other Resolutions Determined upon Convocation

- (1) When you exercise your voting rights both in writing and via electronic media (including the Internet), the voting right exercised via electronic media shall be deemed and treated as a valid vote.
- (2) When you exercise your voting rights twice or more via electronic media (including the Internet), the voting right exercised last shall be deemed and treated as a valid vote.
- (3) If you are exercising your voting right by proxy, please have your proxy submit your voting form and a form stating that you give power of attorney to your proxy.

*Shareholders who will be attending the Meeting in person on the above-mentioned date are requested to submit the appended voting form at the reception desk, and to bring this notice to the Meeting to further save on resources.

*Please note that you may exercise your voting rights by proxy, as provided for in the Articles of Incorporation, by delegating your voting right to one shareholder who holds a voting right.

*Please note that "Notes to the Consolidated Financial Statements" and "Notes to the Non-consolidated Financial Statements" are not provided herein. Instead, Notes are published on our website (<http://www.jfe-holdings.co.jp/en/>) in accordance with the provisions of applicable rules and regulations and the Articles of Incorporation.

*In the event a matter needs to be changed or modified in any part of Reference Materials for General Meeting of Shareholders and Appendixes attached hereto, please note that any matter so changed or modified as mentioned above will be published on our website (<http://www.jfe-holdings.co.jp/en/>) in accordance with the provisions of the applicable rules and regulations.

(Translation for reference only)

Guide to Exercising Your Voting Rights via Electronic Media (including the Internet)

<Guide to Exercising Your Voting Rights via the Internet>

1 Exercise of Voting Rights via the Internet

- (1) Instead of exercising your voting rights by mailing the Voting Rights Exercise Form, the exercise of your voting rights via the Internet is available by accessing the website (URL below) designated by the Company. To exercise your voting rights via the Internet, please enter the code and password, which are printed on the right of the Voting Rights Exercise Form enclosed herewith, click “Log in” and follow the instructions on the screen. For security purposes, please change the password at the time of the first log in.

<http://www.it-soukai.com>

- (2) Voting rights can be exercised until 24:00 on Wednesday, June 18, 2014 and you are required to complete the entire process by this time. We recommend exercising your voting rights well ahead of the deadline.
- (3) If you have exercised your voting rights both by mailing the Voting Rights Exercise Form and via the Internet, only the exercise of voting rights via the Internet shall be deemed effective. If you have exercised your voting rights more than once via the Internet, only the final execution shall be deemed effective.
- (4) The password (including the one the shareholder himself/herself has changed) is valid only for your voting at this General Meeting of Shareholders. A new password will be issued for the next General Meeting of Shareholders.
- (5) Internet connection fees or charges shall be borne by each shareholder.

Notes:

- The password is the critical means by which to ascertain that a voting person is really a qualified shareholder. The Company will never ask for your password.
- In case you commit errors beyond a certain number when you input your password, the Internet-based voting system will lock down immediately, making further operations unavailable. In case of such lockdown, follow the screen instructions to release the lock-down status.
- Your ability to exercise your voting rights via the Internet depends on your Internet accessibility.

2 Contact Information

For further inquiries, please contact **Mizuho Trust & Banking Co., Ltd., Transfer Agent Department** below, the shareholder registry administrator of the Company.

- (1) For inquiries about the operation of the website for exercising voting rights.
Toll free number: 0120-768-524
Hours: 9:00 to 21:00, weekdays
- (2) For inquiries other than the above (1).
Toll free number: 0120-288-324
Hours: 9:00 to 17:00, weekdays

<Guide to a Platform for the Exercise of Voting Rights for Institutional Investors>

A platform operated by ICJ Inc., for the electronic exercise of voting rights will be available to institutional investors for the General Meeting of Shareholders of the Company.

(Translation for reference only)

Reference Materials for General Meeting of Shareholders

Proposal and Reference Matters:

Proposal 1: Dividend of surplus

The Company believes that appropriation of profit to shareholders is one of the most critical management objectives, and considers that its basic policy is to actively distribute dividends while building as a Group, a sustainable, highly profitable business structure, and pursuing investments and improving the financial base to promote growth.

Based on this basic policy, the Company proposes to distribute dividend of surplus as of the end of the 12th term as follows:

1. Type of dividend property
Cash
2. Allotment of dividend property to the shareholders and total amount of dividends
20 yen per share (Common stock) Total amount: 11,543,842,660 yen
The annual dividends from surplus, including the interim dividend of 20 yen per share paid in November 2013, amount to 40 yen per share.
3. Effective date of dividend of surplus
June 20, 2014

Proposal 2: Payment of Directors' and Audit & Supervisory Board Members' bonuses

The Company proposes to pay bonuses of 23,520 thousand yen in total to four of the six Directors (including 3,060 thousand yen to two Outside Directors) and 6,900 thousand yen in total to four Audit & Supervisory Board Members as of the end of the 12th term, in consideration of the Company's business results for the 12th term.

(Translation for reference only)

Proposal 3: Election of five Directors

As the terms of office of all six Directors expire at the close of this General Meeting of Shareholders, the Company proposes to elect five Directors including two Outside Directors.

The candidates for Directors are as follows.

No. 1	Hajime Bada	Reappointment	
Date of birth: October 7, 1948	Number of the Company's shares held: 42,200	Career summary, positions and responsibilities, and significant concurrent posts	
		April 1973 June 2000	Joined Kawasaki Steel Corporation Director of Kawasaki Steel Corporation
		April 2003	Senior Vice President of JFE Steel Corporation
		April 2005	Representative Director, President and CEO of JFE Steel Corporation
		June 2005	Director of JFE Holdings, Inc.
		April 2009	Representative Director of JFE Holdings, Inc.
		April 2010	Retired as Representative Director, President and CEO of JFE Steel Corporation
			Representative Director, President and CEO of JFE Holdings, Inc. (current post)
		April 2012	Director of JFE Steel Corporation
		April 2014	Retired as Director of JFE Steel Corporation
		(Significant concurrent posts) Chairman of the Board of Directors of JFE 21st Century Foundation (Public Interest Incorporated Foundation)	
		(Duties as Corporate Officer) CEO (Chief Executive Officer)	
Note: There is no conflict of interests between the candidate Mr. Bada and the Company.			

No. 2	Eiji Hayashida	Reappointment	
Date of birth: July 6, 1950	Number of the Company's shares held: 32,900	Career summary, positions and responsibilities, and significant concurrent posts	
		April 1973 September 2002	Joined Kawasaki Steel Corporation Vice President of JFE Holdings, Inc.
		April 2005	Senior Vice President of JFE Holdings, Inc.
		June 2008	Representative Director, Senior Vice President of JFE Holdings, Inc.
		March 2009	Director of JFE Holdings, Inc.
		April 2009	Representative Director and Executive Vice President of JFE Steel Corporation
		June 2009	Retired as Director of JFE Holdings, Inc.
		April 2010	Representative Director, President and CEO of JFE Steel Corporation (current post)
		June 2010	Representative Director of JFE Holdings, Inc. (current post)
			(Significant concurrent posts) Representative Director, President and CEO of JFE Steel Corporation
Note: There is no conflict of interests between the candidate Mr. Hayashida and the Company.			

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No. 3	Shinichi Okada	Reappointment
Date of birth: March 15, 1953	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 11,978	April 1975	Joined Nippon Kokan Corporation
	April 2005	Vice President of JFE Holdings, Inc.
	April 2008	Senior Vice President of JFE Holdings, Inc.
	April 2011	Director of JFE Engineering Corporation (current post)
	April 2012	Executive Vice President of JFE Holdings, Inc. (current post)
	June 2012	Representative Director of JFE Holdings, Inc. (current post)
	October 2012	Director of JFE Shoji Trade Corporation (current post)
	April 2014	Director of JFE Steel Corporation (current post)
	(Significant concurrent posts)	
	Director of JFE Steel Corporation Director of JFE Engineering Corporation Director of JFE Shoji Trade Corporation Representative Director of JFE 21st Century Foundation (Public Interest Incorporated Foundation)	
(Duties as Corporate Officer)		
Supervision of General Administration Dept. and Controller Dept., in charge of Corporate Planning Dept., Finance and Investor Relations Dept.		
Note: There is no conflict of interests between the candidate Mr. Okada and the Company.		

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No. 4	Akimitsu Ashida	Reappointment Candidate for Outside Director/Independent Director/Audit & Supervisory Board Member
Date of birth: April 10, 1943 Number of the Company's shares held: 4,200 Number of years of service as Outside Director: Four (at the close of this General Meeting of Shareholders)	Career summary, positions and responsibilities, and significant concurrent posts April 1967 Joined former Mitsui O.S.K. Lines, Ltd. (currently Mitsui O.S.K. Lines, Ltd.) June 2003 Representative Director, Executive Vice President of Mitsui O.S.K. Lines, Ltd. June 2004 Representative Director, President Executive Officer of Mitsui O.S.K. Lines, Ltd. June 2010 Representative Director, Chairman of the Board, Chairman Executive Officer of Mitsui O.S.K. Lines, Ltd. (current post) Director of JFE Holdings, Inc. (current post) (Significant concurrent posts) Representative Director, Chairman of the Board, Chairman Executive Officer of Mitsui O.S.K. Lines, Ltd.	
Notes: 1. There is no conflict of interests between the candidate Mr. Ashida and the Company. 2. Mr. Ashida is a candidate for Outside Director and the Company has designated him as an Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc. etc. and registered him as such with the Tokyo Stock Exchange etc. 3. Special matters concerning the candidate Mr. Ashida for Outside Director are as follows: (1) Reasons for recommending Mr. Ashida as a candidate for Outside Director Mr. Ashida, as a top executive of Mitsui O.S.K. Lines, Ltd., has made outstanding achievements in corporate management from a global perspective. In addition, he is knowledgeable about society and economy through his various activities, including serving as Vice Chairman of the KEIZAI DOYUKAI (Japan Association of Corporate Executives). The Company has judged that Mr. Ashida, with his extensive knowledge and outstanding insight based on his expertise, as well as his performance as Outside Director for four years, is eligible for reassuming the position of Outside Director of the Company, a post responsible for reinforcing its corporate governance. (2) Liability limitation agreement with Outside Directors To ensure that Mr. Ashida can fully demonstrate his capability as expected in his role as Outside Director, the Company has executed an agreement with Mr. Ashida in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Directors' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Mr. Ashida is reappointed, the Company intends to continue the liability limitation agreement described hereto with him. (3) Fact of violation of laws and regulations and the Articles of Incorporation or other wrongful execution of duties by another stock company during his tenure in office, in the case where the candidate for Outside Director has/had served as Director, Executive Officer or Audit & Supervisory Board Member of said company in the past five years Mitsui O.S.K. Lines, Ltd., for which Mr. Ashida serves as Representative Director and Chairman of the Board, received a walkthrough survey by the Japan Fair Trade Commission during his term of office in September 2012 relative to a transaction of the specific automobile carrier businesses. The announcement by the Japan Fair Trade Commission in March 2014 referred to a violation of the Anti-Monopoly Act of said company relative to said transaction. However, said company has received neither a cease-and-desist order nor an order for payment of surcharge on the grounds that said company had already stopped the violation before the aforementioned walkthrough survey was conducted and that said company's application for leniency to the Japan Fair Trade Commission was accepted. Furthermore, Mr. Ashida was not directly involved in this incident. He has fulfilled his duties to prevent recurrence of the act, after he recognized this fact, by giving timely and proper supervision and instruction relative to ending the violation and improving the internal control system.		

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No. 5	Masafumi Maeda	Reappointment Candidate for Outside Director/Independent Director/Audit & Supervisory Board Member
Date of birth: September 22, 1952 Number of the Company's shares held: 4,800 Number of years of service as Outside Director: Three (at the close of this General Meeting of Shareholders)	<p><u>Career summary, positions and responsibilities, and significant concurrent posts</u></p> <p>November 1996 Professor of Institute of Industrial Science, the University of Tokyo (current post)</p> <p>April 2005 Director General of Institute of Industrial Science, the University of Tokyo</p> <p>April 2009 Managing Director, Executive Vice President of the University of Tokyo (current post)</p> <p>June 2011 Director of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts) Managing Director, Executive Vice President of the University of Tokyo</p>	
<p>Notes:</p> <ol style="list-style-type: none"> 1. There is no conflict of interests between the candidate Mr. Maeda and the Company. 2. Mr. Maeda is a candidate for Outside Director and the Company has designated him as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc. etc. and registered him as such with the Tokyo Stock Exchange etc. 3. Special matters concerning the candidate Mr. Maeda for Outside Director are as follows: <ol style="list-style-type: none"> (1) Reasons for recommending Mr. Maeda as a candidate for Outside Director Mr. Maeda has remarkable knowledge in metallic materials through his long-term research on recycling of materials and thermodynamics of materials. Moreover, he has been involved in management of the University of Tokyo as Managing Director, through which he gained abundant experience in organization management. Although he does not have past experience in corporate management other than having served as an outside director, the Company has judged that Mr. Maeda, with his extensive knowledge and deep insight as well as his performance as Outside Director of the Company for three years, is eligible to reassume the position of Outside Director of the Company, a post responsible for reinforcing its corporate governance. (2) Liability limitation agreement with Outside Directors To ensure that Mr. Maeda can fully demonstrate his capability as expected in his role as Outside Director, the Company has executed an agreement with Mr. Maeda in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Directors' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Mr. Maeda is reappointed, the Company intends to continue the liability limitation agreement described hereto with him. 		

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Proposal 4: Election of two Audit & Supervisory Board Members

As the term of office of Audit & Supervisory Board Member Hiroyuki Itami expires and Isao Saiki is scheduled to retire as Audit & Supervisory Board Member at the close of this General Meeting of Shareholders, the Company proposes to elect two Audit & Supervisory Board Members.

The Audit & Supervisory Board has given its consent to this Proposal.

The candidates for Audit & Supervisory Board Members are as follows.

No. 1	Hiroyuki Itami	Reappointment Candidate for Outside Audit & Supervisory Board Member/Independent Director/Audit & Supervisory Board Member
<p>Date of birth: March 16, 1945</p> <p>Number of the Company's shares held: 4,200</p> <p>Number of years of service as Outside Audit & Supervisory Board Member: Four (at the close of this General Meeting of Shareholders)</p>	<p>Career summary, positions and responsibilities, and significant concurrent posts</p> <p>April 1985 Professor of Faculty of Commerce and Management of Hitotsubashi University</p> <p>April 1994 Dean of Faculty of Commerce and Management of Hitotsubashi University</p> <p>April 2008 Professor of Graduate School of Management of Science and Technology of Tokyo University of Science (currently Graduate School of Innovation Studies of Tokyo University of Science) (current post)</p> <p>October 2008 Head of Graduate School of Innovation Studies of Tokyo University of Science (current post)</p> <p>June 2010 Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts) Head of Graduate School of Innovation Studies of Tokyo University of Science Outside Audit & Supervisory Board Member of Mitsui O.S.K. Lines, Ltd. Outside Director of Toshiba Corporation</p>	
<p>Notes:</p> <ol style="list-style-type: none"> 1. There is no conflict of interests between the candidate Mr. Itami and the Company. 2. Mr. Itami is a candidate for Outside Audit & Supervisory Board Member, and the Company has designated Mr. Itami as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc., etc. and registered him as such with the Tokyo Stock Exchange, etc. 3. Special matters concerning the candidate Mr. Itami for Outside Audit & Supervisory Board Member are as follows: <ol style="list-style-type: none"> (1) Reasons for recommending Mr. Itami as a candidate for Outside Audit & Supervisory Board Member Mr. Itami has been actively engaged in research on corporate management for many years and has profound knowledge in corporate management and business strategy. He also has a wealth of knowledge in industrial fields through research on technology management. The Company has judged that he is capable of contributing to the audit operations of the Company in an independent manner and with a broad perspective. Although he does not have past experience in corporate management other than having served as an outside director and Audit & Supervisory Board Member, the Company has judged that Mr. Itami is capable of appropriately executing his duties continuously as Outside Audit & Supervisory Board Member based on his four-year performance as Outside Audit & Supervisory Board Member of the Company and the aforementioned reasons. (2) Liability limitation agreement with Outside Audit & Supervisory Board Members To ensure that Mr. Itami can fully demonstrate his capability as expected in his role as Outside Audit & Supervisory Board Member, the Company has executed an agreement with Mr. Itami in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Audit & Supervisory Board Members' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Mr. Itami is reappointed, the Company intends to continue the liability limitation agreement described hereto with him. (3) Fact of violation of laws and regulations and the Articles of Incorporation or other wrongful execution of duties by another stock company during his tenure in office, in the case where the candidate for Outside Audit & Supervisory Board Member has/had served as Director, Executive Officer or Audit & Supervisory Board Member of said company in the past five years Mitsui O.S.K. Lines, Ltd., for which Mr. Itami serves as Outside Audit & Supervisory Board Member, received a walkthrough survey by the Japan Fair Trade Commission during his term of office in September 2012 relative to a transaction of the specific automobile carrier business. The announcement by the Japan Fair Trade Commission in March 2014 referred to a violation of the Anti-Monopoly Act of said company relative to said transaction. However, said company has received neither a cease-and-desist order nor an order for payment of surcharge on the grounds that said company had already stopped the violation before the aforementioned walkthrough survey was conducted and that said company's application for leniency to the Japan Fair Trade Commission was accepted. Although Mr. Itami had not recognized the fact until it was disclosed, he had always called directors' attention to the importance of compliance with laws and regulations and the repudiation of illegal activities at such occasions as the Board of Directors meetings. He has fulfilled his duties to prevent such a recurrence, after he became aware of the facts, by giving timely and proper supervision and instruction relative to ending the violation and improving the internal control system. 		

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No. 2	Shigeo Ohyagi	New appointment Candidate for Outside Audit & Supervisory Board Member/Independent Director/Audit & Supervisory Board Member
Date of birth: May 17, 1947	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 0	March 1971	Joined Teijin Limited
	June 2006	Senior Managing Director of Teijin Limited
	June 2008	Representative Director, President, CEO (Chief Executive Officer) of Teijin Limited
	June 2010	Representative Director, President of Teijin Limited
	April 2014	Chairman of the Board of Teijin Limited (current post)
	(Significant concurrent posts) Chairman of the Board of Teijin Limited	
Notes:		
<p>1. There is no conflict of interests between the candidate Mr. Ohyagi and the Company.</p> <p>2. Mr. Ohyagi is a candidate for Outside Audit & Supervisory Board Member, and the Company is to designate Mr. Ohyagi as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc., etc., and is to register him as such with the Tokyo Stock Exchange, etc.</p> <p>3. Special matters concerning the candidate Mr. Ohyagi for Outside Audit & Supervisory Board Member are as follows:</p> <p>(1) Reasons for recommending Mr. Ohyagi as a candidate for Outside Audit & Supervisory Board Member Mr. Ohyagi has a wealth of knowledge and experience as a senior executive officer of Teijin Limited, which globally develops a wide range of businesses in diversified fields, including advanced fibers & composites, electric materials & performance polymer products, pharmaceuticals and home healthcare. He also has actively strived to reinforce corporate governance of said company. The Company has judged that Mr. Ohyagi, if appointed as Outside Audit & Supervisory Board Member, will be capable of contributing to the audit operations of the Company in an independent manner and with a broad perspective.</p> <p>(2) Liability limitation agreement with Outside Audit & Supervisory Board Members To ensure that Mr. Ohyagi, if appointed as Outside Audit & Supervisory Board Member, can fully demonstrate his capabilities as expected in his role as Outside Audit & Supervisory Board Member, the Company will enter into an agreement with Mr. Ohyagi in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Audit & Supervisory Board Members' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations.</p>		

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Proposal 5: Election of one Substitute Audit & Supervisory Board Member

To prepare for a contingency in which the Company does not have the number of Audit & Supervisory Board Members required by laws and regulations, the Company proposes to elect one Substitute Audit & Supervisory Board Member.

The effectiveness of the election under this Proposal may be cancelled based on resolution of the Board of Directors, provided such cancellation is done prior to the assumption of office and with the consent of the Audit & Supervisory Board.

The Audit & Supervisory Board has given its consent to this Proposal.

The candidate for Substitute Audit & Supervisory Board Member is as follows.

Isao Saiki		Reappointment Candidate for Substitute Outside Audit & Supervisory Board Member	
Date of birth: August 11, 1961	Career summary, positions and responsibilities, and significant concurrent posts		
Number of the Company's shares held: 0	April 1989	Admitted to the bar	
	April 1989	Joined Ginza Law Office (current Abe, Ikubo & Katayama Law Firm)	
	January 1998	Promoted to partner of Abe, Ikubo & Katayama Law Firm (current post)	
	April 2014	Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)	
	(Significant concurrent posts) Partner Lawyer of Abe, Ikubo & Katayama Law Firm		
Notes:			
<ol style="list-style-type: none"> 1. There is no conflict of interests between the candidate Mr. Saiki and the Company. 2. Mr. Saiki is a candidate for Substitute Outside Audit & Supervisory Board Member. Mr. Saiki is scheduled to retire as Outside Audit & Supervisory Board Member at the close of this General Meeting of Shareholders. Mr. Saiki will have served as Outside Audit & Supervisory Board Member of the Company for approximately two months at the close of this General Meeting of Shareholders since he was appointed to said post. 3. Special matters concerning the candidate Mr. Saiki for Substitute Outside Audit & Supervisory Board Member are as follows: <ol style="list-style-type: none"> (1) Reasons for recommending Mr. Saiki as a candidate for Substitute Outside Audit & Supervisory Board Member Mr. Saiki has vast experience and knowledge in corporate legal affairs and other matters as a lawyer and actual services as Outside Audit & Supervisory Board Member of listed companies including the Company. The Company has judged that Mr. Saiki is capable of contributing to the audit operations of the Company in an independent manner and with a broad perspective. Although he does not have past experience in corporate management other than having served as an Outside Audit & Supervisory Board Member, the Company has judged that Mr. Saiki is capable of appropriately executing his duties as Outside Audit & Supervisory Board Member, based on the above mentioned matters. (2) Liability limitation agreement with Outside Audit & Supervisory Board Members To ensure that Mr. Saiki can fully demonstrate his capability as expected in his role as Outside Audit & Supervisory Board Member, the Company has executed an agreement with Mr. Saiki in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Audit & Supervisory Board Members' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. The current agreement will expire when he retires from his position as Outside Audit & Supervisory Board Member. If Mr. Saiki is reappointed, the Company intends to continue the liability limitation agreement described hereto with him. 			

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Appendixes

Business Report for the 12th Term

(From April 1, 2013 to March 31, 2014)

1. Overview of the Corporate Group

(1) Business progress and results, and tasks requiring attention

[Performance of the Group]

The JFE Group (or the “Group”), guided by its corporate mission of contributing to society with the world’s most innovative technology, continued to achieve sustainable growth and improved corporate value for its shareholders and all other stakeholders.

In the 12th term, the fiscal year ended March 31, 2014, the Japanese economy experienced a gradual recovery against the background of robust domestic demand. Although, in the export environment, there was a move for improvement resulting from a correction to excessive yen appreciation, the economic downward trend in emerging countries including China continued to leave uncertainty.

Against this backdrop, in addition to further strengthening profitability improvement measures, the JFE Group focused on expanding sales in fields with high demand growth, mainly construction and automobiles, and taking appropriate responses in overseas markets and in the fields of environment and energy. As a result, consolidated ordinary income and net income of the Group both increased significantly from the prior-year levels.

Each operating company has developed their activities suited to their business characteristics and the environments surrounding them.

<Performance of JFE Steel Corporation>

JFE Steel Corporation saw consolidated crude steel output increase year on year to 31.58 million tons through its efforts to expand sales.

Consolidated net sales increased year on year to 2,691.6 billion yen, partly due to the influence of the foreign exchange rate. Consolidated ordinary income increased year on year to 126.2 billion yen, reflecting continuing profitability improvement measures and positive effects such as the resolution of differences in inventory valuation, which was posted in the 11th term due to fluctuating market conditions for raw materials.

<Performance of JFE Engineering Corporation>

JFE Engineering Corporation actively rolled out marketing activities in domestic and overseas environment and energy as well as infrastructure-building projects. As a result, consolidated net sales increased year on year to 284.1 billion yen. Consolidated ordinary income reached a record high for the third straight fiscal year at 18.4 billion yen.

<Performance of JFE Shoji Trade Corporation>

JFE Shoji Trade Corporation saw consolidated net sales of 1,781.3 billion yen and consolidated ordinary income of 21.5 billion yen as a result of focusing on sales expansion of construction materials and steel plates with its processing and sales function put into full use in light of a turnaround to recovery in domestic demand and steadily addressing demand from the solid U.S. economy.

<Consolidated business results of the Group>

As a result of the above developments, on a consolidated basis including JFE Holdings, Inc.’s non-consolidated results, the Group saw consolidated net sales of 3,666.8 billion yen, consolidated operating income of 153.3 billion yen and consolidated ordinary income of 173.6 billion yen, all of which increased year on year. Net extraordinary loss was 13.1 billion yen, and the Group recorded consolidated income before income taxes of 160.5 billion yen and consolidated net income of

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102.3 billion yen.

<Non-consolidated operating results>

During the 12th term, JFE Holdings, Inc., received total management fee income of 2.3 billion yen from three operating companies. JFE Holdings, Inc., also received total dividend income of 3.2 billion yen from JFE Engineering Corporation and JFE Shoji Trade Corporation. As a result, on a non-consolidated basis, JFE Holdings, Inc. recorded operating income of 3.7 billion yen and ordinary income of 3.7 billion yen.

JFE Holdings, Inc. considers the return to shareholders to be among its top management priorities and has a policy of proactively distributing dividends from surplus while maintaining a sustainable operational base for the Group. As for dividends, JFE Holdings, Inc. intends to propose at this General Meeting of Shareholders a year-end dividend of 20 yen per share, which will result in an annual dividend of 40 yen per share including the interim dividend of 20 yen per share.

[Tasks requiring attention]

Despite visible signs of economic recovery supported by solid domestic demand, the JFE Group has been facing a harsh business environment due to several factors, including the uncertainty of the economy in emerging countries, centering on Asia, and increased demand-supply gaps worldwide.

Under the conditions described above, the JFE Group issued its fourth medium-term business plan as a strategic operating guideline for the period from April 1, 2012, to March 31, 2015. The Group has been promoting steady steps aimed at achieving its targets. Specifically, the Group will strengthen its viable domestic profit base with measures such as strengthening competitiveness in production, quality and cost, optimizing the supply chain and improving customer services. At the same time, the Group will focus on developing new products that will more promptly meet customer needs and process technologies that lead to higher cost competitiveness in order to enhance corporate value by leveraging its technological advantages.

Furthermore, the Group will aim to address local demands and expand businesses in its areas of strength by expanding overseas manufacturing/sales bases and creating new partnerships in growth markets centering on Southeast Asia. The JFE Group will strive to continue to invest steadily in domestic and overseas business with the aim of building a solid business structure enabling profit earning no matter how harsh the environment. The Group will strive to establish corporate structure to achieve sustainable growth by strengthening its corporate social responsibility initiatives, corporate governance, and environmental management and by enhancing diversity through nurturing global human resources, as well as improving its financial position and returning profits to shareholders.

<Measures to be taken by operating companies>

JFE Steel will strive to become a widely recognized, leading global supplier of steel and a company that can be truly proud of its status. To achieve this goal, JFE Steel intends to further improve its earning power by focusing more efforts on strengthening its domestic manufacturing base and steadily implementing globalization strategies. The specific measures to achieve this goal are outlined below.

In the pursuit of winning competitions at home and abroad, JFE Steel will thoroughly improve its manufacturing base in domestic steel works and plants. More specifically, JFE Steel will thoroughly strengthen all its premises and facilities, improve quality, ensure stable operation, enhance productivity and aim to achieve the world's top manufacturing capability. In addition, JFE Steel will continue to provide cost-competitive and attractive products by adequately identifying customer needs, working on far-sighted product development and strengthening further the systems for consistent services and technical support, ranging from business negotiations and product design to manufacturing, distribution and quality assurance. At the same time, to promote expansion into overseas markets, JFE Steel will roll out activities to bring into profitability its investment in overseas production bases, including the continuous galvanizing line (CGL) for automobiles of JFE Steel Galvanizing (Thailand) Ltd., which has started operation. On that basis, JFE Steel will implement strategies to capture the growing world steel demand through such efforts

(Translation for reference only)

as steadily advancing the construction of CGL for automobiles of PT. JFE STEEL GALVANIZING INDONESIA, which commenced in the 12th term, in pursuit of a new growth opportunity.

JFE Engineering Corporation will promptly and smoothly advance the projects that it has recently acquired in record numbers to increase revenue and profits. In addition, JFE Engineering will aim to further grow through such efforts as focusing more on projects in the fields of the environment and energy where new needs have been created throughout the world. JFE Engineering will also seek to create new business by expanding the engineering targets to include new fields such as agriculture.

JFE Shoji Trade Corporation will focus on sales of products of the JFE Group by further strengthening strategy sharing with the Group companies and will contribute to the stable operation of JFE Steel Corporation by procuring competitive raw materials. In Japan, JFE Shoji Trade intends to steadily capture the solid demand with the previously cultivated processing and sales function put into use to the maximum extent possible. In overseas markets, JFE Shoji Trade will strive to expand interregional transactions and intermediary transactions by strengthening the functions of new bases including Turkey, Mexico and Myanmar in addition to the existing network. Furthermore, JFE Shoji Trade will strive to increase business profits by actively investing in promising projects both in Japan and overseas.

To steadily and reliably carry out the management tasks of the JFE Group, JFE Holdings, Inc. strives for efficient operation while reinforcing its function as the key entity for group management and sound corporate governance, both of which serve shareholders' interests.

With respect to a violation of the Anti-Monopoly Act relating to the construction of a waste incineration facility, JFE Engineering had filed litigation to rescind a trial decision after the Japan Fair Trade Commission made a judgment ordering JFE Engineering to pay a surcharge in November 2010., however, in October 2013, the Supreme Court decided to reject the appeal.

The JFE Group is determined to continue its group-wide efforts for adherence to thorough compliance, a further commitment to environmental issues and enhanced safety, all of which help strengthen our relationships with society, to promote the sustainable development of the Group and maximize corporate value for every stakeholder including shareholders.

We appreciate the continued understanding, support and encouragement of our shareholders.

(Translation for reference only)

(2) Production, order received and sales

The production, order received and sales of JFE Holdings, Inc. and its consolidated subsidiaries during the 12th term were as follows;

1) Production (Thousand tons)

Business	11th term FY2012	12th term FY2013	Change (%)
Steel business (crude steel output)	30,687	31,584	2.9

2) Order received (Millions of yen)

Business	11th term FY2012	12th term FY2013	Change (%)
Engineering business	269,861	367,042	36.0
Shipbuilding business	76,120	—	—

3) Sales (Millions of yen)

Business	11th term FY2012	12th term FY2013	Change (%)
Steel business	2,499,814	2,691,622	7.7
Engineering business	267,541	284,114	6.2
Trading business	785,663	1,781,341	126.7
Shipbuilding business	139,894	—	—
LSI business	4,890	—	—
Eliminations or corporate	(508,608)	(1,090,218)	—
Total	3,189,196	3,666,859	15.0

Notes:

1. Sales of the trading business in the 11th term were reported for the six months from October 1, 2012, to March 31, 2013, because JFE Shoji Trade Corporation became a consolidated subsidiary of JFE Holdings, Inc., effective from October 1, 2012.
2. Universal Shipbuilding Corporation, which had been a consolidated subsidiary of JFE Holdings, Inc., was renamed Japan Marine United Corporation through its integration with IHI Marine United Inc. in the 11th term. Consequently, said company became an equity-method affiliate of JFE Holdings and hence its orders received and sales in the shipbuilding business are not listed in the above tables from the 12th term.
3. JFE Holdings, Inc. transferred all its shares issued by Kawasaki Microelectronics, Inc., which had been a consolidated subsidiary of JFE Holdings, Inc., to MegaChips Corporation in the 11th term. As a result, effective from the 12th term, sales of the LSI business are not listed in the above table.

(3) Capital expenditure

Total amount of capital expenditure of JFE Holdings, Inc. and its consolidated subsidiaries during the 12th term was 175.7 billion yen and the major expenditure was as follows;

1) Major facility completed during the 12th term

Not applicable

2) Major ongoing facility during the 12th term

Not applicable

(4) Fund procurement

JFE Holdings, Inc. and its consolidated subsidiaries raised necessary funds through long-term loans and issuance of straight bonds. The total amount is 176.9 billion yen. The balance of loan payable and corporate bonds decreased by 62.3 billion yen year-on-year to 1,534.0 billion yen.

(5) Assets and operating results

(Translation for reference only)

1) Consolidated assets and operating results of JFE Holdings, Inc. (Millions of yen)

Item	9th term FY2010	10th term FY2011	11th term FY2012	12th term FY2013
Net sales	3,195,560	3,166,511	3,189,196	3,666,859
Operating income	182,810	44,779	39,873	153,327
Ordinary income	165,805	52,977	52,214	173,676
Net income	58,608	(36,633)	39,599	102,382
Net income per share (yen)	110.73	(68.71)	71.20	177.44
Net assets	1,478,310	1,456,340	1,596,797	1,745,930
Total assets	3,976,644	4,007,263	4,107,519	4,241,700

Note: Figures in brackets denote losses.

2) Assets and operating results of JFE Holdings, Inc. (Millions of yen)

Item	9th term FY2010	10th term FY2011	11th term FY2012	12th term FY2013
Operating revenue	28,092	19,125	25,400	18,838
Operating income	8,436	625	4,733	3,773
Ordinary income	8,309	625	4,733	3,773
Net income	8,072	338	6,852	3,636
Net income per share (yen)	15.24	0.63	12.25	6.30
Net assets	1,035,031	1,032,968	1,074,763	1,052,874
Total assets	2,633,557	2,685,253	2,704,719	2,617,521

(6) Major lines of business (As of March 31, 2014)

1) JFE Holdings, Inc

Control and administration of operating companies engaged in the steel, engineering, trading and other businesses by holding shares thereof.

2) Steel business (JFE Steel Corporation and its affiliated companies)

Manufacture and sales of various steel products, steel processed products and raw materials, etc., as well as transportation business and peripheral businesses such as the equipment maintenance and equipment work businesses.

(Major products and services)

Steel products and semi-finished products (hot-rolled steel sheets, cold-rolled steel sheets, surface-treated steel sheets, steel plates, steel shapes, H-shapes, sheet piles, rails, seamless steel pipes, forge welded steel pipes, electric resistance welded steel pipes, rectangular steel pipes, arc-welded steel pipes, electrical steel sheets, stainless sheets, steel bars, wire rods, iron powder, slabs); titanium products; steel processed products; chemical products; formed and fabricated products; various containers; mining and mineral products; iron and steel slag products; functional materials; ferroalloy; various refractories; furnace construction works; various transportation and warehousing; civil engineering and construction works; equipment management and construction works; electric works; telecommunications works; thermal power generation; gas; temporary construction materials; real estate; insurance agency business; various service businesses; various computer systems; material analysis; environmental research; technical information surveys; support for intellectual properties, etc.

(Translation for reference only)

- 3) Engineering business (JFE Engineering Corporation and its affiliated companies)
Engineering business regarding energy, urban environment, recycling, steel structures, industrial machineries, etc.

(Major products and services)

Gas, oil, and water pipelines; LNG/LPG low-temperature storage and various tanks; solar, geothermal, biomass and other renewable energy generation systems; municipal waste incinerator; water treatment systems; recycling services for waste plastics, etc.; steel structures for bridges, port and harbor structures; industrial machineries such as logistic systems, engines, shield tunneling machine and ballast water treatment system; pig iron making, steelmaking and mini-mill related plants; new energy-saving air-conditioning systems; quick chargers for electric vehicles, etc.

- 4) Trading business (JFE Shoji Trade Corporation and its affiliated companies)
Purchasing, processing and sales of steel products; raw materials and non-ferrous metal products; and foods, etc.

(Major products and services)

Steel products (steel plates, checkered steel plates, hot-rolled steel sheets, cold-rolled steel sheets, electrical steel sheets, surface-treated steel sheets, galvanized steel sheets, tin plates, steel pipes, specialty steel pipes, steel bars, H-shapes, lightweight shaped steel plates, regular shaped steel plates, columns, wire rods, stainless steels, specialty steels, slabs); flux; iron powder; steel processed products; raw materials, other materials and equipment for ironmaking/steelmaking; non-ferrous metal products; chemical products; petroleum products; paper products; vessels; civil engineering and construction works; the Terre Armeé method; canned products; agricultural and livestock products; marine products; semiconductor products; real estate and so forth.

(Translation for reference only)

(7) Major sales offices, works and overseas offices (As of March 31, 2014)

1) JFE Holdings, Inc.

Head office	Head office (Chiyoda, Tokyo)
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2) Steel business (JFE Steel Corporation)

Head office	Head office (Chiyoda, Tokyo)
Domestic sales offices	Osaka, Nagoya, Hokkaido (Sapporo), Tohoku (Sendai), Niigata, Hokuriku (Toyama), Chugoku (Hiroshima), Shikoku (Takamatsu), Kyusyu (Fukuoka), Chiba, Kanagawa (Yokohama), Shizuoka, Okayama and Okinawa (Naha)
Steel works	East Japan Works (Chiba and Kawasaki), West Japan Works (Kurashiki and Fukuyama) and Chita Works (Handa)
Research laboratories	Steel Research Laboratories (Chiba, Kawasaki, Handa, Kurashiki and Fukuyama)
Overseas offices	New York, Houston, Brisbane, Brazil, London, Dubai, New Delhi, Mumbai, Singapore, Bangkok, Vietnam, Jakarta, Manila, Seoul, Beijing, Shanghai and Guangzhou

3) Engineering business (JFE Engineering Corporation)

Head offices	Tokyo head office (Chiyoda, Tokyo) and Yokohama head office
Domestic sales offices	Hokkaido (Sapporo), Doto (Kushiro), Tomakomai, Tohoku (Sendai), Aomori (Hachinohe), Akita, Chiba, Tokyo (Chiyoda, Tokyo), Yokohama, Kawasaki, Niigata, Toyama, Nagoya, Shizuoka, Osaka, Kobe, Shikoku (Takamatu), Chugoku (Hiroshima), Kyusyu (Fukuoka), Kumamoto, Minamikyushu (Kagoshima) and Okinawa (Naha)
Production bases	Tsurumi Engineering and Manufacturing Center (Yokohama) and Tsu Works
Research laboratory	Technical research centre (Yokohama)
Overseas offices	Yangon, Hanoi, Ho Chi Minh, Manila, Malaysia, Singapore, Indonesia, India, Saudi Arabia, Rome, Frankfurt, U.S.A., Hong Kong, Shanghai and Beijing

4) Trading business (JFE Shoji Trade Corporation)

Head office	Head office (Osaka) and Tokyo head office (Chiyoda, Tokyo)
Domestic sales offices	Nagoya, Hokkaido (Sapporo), Tohoku (Sendai), Niigata, Shizuoka, Hokuriku (Toyama), Okayama (Kurashiki), Hiroshima, Shikoku (Takamatsu), Kyusyu (Fukuoka), Chibaminami (Chiba), Keihin (Kawasaki), Hamamatsu, Chita (Handa), Fukuyama, Kurashiki, Kagoshima and Naha
Overseas offices	Taipei, Singapore, Dusseldorf, Dubai, Kaohsing, Istanbul, U.S.A., Brazil, Hong Kong, Australia, South Korea, Beijing, Shanghai, Guangzhou, Thailand, Indonesia, Philippines, Malaysia, India and Vietnam

Note:

Overseas offices include overseas subsidiaries.

Major affiliated companies and their head office locations are listed in (9) Significant subsidiaries and affiliates (pages 20 through 24).

(Translation for reference only)

(8) Employees (As of March 31, 2014)

Numbers of employees of JFE Holdings, Inc. and its consolidated subsidiaries are as follows.

1) Employees of JFE Holdings, Inc. and its consolidated subsidiaries

Business	Number of employees
Steel business	42,481
Engineering business	7,366
Trading business	6,207
Corporate	40
Other business	1,116
Total	57,210

Notes:

1. Those that fall under the Corporate above are the number of the employees of JFE Holdings, Inc.
2. Those that fall under the Other business above are the employees of Gecoss Corporation and its subsidiaries.

2) Employees of JFE Holdings, Inc.

Number of employees	Year-on-year increase	Average age (years old)	Average years of service
40	1	44.5	22.4

Note:

For those dispatched from JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation, the aggregated years of service for the respective companies are adapted to the calculation of the Average years of service.

(Translation for reference only)

(9) Significant subsidiaries and affiliates (As of March 31, 2014)

1) Significant subsidiaries (*Stocks indirectly held by subsidiary companies are included.)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
[Steel business]				
JFE Steel Corporation	Chiyoda, Tokyo	Manufacture and sales of steel products	239,644	100.0
JFE Bars & Shapes Corporation	Minato, Tokyo	Manufacture and sales of steel shapes, steel bars and wire rod products	45,000	*100.0
JFE Chemical Corporation	Taito, Tokyo	Manufacture and sales of chemical products	6,000	*100.0
JFE Metal Products & Engineering Inc.	Chuo, Tokyo	Manufacture, processing and sales of secondary steel products	5,000	*97.4
JFE Galvanizing & Coating Co., Ltd	Shinagawa, Tokyo	Manufacture, processing and sales of secondary steel products	5,000	*100.0
JFE Logistics Corporation	Chiyoda, Tokyo	Various transportation and warehousing businesses	4,000	*89.1
JFE Container Co., Ltd.	Chiyoda, Tokyo	Manufacture and sales of various containers	2,365	*59.6
JFE Civil Engineering & Construction Corp.	Taito, Tokyo	Contracting for civil engineering and construction works	2,300	*100.0
JFE Mineral Company, Ltd.	Minato, Tokyo	Mining and manufacture, processing and sales of mineral products, and manufacture and sales of iron and steel slag and functional materials	2,000	*100.0
JFE Life Corporation	Taito, Tokyo	Real estate, insurance agency and various service businesses	2,000	*100.0
JFE Mechanical Co., Ltd.	Taito, Tokyo	Manufacture and sales of machinery and equipment, and contracting for equipment management and construction works	1,700	*100.0
JFE Welded Pipe Manufacturing Co., Ltd.	Ichihara, Chiba	Manufacture and sales of electric resistance welded steel pipes	1,437	*100.0
JFE Systems, Inc.	Sumida, Tokyo	Development and sales of various computer systems	1,390	*67.7
Mizushima Ferroalloy Co., Ltd.	Kurashiki, Okayama	Manufacture and sales of ferroalloy	1,257	*100.0
JFE Pipe Fitting Mfg. Co., Ltd.	Kishiwada, Osaka	Manufacture and sales of steel pipe joints	958	*86.6
JFE Kozai Corporation	Chuo, Tokyo	Shearing and fusing of steel plates/sheets, and sales of steel materials	488	*100.0
JFE Material Co., Ltd.	Imizu, Toyama	Manufacture and sales of ferroalloy	450	*100.0

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
JFE Precision Co.	Niigata	Manufacture and sales of formed and fabricated materials	450	*100.0
River Steel Co., Ltd.	Yokohama	Processing and sales of steel products, and contracting for civil engineering and construction works	450	*100.0
JEF Electrical & Control Systems, Inc.	Minato, Tokyo	Contracting for electric works, telecommunications works and equipment management	400	*100.0
JFE Electrical Steel Co., Ltd.	Osaka	Processing and sales of electrical steel sheets	400	*100.0
JFE Techno-Research Corporation	Chiyoda, Tokyo	Material analysis, environmental research, technical information surveys and support for intellectual properties	100	*100.0
JFE East Japan GS Co., Ltd	Kawasaki	Various service businesses	50	*97.7
JFE Steel Australia Resources Pty Ltd.	Brisbane, Australia	Investments in coal mines and the iron ore mining business in Australia	AUD 460 mil	*100.0
Philippine Sinter Corporation	Manila, Philippine	Manufacture and sales of sintered ore	PHP 500 mil	*100.0
JFE Steel Galvanizing (Thailand) Ltd.	Rayong, Thailand	Manufacture and sales of hot-dip galvanized steel products	THB 4,362 mil	*100.0
Thai Coated Steel Sheet Co., Ltd.	Bangkok, Thailand	Manufacture and sales of electrogalvanized steel products	THB 2,206 mil	*81.4
[Engineering business]				
JFE Engineering Corporation	Chiyoda, Tokyo	Engineering business	10,000	100.0
JFE Kankyo Corporation	Yokohama	Total recycling business	650	*100.0
JFE Environmental Service Corporation	Yokohama	Operation and maintenance of waste disposal facilities, water treatment facilities, etc.	97	*100.0
[Trading business]				
JFE Shoji Trade Corporation	Osaka	Domestic and export/import trade of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, chemical products, petroleum products, various equipment and materials etc.	14,539	100.0

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
JFE Shoji Trade Steel Construction Materials Corporation	Chiyoda, Tokyo	Sales of construction material products and equipment and materials for civil engineering/construction; metallic processing business; civil engineering/construction works; various works	1,500	*100.0
Kawasho Foods Corporation	Chiyoda, Tokyo	Domestic and export/import trade of various food articles	1,000	*100.0
JFE Shoji Pipe & Fitting Corporation	Chiyoda, Tokyo	Sales of steel pipe and pipe material products	500	*100.0
JFE Shoji Usuitakenzai Corporation	Chiyoda, Tokyo	Sales of steel sheets and construction material products	400	*100.0
JFE Shoji Kohnan Steel Center Co., Ltd.	Kobe	Processing and sales of thin steel sheets	250	*100.0
JFE Shoji Coil Center Corporation	Yokohama	Processing and sales of steel sheets	230	*85.7
K&I Tubular Corporation	Chiyoda, Tokyo	Export and sales of specialty pipes	50	*60.0
JFE Shoji Trade America Inc.	L.A., U.S.A.	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, and various foods, etc.	USD 21 mil	*100.0
Zhejiang JFE Shoji Steel Products Co., Ltd.	Zhejiang, China	Processing and sales of steel sheets	CNY 181 mil	*97.9
JFE SHOJI STEEL MALAYSIA SDN. BHD.	Selangor, Malaysia	Processing and sales of steel sheets	MYR 11 mil	*60.0
[Other business]				
Gecoss Corporation	Chuo, Tokyo	Rental and sales of temporary construction materials	4,397	*62.0

- Effective from the 12th term, JFE East Japan GS Co., Ltd., JFE Steel Galvanizing (Thailand) Ltd. and JFE SHOJI STEEL MALAYSIA SDN. BHD. have been included in the category Significant subsidiaries.
- JFE Shoji Construction Materials Sales Corporation, which was listed for the prior fiscal year, changed its trade name to JFE Shoji Trade Steel Construction Materials Corporation as of April 1, 2013, through its integration with JFE Shoji Trade Steel Construction Materials Corporation, leaving JFE Shoji Construction Materials Sales Corporation as the surviving company. Meanwhile, as of April 1, 2013, Tohsen Corporation, which was listed for the prior fiscal year, was reorganized as a subsidiary under the control of JFE Shoji Trade Steel Construction Materials Corporation from a directly owned subsidiary of JFE Shoji Trade Corporation.
- The consolidated subsidiaries totaled 303, including the companies stated above, during the 12th term.

(Translation for reference only)

2) Significant affiliates (*Stocks indirectly held by subsidiary companies are included.)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
[Steel business]				
Brazil Japan Iron Ore Corporation	Minato, Tokyo	Investment in the iron ore mining business in Brazil	118,348	*26.6
Japan-Brazil Niobium Corporation	Chiyoda, Tokyo	Investment in the niobium mining business in Brazil	37,272	*25.0
Setouchi Joint Thermal Power Co., Ltd.	Fukuyama, Hiroshima	Wholesale of electricity resulting from thermal power generation	5,000	*50.0
Shinagawa Refractories Co., Ltd.	Chiyoda, Tokyo	Manufacture and sales of various refractories, and contracting for furnace construction works	3,300	*33.8
Nippon Chuzo K.K.	Kawasaki	Manufacture and sales of cast steel products, etc.	2,627	*34.5
Nippon Chutetsukan K.K.	Chuo, Tokyo	Manufacture and sales of cast-iron pipes, etc.	1,855	*30.0
NKK Tubes K. K.	Kawasaki	Manufacture and sales of seamless steel pipes	1,595	*49.0
Exa Corporation	Kawasaki	Development and sales of various computer systems	1,250	*49.0
K.K. JFE Sanso Center	Fukuyama, Hiroshima	Manufacture and sales of oxygen, nitrogen and argon gases, etc.	90	*40.0
Dongkuk Steel Mill Co., Ltd.	Seoul, South Korea	Manufacture and sales of steel products	KRW 421,185 mil	*15.2
Guangzhou JFE Steel Sheet Co., Ltd.	Guangzhou, China	Manufacture and sales of cold-rolled and hot-dip zinc galvanized steel sheets	CNY 3,191 mil	*50.0
JSW Steel Ltd.	Mumbai, India	Manufacture and sales of steel products	INR 10,671 mil	*15.0
Thai Cold Rolled Steel Sheet Public Co., Ltd.	Bangkok, Thailand	Manufacture and sales of cold-rolled steel sheets	THB 4,816 mil	*36.0
Pancheng Yihong Pipe Co., Ltd.	Chengdu, China	Threading process and sales of seamless steel pipes	CNY 382 mil	*23.6
California Steel Industries, Inc.	Fontana, U.S.A	Manufacture and sales of steel products	USD 40 mil	*50.0
[Engineering business]				
JP Steel Plantech Co.	Yokohama	Design, manufacture and installation of ironmaking machinery, etc.	1,995	*25.6
[Trading business]				
Hanwa Kozai Co., Ltd.	Osaka	Processing and sales of stainless products	1,076	*47.5
MOBY Corporation	Ichikawa, Chiba	Processing and sales of steel plates for containers	211	*20.0

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
[Other business]				
Japan Marine United Corporation	Minato, Tokyo	Design, manufacture, sales, installation, repair and maintenance of ships, naval vessels and marine structures, etc.	25,000	45.9

- Effective from the 12th term, Pancheng Yihong Pipe Co., Ltd. and MOBY Corporation have been included in the category Significant affiliates.
- For NKK Tubes K.K., which was included in the Engineering business category for the prior fiscal year, JFE Steel Corporation succeeded the shares held by JFE Engineering Corporation via an absorption-type company split on January 1, 2014. Consequently, said company has been included in the Steel business category.
- The equity method affiliates totaled 62, including the companies stated above, during the 12th term.

(10) Major lenders (As of March 31, 2014)

The major lenders of JFE Holdings, Inc. and consolidated subsidiaries are as follows.

Name	Loan balance (Millions of yen)
Mizuho Bank, Ltd.	240,672
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	143,177
Sumitomo Mitsui Banking Corporation	135,771
Nippon Life Insurance Company	60,580

(Translation for reference only)

2. JFE Holdings, Inc.'s Share (As of March 31, 2014)

(1) Number of shares

Total number of shares authorized to be issued	2,298,000,000
Total number of shares issued	614,438,399
(Number of shares of treasury shares included)	37,246,266)

(2) Total number of shareholders 286,701

(3) Major shareholders

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	37,637	6.5
Japan Trustee Services Bank, Ltd. (trust account)	30,170	5.2
Nippon Life Insurance Company	21,977	3.8
Mizuho Bank, Ltd.	16,403	2.8
The Dai-ichi Life Insurance Company, Limited	13,127	2.3
Tokio Marine & Nichido Fire Insurance Co., Ltd.	10,391	1.8
Trust & Custody Services Bank, Ltd. as a trustee for Mizuho Trust Retirement Benefits Trust Account for Kawasaki Heavy Industries	7,563	1.3
Isuzu Motors Limited	7,434	1.3
Sompo Japan Insurance Inc.	7,038	1.2
JFE Employee Stock Ownership	6,733	1.2

Note:

In addition to the above, the Company retains 37,246,266 treasury shares. The treasury shares are not included in the shareholding ratio calculation.

3. Subscription Rights to Shares

Not applicable

(Translation for reference only)

4. Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2014)

Position	Name	Significant concurrent post
Representative Director, President and CEO	Hajime Bada	Director, JFE Steel Corporation Chairman of the Board of Directors, JFE 21st Century Foundation (Public Interest Incorporated Foundation)
Representative Director	Eiji Hayashida	Representative Director, President and CEO, JFE Steel Corporation
Representative Director	Shinichi Okada	Director, JFE Engineering Corporation Director, JFE Shoji Trade Corporation Representative Director, JFE 21st Century Foundation (Public Interest Incorporated Foundation)
Director	Sumiyuki Kishimoto	Representative Director, President and CEO, JFE Engineering Corporation
Director	Akimitsu Ashida	Representative Director, Chairman of the Board, Chairman Executive Officer, Mitsui O.S.K. Lines, Ltd.
Director	Masafumi Maeda	Managing Director, Executive Vice President, the University of Tokyo
Audit & Supervisory Board Member (Full-time)	Sakio Sasamoto	Audit & Supervisory Board Member, JFE Engineering Corporation Audit & Supervisory Board Member, JFE Shoji Trade Corporation
Audit & Supervisory Board Member (Full-time)	Yasushi Kurokawa	Audit & Supervisory Board Member, JFE Steel Corporation
Audit & Supervisory Board Member	Hiroyuki Itami	Head of Graduate School of Innovation Studies, Tokyo University of Science Outside Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd. Outside Director, Toshiba Corporation
Audit & Supervisory Board Member	Seiji Sugiyama	Honorary Advisor, Mizuho Financial Group, Inc. Outside Director, DAIICHI SANKYO COMPANY, LIMITED

Notes:

- Hajime Bada, Director of JFE Holdings, Inc., retired as Director of JFE Steel Corporation as of April 1, 2014.
- Shinichi Okada, Director of JFE Holdings, Inc., became Director of JFE Steel Corporation as of April 1, 2014.
- Sumiyuki Kishimoto, Director of JFE Holdings, Inc., retired as Representative Director, President and CEO of JFE Engineering Corporation, and became Director, Executive Corporate Advisor of JFE Engineering Corporation, as of April 1, 2014.
- Both Akimitsu Ashida and Masafumi Maeda serve as Outside Directors of JFE Holdings, Inc.
- Audit & Supervisory Board Member retired during the 12th term is as follows.

Position	Name	Retirement date
Audit & Supervisory Board Member	Toshikuni Yamazaki	June 20, 2013

- Yasushi Kurokawa, Audit & Supervisory Board Member, was Senior Vice President in charge of the Finance Dept. and Controller Dept. of JFE Steel Corporation and has extensive knowledge and insight into finance and accounting based on his expertise.
Hiroyuki Itami, Audit & Supervisory Board Member, has been engaged in extensive

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research on corporate management, including business strategy, and has extensive knowledge of and insight into finance and accounting based on his expertise.

Seiji Sugiyama, Audit & Supervisory Board Member, has been engaged in the management of financial institutions for many years and has extensive knowledge and insight into finance and accounting based on his expertise.

7. Both Hiroyuki Itami and Seiji Sugiyama serve as Outside Audit & Supervisory Board Members of JFE Holdings, Inc.

8. Seiji Sugiyama, Audit & Supervisory Board Member, retired as Outside Audit & Supervisory Board Member of GUNZE LIMITED as of November 5, 2013. He also retired as Outside Audit & Supervisory Board Member of JFE Holdings, Inc., as of April 17, 2014, and Isao Saiki, who had been appointed as Substitute Audit & Supervisory Board Member at the 11th Ordinary General Meeting of Shareholders held on June 20, 2013, became Outside Audit & Supervisory Board Member of JFE Holdings, Inc., following Seiji Sugiyama as of the same date. The significant concurrent post and other information for Isao Saiki are as follows.

Position	Name	Significant concurrent post
Audit & Supervisory Board Member	Isao Saiki	Partner Lawyer at Abe, Ikubo & Katayama Law Firm

9. The Company had designated Director Akimitsu Ashida, Director Masafumi Maeda and Audit & Supervisory Board Member Hiroyuki Itami as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc, etc. and registered them as such with the Tokyo Stock Exchange, etc. With the retirement of Audit & Supervisory Board Member Seiji Sugiyama, the Company cancelled the designation of him and instead designated Audit & Supervisory Board Member Isao Saiki as an Independent Director/Audit & Supervisory Board Member and registered him as such with the Tokyo Stock Exchange, etc.

10. Corporate Officers as of March 31, 2014, are as follows.

Position	Name	Duty
President & CEO	Hajime Bada	Chief Executive Officer (CEO)
Executive Vice President	Shinichi Okada	Supervision of General Administration Dept. and Controller Dept. In charge of Corporate Planning Dept., and Finance and Investor Relations Dept.
Vice President	Yasushi Yamamura	In charge of Controller Dept.
Vice President	Masashi Terahata	In charge of General Administration Dept.

11. A position of a Corporate Officer was transferred as follows as of April 1, 2014.

Name	Position after transfer	Position before transfer
Yasushi Yamamura	Senior Vice President	Vice President

(Translation for reference only)

(2) Remuneration for Director and Audit & Supervisory Board Member during the 12th term

	Staff size	Amount (thousands of yen)
Director	6	267,012
Audit & Supervisory Board Member	5	99,962

Notes:

1. The above includes one Audit & Supervisory Board Member retired during the 12th term.
2. The total amount of remuneration paid to the four Outside Directors/Audit & Supervisory Board Members is 49,163 thousand yen.
3. The total amounts of remuneration include the total amount of bonus payable to Directors, 23,520 thousand yen, and the total amount of bonus payable to Audit & Supervisory Board Members, 6,900 thousand yen, based on the "Payment of Directors' and Audit & Supervisory Board Members' bonuses" planned to be submitted to the 12th Ordinary General Meeting of Shareholders to be held on June 19, 2014.

(3) Outside Directors/Audit & Supervisory Board Members

- 1) Significant entities where the Outside Directors/Audit & Supervisory Board Members concurrently hold positions are listed on page 26 and 27.

There is no special relationship between those entities and JFE Holdings, Inc.

- 2) Activities during the 12th term

- Akimitsu Ashida, Director
Akimitsu Ashida attended 12 of the 13 meetings of the Board of Directors. Having a wealth of experience in corporate management in a global setting as well as experience in political activities with a global perspective, he spoke appropriately at the meetings.
- Masafumi Maeda, Director
Masafumi Maeda attended all of the 13 meetings of the Board of Directors. Having remarkable knowledge in metallic materials as well as experience in university management, he spoke appropriately at the meetings.
- Hiroyuki Itami, Audit & Supervisory Board Member
Hiroyuki Itami attended all of the 13 meetings of the Board of Directors and 16 of the 17 meetings of Audit & Supervisory Board. Having profound knowledge in management and business strategy as well as a wealth of knowledge in industrial fields through research on technology management, he spoke appropriately at the meetings.
- Seiji Sugiyama, Audit & Supervisory Board Member
Seiji Sugiyama attended 7 of the 13 meetings of the Board of Directors and attended 12 of the 17 meetings of Audit & Supervisory Board. Having experience in management of financial institutions as well as extensive knowledge in the fields of finance and accounting, he spoke appropriately at the meetings.

- 3) Outline of the contracts for limitation of liability

JFE Holdings, Inc. has entered into agreements, in accordance with the provision of Article 427, Paragraph 1, of the Companies Act, with all the Outside Directors and Outside Audit & Supervisory Board Members to limit their liabilities to compensate damages under Article 423, Paragraph 1, of the Companies Act. Limitation on indemnity liability of each Outside Director and Outside Audit & Supervisory Board Member to compensate damages under such agreements is set out to the amount set forth in the relevant laws and regulations.

(Translation for reference only)

5. Accounting Auditor

- (1) Designation of Accounting Auditor: Ernst & Young ShinNihon LLC
- (2) Amount of remuneration for the Accounting Auditor pertaining to the 12th term
 - 1) Amount of remuneration paid by JFE Holdings, Inc. to the Accounting Auditor pertaining to the 12th term: 11,080 thousand yen
 - 2) Total amount of money and other financial profits paid by JFE Holdings, Inc. and its subsidiaries to the Accounting Auditor: 503,520 thousand yen
 - 3) Amount of payments described in 2) above, which fall under the business set forth in Article 2, Paragraph 1, of the Certified Public Accountants Act: 497,729 thousand yen

Notes:

1. Of the significant subsidiaries of JFE Holdings, Inc., JFE Steel Australia Resources Pty Ltd., Philippine Sinter Corporation, JFE Steel Galvanizing (Thailand) Ltd., and Thai Coated Steel Sheet Co., Ltd. are subject to audits of accounts by a certified public accountant or incorporated accounting firm other than the Accounting Auditor of JFE Holdings, Inc.
 2. The audit agreement between the Accounting Auditor and JFE Holdings, Inc. does not separately stipulate audit remunerations based on the Companies Act or the Financial Instruments and Exchange Act, and such a distinction is for all intents and purposes impossible to execute. Hence, the remuneration in 1) above contains these two types of payment.
- (3) Non-audit work
Not applicable
 - (4) Policy on decisions of dismissal or non-reappointment of the Accounting Auditor
The Audit & Supervisory Board shall, upon consent of all the Audit & Supervisory Board Members, dismiss the Accounting Auditor after reviewing a case if it determines a circumstance falling under any of the items set forth in Article 340, Paragraph 1, of the Companies Act, to have occurred. In case any similar circumstance occurs, or if the Audit & Supervisory Board judges it necessary to do so, the Audit & Supervisory Board shall request that the Board of Directors submit a proposal for the dismissal or non-reappointment of the Accounting Auditor to a General Meeting of Shareholders.
The Board of Directors shall submit a proposal for the dismissal or non-reappointment of the Accounting Auditor to a General Meeting of Shareholders after reviewing the case if requested by the Audit & Supervisory Board, or upon consent of the Audit & Supervisory Board if the Accounting Auditor's duty is actually hindered from being executed or if the Board of Directors judges it necessary to do so.

(Translation for reference only)

6. Systems to Ensure Compliance of the Execution of Duties by Directors with Laws, Regulations and the Articles of Incorporation and Other Systems to Ensure the Propriety of Business Operations

JFE Holdings, Inc. operates and improves the systems above pursuant to the following Basic Policies to Establish the Internal Control Systems, which were resolved by the Board of Directors.

Basic Policies to Establish the Internal Control Systems

JFE Holdings, Inc. shall establish its internal control systems as described below to comply with laws, regulations and the Articles of Incorporation and maximize its corporate value toward the realization of the Corporate Vision—“The JFE Group—contributing to society with the world’s most innovative technology”—and the goal of establishing a highly sustainable business structure. JFE Holdings, Inc. shall endeavor to review and improve the basic policies and the internal control systems established in accordance therewith on an ongoing basis.

1. Systems Set Forth in Article 362, Paragraph 4, Item 6, of the Companies Act and in the Respective Items of Article 100, Paragraph 1, of the Ordinance for Enforcement of the Companies Act
 - (1) Systems to ensure compliance of the execution of duties by Directors and employees with laws, regulations and the Articles of Incorporation
 - (a) The authority of Directors, Corporate Officers and employees shall be clarified in the in-house rules for authority and responsibilities and other internal policy guidelines. Their respective duties shall be executed in compliance with the relevant rules and regulations.
 - (b) A Compliance Council shall be established. It shall deliberate and make decisions on the basic policies and important matters regarding the compliance of ethics, laws and regulations. The Compliance Council shall also supervise the progress of the measures implemented.
 - (c) A “Corporate Ethics Hotline” to help ensure that important information regarding the compliance of ethics, laws and regulations is directly communicated from the front lines to top management shall be provided, streamlined and appropriately operated.
 - (d) The internal auditing department shall audit the compliance conditions of the relevant laws, regulations and the Articles of Incorporation.
 - (2) Systems to ensure the efficient execution of Directors’ duties
 - (a) The Directors shall encourage in-depth deliberations at the meetings of the Board of Directors and the Management Committee. The Directors shall also sufficiently deliberate before drawing conclusions at appropriate organizational bodies, as required.
 - (b) The internal auditing department shall audit the effectiveness and efficiency of the business.
 - (3) Systems to keep and manage information pertaining to the execution of duties by Directors
 - (a) The minutes of the Board of Directors meetings shall be prepared with regard to information on matters to be resolved by and reported to the Board of Directors, in accordance with the relevant laws and regulations. The board minutes shall be appropriately kept and managed.
 - (b) Information regarding organizational bodies, such as the Management Committee, that addresses important management matters shall be appropriately recorded, stored and managed.
 - (c) Important corporate documents, such as kessaisho (documents for approval), which are related to the execution of Directors’ duties, shall be appropriately recorded, stored

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and managed.

- (4) Rules and other systems regarding loss risk management
 - (a) As for risk management of risks involving business activities, compliance with ethics, laws and regulations, financial reporting and information disclosure, the Corporate Officers in charge shall endeavor to recognize their respective risks. The appropriate organizational bodies shall check, identify and evaluate the risk factors, as required, and deliberate and make decisions on how to cope therewith.
 - (b) Important management matters shall be deliberated and decided in accordance with the decision-making procedures set forth in the Rules of the Board of Directors, etc.

- (5) Systems to ensure the propriety of business operations conducted by the corporate group
 - (a) The respective Group companies of the JFE Group shall streamline their in-house systems with regard to the matters specified in the basic policies, as required, by taking into account their corporate size, business lines, organizational design of the in-house body, and corporate individuality and characteristics.

- (b) Risk management system
JFE Holdings, Inc. shall deliberate and make decisions regarding important group management matters in accordance with the decision-making procedures set forth in the Rules of the Board of Directors, etc.

Each Operating Company (significant subsidiaries being operating companies of which JFE Holdings, Inc. directly holds shares thereof) shall, determine its decision-making procedures for important matters of it and its affiliated Group companies to deliberate and make decisions thereon pursuant to its Rules of the Board of Directors, etc.

- (c) Ethics, laws and regulations compliance system
JFE Holdings, Inc. shall establish the JFE Group Compliance Council to deliberate and make decisions on the basic policies and important matters regarding compliance with ethics, laws and regulations within the Group. The JFE Group Compliance Council shall also supervise the progress of the measures implemented. Furthermore, the JFE Group Compliance Council shall promote corporate management compliant with ethics, laws and regulations at all the Group companies in collaboration with the Compliance Council of each operating company.

Each operating company shall establish a Compliance Council to deliberate and make decisions on the basic policies and important matters regarding the compliance of ethics, laws and regulations of itself and the affiliated group companies. The Compliance Council shall also supervise the progress of the measures implemented.

The respective Group companies affiliated with an operating company shall streamline their required ethics, laws and regulations compliance systems by taking into account their corporate size, business lines, organizational design of the in-house body, and corporate individuality and characteristics.

- (d) Financial reporting and information disclosure systems
The respective Group companies of the JFE Group shall streamline their required systems, which are necessary to ensure the reliability of their financial reporting, and disclose appropriate information at appropriate times.

2. Systems Set Forth in the Respective Items of Article 100, Paragraph 3, of the Ordinance for Enforcement of the Companies Act

- (1) Matter regarding employees as assistants to support Audit & Supervisory Board Member's duties
Employees who support any Audit & Supervisory Board Member in conducting his/her duties shall be staff of the Audit & Supervisory Board Member's Secretariat.
- (2) Matter regarding the independence of employees as assistant to support Audit & Supervisory Board Member's duties from Directors

(Translation for reference only)

The personnel affairs of the employees who serve as assistants to the Audit & Supervisory Board Members shall be consulted with the Audit & Supervisory Board Members.

- (3) System for reporting to the Audit & Supervisory Board Members
 - (a) The Audit & Supervisory Board Members shall attend the meetings of the Board of Directors, the Management Committee and other important meetings and receive reports thereat.
 - (b) The Directors, Corporate Officers and employees shall report the execution of their duties to the Audit & Supervisory Board and/or any Audit & Supervisory Board Member as required or if so requested by the Audit & Supervisory Board or any Audit & Supervisory Board Member.
- (4) Other systems to ensure effective audits by the Audit & Supervisory Board Members
 - (a) The Directors, Corporate Officers and employees shall cooperate with the Audit & Supervisory Board Members in improving the auditing environment so that various Audit & Supervisory Board Members' activities can be smoothly executed, including access to important documents, site examinations, exchanges of opinion with Directors and others, examination of subsidiaries and collaboration with the Audit & Supervisory Board Members of any subsidiaries, all of which are considered necessary for the audits executed by the Audit & Supervisory Board Members.
 - (b) The Audit & Supervisory Board Members shall receive reports from the Accounting Auditor and the internal auditing department on their audit results in an appropriate and timely manner and maintain a close working arrangement with the Accounting Auditor and the internal auditing department.

(Translation for reference only)

7. Basic Policy Regarding the Control of the Company

(1) Basic policy

JFE Holdings, Inc. believes that a change of control is an effective means of revitalizing corporate activities and economy, and JFE Holdings, Inc. believes that when a large-scale purchase is commenced, the shareholders of JFE Holdings, Inc. should, in principle, make decisions as to whether or not the large-scale purchase is acceptable.

However, with respect to a large-scale purchase or a proposal related to a large-scale purchase, JFE Holdings, Inc. recognizes that the shareholders of JFE Holdings, Inc. need to precisely evaluate the effects of the large-scale purchase or the proposal on the corporate value of JFE Holdings, Inc. and the common interests of the shareholders. For this purpose, JFE Holdings, Inc. believes that both the large-scale purchaser and JFE Holdings, Inc.'s Board of Directors should promptly provide the shareholders with necessary and sufficient information, opinions and suggestions, and that the shareholders should be given necessary and enough time to review them.

(2) Special initiatives that contribute to the realization of the basic policy

- Corporate vision and basic management stance

The JFE Group's basic management stance is to endeavor to increase, in good faith, the corporate value and achieve the common interests of the shareholders by committing to the corporate vision of contributing to society with the world's most innovative technology.

- Performance since the incorporation of the Group

In the First Medium-Term Business Plan (fiscal years 2003–2005) and the Second Medium-Term Business Plan (fiscal years 2006–2008), which followed the corporate foundation, the Group steadily addressed building a highly profitable business structure and improving the financial base to promote future growth. As a result, the Group recorded high profitability by maximally exerting its purposes for incorporation.

In the Third Medium-Term Business Plan (fiscal years 2009–2011), under the stringent business environment which includes the global financial crisis and the Great East Japan Earthquake, the Group has striven to build a strong business structure and to increase medium to long-term corporate value.

- Drive for new growth strategy

The JFE Group issued its fourth medium-term business plan as a strategic operating guideline for the period from April 1, 2012 to March 31, 2015. The Group has been promoting steady steps aimed at achieving its targets. Specifically, the Group will strengthen its viable domestic profit base with measures such as strengthening competitiveness in production, quality and cost, optimizing the supply chain, and improving customer service. At the same time, the Group will focus on developing new products that will more promptly meet customer needs and process technologies that lead to higher cost competitiveness in order to enhance corporate value by leveraging its technological advantages.

Furthermore, the Group will aim to address local demands and expand businesses in its areas of strength by expanding overseas manufacturing/sales bases and creating new partnerships in growth markets centering on Southeast Asia.

The JFE Group will strive to continue to invest steadily in domestic and overseas business with the aim of building a solid business structure enabling profit earning no matter how harsh the environment.

The Group will strive to establish corporate structure to achieve sustainable growth by strengthening its corporate social responsibility initiatives, corporate governance, and environmental management and by enhancing diversity through nurturing global human resources, as well as improving its financial position and returning profits to shareholders.

(Translation for reference only)

In the steel business, JFE Steel will strive to become a widely recognized, leading global supplier of steel and a company that can be truly proud of its status. To achieve this goal, JFE Steel intends to further improve its earning power by focusing more efforts on strengthening its domestic manufacturing base and steadily implementing globalization strategies. The specific measures to achieve this goal are outlined below.

In the pursuit of winning competitions at home and abroad, JFE Steel will thoroughly improve its manufacturing base in domestic steel works and plants. More specifically, JFE Steel will thoroughly strengthen all its premises and facilities, improve quality, ensure stable operation, enhance productivity and aim to achieve the world's top manufacturing capability. In addition, JFE Steel will continue to provide cost-competitive and attractive products by adequately identifying customer needs, working on far-sighted product development and strengthening further the systems for consistent services and technical support, ranging from business negotiations and product design to manufacturing, distribution and quality assurance. At the same time, to promote expansion into overseas markets, JFE Steel will roll out activities to bring into profitability its investment in overseas production bases, including the continuous galvanizing line (CGL) for automobiles of JFE Steel Galvanizing (Thailand) Ltd., which has started operation. On that basis, JFE Steel will implement strategies to capture the growing world steel demand through such efforts as steadily advancing the construction of the CGL for automobiles of PT. JFE STEEL GALVANIZING INDONESIA, which commenced in the 12th term, in pursuit of a new growth opportunity.

In the engineering business, JFE Engineering Corporation will promptly and smoothly advance the projects that it has recently acquired in record numbers to increase revenue and profits. In addition, JFE Engineering will aim to further grow through such efforts as focusing more on projects in the fields of the environment and energy where new needs have been created throughout the world. JFE Engineering will also seek to create new business by expanding the engineering targets to include new fields such as agriculture.

In the trading business, JFE Shoji Trade Corporation will focus on sales of products of the JFE Group by further strengthening strategy sharing with the Group companies and will contribute to the stable operation of JFE Steel Corporation by procuring competitive raw materials. In Japan, JFE Shoji Trade intends to steadily capture the solid demand with the previously cultivated processing and sales function put into use to the maximum extent possible. In overseas markets, JFE Shoji Trade will strive to expand interregional transactions and intermediary transactions by strengthening the functions of new bases including Turkey, Mexico and Myanmar in addition to the existing network. Furthermore, JFE Shoji Trade will strive to increase business profits by actively investing in promising projects both in Japan and overseas.

- Reinforcing corporate governance

Toward the goal of enhancing corporate value and achieving the common interests of the shareholders by thoroughly pursuing transparency and fairness in its management, JFE Holdings, Inc. has established and streamlined various systems and mechanisms with regard to corporate governance.

As the JFE Group's business activities consist of several business segments with different characteristics, the actual execution of the respective businesses is delegated to the group-affiliated operating companies of the Group. Meanwhile, JFE Holdings, Inc., a pure holding company, has improved the effectiveness of corporate management through the overall control of group management and has strengthened corporate governance with initiatives such as the audits by the Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members, the appointment of several Outside Directors and a reduction in the term of office of the Directors. For now, JFE Holdings,

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Inc., designated Outside Director Akimitsu Ashida, Outside Director Masafumi Maeda, Outside Audit & Supervisory Board Member Hiroyuki Itami and Outside Audit & Supervisory Board Member Isao Saiki as Independent Directors/Audit & Supervisory Board Members as stipulated under the regulations of Tokyo Stock Exchange, Inc., etc., and registered them as such with the Tokyo Stock Exchange, etc. As for the near-term operation of business activities, JFE Holdings, Inc. is determined to increase the corporate value of JFE Holdings, Inc., and the common interests of the shareholders by thoroughly pursuing fair, objective and transparent corporate governance.

- With all the stakeholders

The JFE Group makes diverse efforts to obtain the support and cooperation of each and every stakeholder. Such proactive efforts include arranging factory visit tours at the steel works etc. to extend and deepen communications with shareholders; increasing the competitiveness of the Japanese manufacturing industry via technical tie-ups with customers; developing technologies that preserve the global environment; promoting the employment of workers including midcareer job seekers; maintaining sound labor-management relations and safe working conditions; and coexisting with local communities.

- (3) Initiatives to prevent decisions on financial and business policies from being controlled by non-qualified parties that are against the Group's basic policies

JFE Holdings, Inc., at the meeting of the Board of Directors held on March 1, 2007, made the decision to adopt the "Policy Toward Large-scale Purchases of JFE Shares" (the "Policy"), and given the approval of shareholders at the Ordinary General Meetings of Shareholders held in the same year and thereafter every two years, which is the effective term of the Policy, has continued to operate the Policy.

Specifically, the Policy requires any large-scale purchaser that has the intent to hold 20% or more in the voting rights ratio to present in advance its management policies and business plans after the completion of the intended large-scale purchase. For a certain period thereafter, JFE Holdings, Inc.'s Board of Directors evaluates and examines the proposal from the following viewpoints: whether the large-scale purchaser has complied with the rules according to the Policy; whether the content of the proposal would irretrievably harm JFE Holdings, Inc.; or whether the proposal would seriously impair the corporate value of JFE Holdings, Inc. or the common interests of the shareholders. The Board of Directors may also disclose its opinion externally, negotiate with the large-scale purchaser and submit any alternative plans to the shareholders. In addition, JFE Holdings, Inc. will establish the Special Committee, which will consist of three Outside Directors and Outside Audit & Supervisory Board Members. In case the Special Committee submits recommendations to JFE Holdings, Inc.'s Board of Directors to the effect that the Board should take countermeasures to prevent the large-scale purchase, the Board of Directors may take countermeasures against the large-scale purchaser to protect the corporate value of JFE Holdings, Inc. and the common interests of the shareholders by referring to advice from outside professionals and respecting the recommendations to the maximum extent possible. Such countermeasures include the issuance of subscription rights to shares or any other measures that the Board of Directors is permitted to take under the Companies Act or other laws and JFE Holdings Inc.'s Articles of Incorporation.

- (4) The confirmation that the above initiatives are compliant with the basic policy and do not impair the common interests of the shareholders or intend to improperly protect any executive positions, as well as the reasons thereof

The Policy aims to guarantee that, following an action for a large-scale purchase, shareholders can accurately evaluate its impact on JFE Holdings, Inc.'s corporate value and the common interests of shareholders. The Policy provides shareholders with adequate and necessary information, including opinions and suggestions, and adequate and necessary time, to review

(Translation for reference only)

such information once a large-scale purchase commences. Accordingly, the Policy compliant with the above basic policy does not intend to impair the common interests of the shareholders.

In addition, the continuation of the Policy was approved at the Ordinary General Meeting of Shareholders of last year and the establishment of the Special Committee, which consists of three Outside Directors and Outside Audit & Supervisory Board Members, as an organization independent from JFE Holdings, Inc.'s Board of Directors, are to ensure that the decisions of the Board of Directors relative to a large-scale purchase are made in a transparent, objective, fair and reasonable manner. The Policy also does not intend to improperly protect any executive positions of JFE Holdings, Inc.

Note:

As for fractions less than the respective units in the Business Report, the amounts and the number of shares are rounded down, whereas ratios and other values are rounded off.

(Translation for reference only)

Consolidated Balance Sheets

As of March 31, 2014

(Millions of yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	1,654,315	Current liabilities	1,105,094
Cash and deposits	62,913	Notes and accounts payable - trade	401,922
Notes and accounts receivable - trade	630,061	Short-term loans payable	283,125
Merchandise and finished goods	336,216	Commercial papers	22,998
Raw materials and supplies	380,972	Current portion of bonds	80,000
Deferred tax assets	55,880	Other	317,048
Other	191,887	Non-current liabilities	1,390,675
Allowance for doubtful accounts	(3,615)	Bonds payable	205,000
Non-current assets	2,587,385	Long-term loans payable	942,912
Property, plant and equipment	1,599,148	Deferred tax liabilities	12,000
Buildings and structures	415,382	Deferred tax liabilities for land revaluation	10,799
Machinery, equipment and vehicles	584,619	Provision for special repairs	25,981
Land	506,570	Provision for loss on specific business	26,222
Construction in progress	59,121	Net defined benefit liability	115,058
Other	33,454	Other	52,701
Intangible assets	52,680	Total liabilities	2,495,769
Investments and other assets	935,555	(NET ASSETS)	
Investment securities	826,371	Shareholders' equity	1,580,491
Deferred tax assets	35,247	Capital stock	147,143
Net defined benefit asset	11,652	Capital surplus	647,121
Other	69,309	Retained earnings	965,204
Allowance for doubtful accounts	(7,024)	Treasury shares	(178,977)
		Accumulated other comprehensive income	121,628
		Valuation difference on available-for-sale securities	102,574
		Deferred gains or losses on hedges	(411)
		Revaluation reserve for land	14,541
		Foreign currency translation adjustment	9,949
		Remeasurements of defined benefit plans	(5,024)
		Minority interests	43,810
		Total net assets	1,745,930
Total assets	4,241,700	Total liabilities and net assets	4,241,700

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

Consolidated Statements of Income

From April 1, 2013 to March 31, 2014

(Millions of yen)

Items	Amount	
Net sales		3,666,859
Cost of sales		3,215,380
Gross profit		451,479
Selling, general and administrative expenses		298,151
Operating income		153,327
Non-operating income		
Interest income	1,148	
Dividends income	8,940	
Foreign exchange gains	6,833	
Rent income	8,060	
Share of profit of entities accounted for using equity method	19,374	
Other	18,812	63,169
Non-operating expenses		
Interest expenses	13,945	
Loss on sales and retirement of non-current assets	10,002	
Other	18,872	42,820
Ordinary income		173,676
Extraordinary losses		
Impairment loss	8,729	
Loss on liquidation of subsidiaries and associates	4,437	13,167
Income before income taxes and minority interests		160,509
Income taxes-current	28,886	
Income taxes-deferred	25,125	54,011
Income before minority interests		106,497
Minority interests in income		4,114
Net income		102,382

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

Consolidated Statements of Changes in Equity

(From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2013	147,143	647,121	886,338	(178,529)	1,502,072
Changes during the consolidated fiscal year					
Dividends of surplus			(23,113)		(23,113)
Net income			102,382		102,382
Purchase of treasury shares				(2,201)	(2,201)
Disposal of treasury shares			(99)	1,753	1,654
Decrease resulting from change in scope of consolidation			(5)		(5)
Reversal of revaluation reserve for land			(297)		(297)
Net changes of items other than shareholders' equity					
Total changes during the consolidated fiscal 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						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2013	69,184	(138)	14,243	(26,687)	—	56,602	38,121	1,596,797
Changes during the consolidated fiscal year								
Dividends of surplus								(23,113)
Net income								102,382
Purchase of treasury shares								(2,201)
Disposal of treasury shares								1,654
Decrease resulting from change in scope of consolidation								(5)
Reversal of revaluation reserve for land								(297)
Net changes of items other than shareholders' equity	33,389	(273)	297	36,636	(5,024)	65,026	5,689	70,715
Total changes during the consolidated fiscal 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

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

(Reference)

Consolidated Statements of Cash Flows

(From April 1, 2013 to March 31, 2014)

(Millions of yen)

Item	Amount
I. Cash flows from operating activities	
Income before income taxes and minority interests	160,509
Depreciation	181,311
Increase (decrease) in allowance for doubtful accounts	(9,626)
Interest and dividend income	(10,089)
Interest expenses	13,945
Decrease (increase) in notes and accounts receivable - trade	(26,779)
Decrease (increase) in inventories	(61,360)
Increase (decrease) in notes and accounts payable - trade	13,318
Other	14,327
Subtotal	275,557
Interest and dividend income received	21,233
Interest expenses paid	(14,165)
Income taxes paid	(27,815)
Net cash provided by (used in) operating activities	254,809
II. Cash flows from investing activities	
Purchase of non-current assets	(177,867)
Proceeds from sales of non-current assets	3,480
Purchase of investment securities	(4,276)
Proceeds from sales of investment securities	15,591
Other	(948)
Net cash provided by (used in) investing activities	(164,020)
III. Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	11,439
Increase (decrease) in commercial papers	22,998
Proceeds from long-term loans payable	166,950
Repayment of long-term loans payable	(244,229)
Proceeds from issuance of bonds	10,000
Redemption of bonds	(40,000)
Purchase of treasury shares	(570)
Cash dividends paid by parent company	(23,019)
Other	(9,145)
Net cash provided by (used in) financing activities	(105,576)
IV. Effect of exchange rate change on cash and cash equivalents	12,707
V. Net increase (decrease) in cash and cash equivalents	(2,080)
VI. Cash and cash equivalents at April 1, 2013	64,463
VII. Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(64)
VIII. Cash and cash equivalents at March 31, 2014	62,318

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

(Reference)

Segment Information

(From April 1, 2013 to March 31, 2014)

1. Overview of reportable segments

Under JFE Holdings, Inc., the holding company of the JFE Group, the Group executes business through its three operating companies—JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation—in accordance with the characteristics of their respective business fields. The Group's reportable segments, one for each operating company, are characterized by their constituent products and services based on the business of each operating company (on a consolidated basis).

Each segment has its own respective products and services. Steel business deals with various steel products, processed steel products, raw materials, transportation and other related businesses, such as facility maintenance and construction. Engineering business deals with engineering for energy, urban environments, recycling, steel structures and industrial machines. Trading business handles the purchase, manufacture and distribution of steel products, raw materials for steel production, nonferrous metal products, food, etc.

2. Method of calculating net sales, income or loss, assets, and other items by reportable segment

No significant changes have been made since the prior fiscal year.

3. Information concerning net sales, income or loss, assets, and other items by reportable segment

(Millions of yen)

	Reportable segment				Adjustments	Amount recorded on consolidated financial statements
	Steel	Engineering	Trading	Total		
Net sales						
Net sales (unaffiliated customer)	1,796,667	275,918	1,513,442	3,586,028	80,831	3,666,859
Intersegment sales or transfers	894,955	8,195	267,899	1,171,049	(1,171,049)	—
Total	2,691,622	284,114	1,781,341	4,757,077	(1,090,218)	3,666,859
Segment income	126,231	18,478	21,568	166,279	7,397	173,676
Segment assets	3,638,164	286,116	589,171	4,513,452	(271,751)	4,241,700
Others						
Depreciation	168,860	5,610	4,873	179,344	1,967	181,311
Amortization of goodwill	119	33	82	235	—	235
Interest income	809	100	651	1,560	(411)	1,148
Interest expenses	12,685	189	1,875	14,750	(805)	13,945
Share of profit of entities accounted for using equity method	12,519	3,713	635	16,867	2,506	19,374
Investment in equity method affiliates	334,200	5,908	20,301	360,409	40,238	400,648
Increase in property, plant, equipment, and intangible assets	154,222	10,861	9,325	174,409	1,306	175,715

(Translation for reference only)

Non-consolidated Balance Sheets

As of March 31, 2014

(Millions of yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	511,733	Current liabilities	427,206
Cash and deposits	3,058	Short-term loans payable	176,973
Operating accounts receivable	1,590	Commercial papers	22,998
Short-term loans receivable	483,509	Current portion of bonds	80,000
Deferred tax assets	41	Accounts payable-other	22,793
Other	23,532	Accrued expenses	1,842
		Income taxes payable	22
		Deposits received	122,546
		Provision for directors' and audit & supervisory board members' bonuses	30
Non-current assets	2,105,788	Non-current liabilities	1,137,440
Property, plant and equipment	1	Bonds payable	205,000
Tools, furniture and fixtures	1	Long-term loans payable	932,101
		Allowance for corporate officers' retirement benefits	28
		Other	310
Intangible assets	25		
Trademark right	14		
Software	10		
		Total liabilities	1,564,647
		(NET ASSETS)	
Investments and other assets	2,105,761	Shareholders' equity	1,052,847
Shares of subsidiaries and associates	962,099	Capital stock	147,143
Investments in capital	4	Capital surplus	772,574
Long-term loans receivable	1,141,271	Legal capital surplus	772,574
Long-term prepaid expenses	6	Other capital surplus	0
Deferred tax assets	2,022	Retained earnings	215,514
Other	357	Other retained earnings	215,514
		Retained earnings brought forward	215,514
		Treasury shares	(82,384)
		Valuation and translation adjustments	26
		Deferred gains or losses on hedges	26
		Total net assets	1,052,874
Total assets	2,617,521	Total liabilities and net assets	2,617,521

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

Non-consolidated Statements of Income

From April 1, 2013 to March 31, 2014

(Millions of yen)

Items	Amount	
Operating revenue		
Dividend income	3,209	
Financial revenue	13,266	
Management fee income	2,363	18,838
Operating expenses		
Financial expenses	12,987	
General and administrative expenses	2,077	15,065
Operating income		3,773
Ordinary income		3,773
Income before income taxes		3,773
Income taxes-current		208
Income taxes-deferred		(70)
Net income		3,636

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

Non-consolidated Statements of Changes in Equity

From April 1, 2013 to March 31, 2014

(Millions of yen)

	Shareholders' equity						Valuation and translation adjustments		Total net assets
	Capital stock	Capital surplus		Retained earnings	Treasury shares	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Other retained earnings Retained earnings brought forward					
Balance at April 1, 2013	147,143	772,574	—	234,991	(80,208)	1,074,500	263	263	1,074,763
Changes during the fiscal year									
Dividends of surplus				(23,113)		(23,113)			(23,113)
Net income				3,636		3,636			3,636
Purchase of treasury shares					(2,201)	(2,201)			(2,201)
Disposal of treasury shares			0		25	26			26
Net changes of items other than shareholders' equity							(236)	(236)	(236)
Total changes during the fiscal year	—	—	0	(19,477)	(2,176)	(21,652)	(236)	(236)	(21,889)
Balance at March 31, 2014	147,143	772,574	0	215,514	(82,384)	1,052,847	26	26	1,052,874

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

The Report of the Accounting Auditor on the Consolidated Financial Statements

Report of Independent Accounting Auditor

May 7, 2014

Mr. Hajime Bada
Representative Director and President
JFE Holdings, Inc.

Ernst & Young ShinNihon LLC

Kazunori Tanigami
Certified Public Accountant
Designated and Engagement Partner

Yusuke Nakamura
Certified Public Accountant
Designated and Engagement Partner

Naoya Nishino
Certified Public Accountant
Designated and Engagement Partner

Takashi Inayoshi
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets and the notes to the consolidated financial statements of JFE Holdings, Inc. (the “Company”) applicable to the fiscal year from April 1, 2013 through March 31, 2014.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the consolidated financial statements based on our audit and from an independent standpoint. 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. In making those risk assessments, the auditor considers internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. 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

(Translation for reference only)

audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the JFE Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2014 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation for reference only)

The Report of the Accounting Auditor on the Non-consolidated Financial Statements

Report of Independent Accounting Auditor

May 7, 2014

Mr. Hajime Bada
Representative Director and President
JFE Holdings, Inc.

Ernst & Young ShinNihon LLC

Kazunori Tanigami
Certified Public Accountant
Designated and Engagement Partner

Yusuke Nakamura
Certified Public Accountant
Designated and Engagement Partner

Naoya Nishino
Certified Public Accountant
Designated and Engagement Partner

Takashi Inayoshi
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets and the notes to the financial statements and the related supplementary schedules of JFE Holdings, Inc. (the "Company") applicable to the 12th fiscal year from April 1, 2013 through March 31, 2014.

Management's Responsibility for the Non-consolidated Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the related supplementary schedules 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 non-consolidated financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the non-consolidated financial statement and the related supplementary schedules based on our audit and from an independent standpoint. 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 non-consolidated financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and

(Translation for reference only)

fair presentation of the non-consolidated financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 non-consolidated financial statements and the related supplementary schedules.

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

Audit Opinion

In our opinion, the non-consolidated financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of JFE Holdings, Inc., applicable to the fiscal year ended March 31, 2014 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation for reference only)

The Audit Report of Audit & Supervisory Board

The Audit Report

Regarding the performance of duties by Directors for the 12th fiscal year, which began April 1, 2013 and ended March 31, 2014, Audit & Supervisory Board of JFE Holdings, Inc., hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by the respective Audit & Supervisory Board Members.

1. Auditing Methods Employed by the Audit & Supervisory Board Members and Audit & Supervisory Board and the Substance Thereof

(1) In compliance with the Auditing Rules of the Audit & Supervisory Board Members and auditing plans specified by Audit & Supervisory Board and based on the assigned tasks and others, each Audit & Supervisory Board Member has communicated with the Directors, the Corporate Officers and other relevant personnel to collect necessary information and improve the auditing environment. Each Audit & Supervisory Board Member has audited in the following manner.

1) Each Audit & Supervisory Board Member has attended the meetings of the Board of Directors and other important meetings; heard about the execution of their duties from the Directors, the Corporate Officers and other relevant personnel; requested explanations therefrom, as required; examined important *kessaisho* and associated information; and studied the operations and financial position of JFE Holdings, Inc.

Moreover, each Audit & Supervisory Board Member has communicated and exchanged information with the Directors, the Audit & Supervisory Board Members and other relevant personnel of the subsidiaries, received reports on operations therefrom, visited subsidiaries and studied the operations and financial position of the subsidiaries, as required.

2) Each Audit & Supervisory Board Member has supervised and verified the substance of the resolution adopted by the Board of Directors with regard to the improvement of the systems stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act as the systems to ensure compliance of the execution of Directors' duties described in the Business Report with laws, regulations and the Articles of Incorporation and other requirements to ensure the propriety of business operations, as well as the current situation of in-house systems (internal control systems) that have been improved and operated pursuant to the resolution concerned.

Moreover, each Audit & Supervisory Board Member has heard about the internal control relative to financial reporting from the Directors, the Corporate Officers and Ernst & Young ShinNihon LLC at the proper time and requested explanations therefrom, as required.

3) Each Audit & Supervisory Board Member has confirmed the substance of the Basic Policy Regarding Control of a Company (matters set forth in Article 118, Items 3 (a) and (b), of the Ordinance for Enforcement of the Companies Act), which is described in the Business Report.

4) Each Audit & Supervisory Board Member has supervised and verified whether the Accounting Auditor maintains independence and has done appropriate audits, and has received reports on the execution of their duties and requested explanations, as required, from the Accounting Auditor. In addition, each Audit & Supervisory Board Member has been notified that "Systems to Ensure Appropriate Execution of Duties" (matters set forth in the respective items of Article 131 of the Company Accounting Ordinance) have been improved in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005) and others, and requested explanations therefrom, as required.

(2) Audit & Supervisory Board determined auditing plans, assigned tasks and others; received reports about the progress and results of audits from each Audit & Supervisory Board Member; received reports on the execution of their duties; and requested explanations, as required, from the Directors, the Corporate Officers and the Accounting Auditor.

In the manner explained above, each Audit & Supervisory Board Member and Audit & Supervisory Board have examined the Business Report and supplementary schedule thereof, the consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net

(Translation for reference only)

Assets and Notes to the Consolidated Financial Statements), as well as the non-consolidated financial statements (Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets and Notes to the Non-Consolidated Financial Statements) and the related supplementary schedules thereof of JFE Holdings, Inc., pertaining to the fiscal year ended March 31, 2014.

2. Audit Results

(1) Audit results regarding the Business Report, etc.

- 1) In our opinion, the Business Report and the supplementary schedules thereof fairly represent JFE Holdings, Inc.'s conditions in accordance with the related laws and regulations and the Articles of Incorporation.
- 2) We have found no evidence of wrongful action or material violation of laws, regulations or the Articles of Incorporation by any Directors with regard to the execution of their duties.
- 3) In our opinion, the substance of the resolution regarding the internal control systems is fair and reasonable. We have found no matters to remark with regard to the execution of duties by the Directors concerning the internal control systems, including internal control relative to financial reporting. As for the incident regarding the Anti-Monopoly Act of a subsidiary, which is described in the Business Report, we are now striving to prevent any recurrence of such incident and ensure more thorough compliance.
- 4) We have found no matters to remark with regard to the Basic Policies Regarding Control of a Company. In our opinion, each initiative taken under the policies complies with said policies. Accordingly, they do not impair the common interests of JFE Holdings, Inc.'s shareholders or have the intention of improperly protecting any executive positions at JFE Holdings, Inc.

(2) Audit results regarding the consolidated financial statements

In our opinion, the audit methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

(3) Audit results regarding the non-consolidated financial statements and the supplementary schedules thereof

In our opinion, the audit methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 9, 2014

Audit & Supervisory Board of JFE Holdings, Inc.

Audit & Supervisory Board Member (Full-time)	Sakio Sasamoto
Audit & Supervisory Board Member (Full-time)	Yasushi Kurokawa
Outside Audit & Supervisory Board Member	Hiroyuki Itami
Outside Audit & Supervisory Board Member	Isao Saiki

Notes:

1. Seiji Sugiyama, Outside Audit & Supervisory Board Member, resigned from the position as of April 17, 2014, for health reasons.
2. Isao Saiki, Outside Audit & Supervisory Board Member, assumed the position of Outside Audit & Supervisory Board Member after serving as a Substitute Outside Audit & Supervisory Board Member, following the resignation of Mr. Seiji Sugiyama as of April 17, 2014. Mr. Saiki has performed the necessary audits upon receiving reports from other Audit & Supervisory Board Members as well as from Directors, executive officers and other personnel, and upon examining relevant documents pertaining to matters which had been audited before his assumption of office.

(Translation for reference only)

(English Translation of the Japanese original)

This translation has been prepared for reference only. The Japanese language version will control if any discrepancy arises.