

(Translation for reference only)

(Security Code: 5411)

June 3, 2015

## **Notice of the 13th Ordinary General Meeting of Shareholders**

Dear Shareholders:

JFE Holdings, Inc. (“JFE” or the “Company”) hereby would like to inform you that the 13th 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 24, 2015 (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 24, 2015 (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,

Eiji Hayashida

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 25, 2015, 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 13th term (from April 1, 2014 to March 31, 2015)
2. Non-consolidated Financial Statements for the 13th term (from April 1, 2014 to March 31, 2015)

**Items to be resolved**

<Company's Proposals (Proposal 1 through Proposal 6)>

Proposal 1: Dividend of surplus

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

Proposal 3: Partial Amendments to the Articles of Incorporation

Proposal 4: Election of five Directors

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

Proposal 6: Continuation of the Policy Toward Large-scale Purchases of JFE Shares

<Shareholder's Proposal (Proposal 7)>

Proposal 7: Dismissal of a Director

**4. Other Resolutions Determined upon Convocation**

- (1) If a proxy attends the meeting on your behalf, please have your proxy submit your voting form and a form stating that you give power of attorney to your proxy.
- (2) 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.
- (3) 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.

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\*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.

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## **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 24, 2015 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:

#### <Company's Proposals (Proposal 1 through Proposal 6)>

##### **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 JFE 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 13th term as follows:

1. Type of dividend property  
Cash
2. Allotment of dividend property to the shareholders and total amount of dividends  
40 yen per share (Common stock)                      Total amount: 23,080,371,280 yen  
The annual dividends from surplus, including the interim dividend of 20 yen per share paid in November 2014, amount to 60 yen per share.
3. Effective date of dividend of surplus  
June 26, 2015

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

The Company proposes to pay bonuses of 32,600 thousand yen in total to four of the five Directors (including 4,240 thousand yen to two Outside Directors) and 9,560 thousand yen in total to four Audit & Supervisory Board Members as of the end of the 13th term, in consideration of the Company's business results for the 13th term.

##### **Proposal 3: Partial Amendments to Articles of Incorporation**

1. Reasons for the Amendments

Under the Act on Partial Revision to the Companies Act, in effect on May 1, 2015 (Law No. 90 of 2014), the Company is now allowed to enter into a liability limitation agreement with Directors who are not Executive Directors, etc., and Audit & Supervisory Board Members who are not outside Audit & Supervisory Board Members under the Articles of Incorporation. In line with this change, for such Directors and Audit & Supervisory Board Members to be able to fully perform the roles expected of them, it is proposed to make a partial amendment to Article 30 (Exemption of Directors from Liability), Paragraph 2, and Article 41 (Exemption of Audit & Supervisory Board Members from Liability), Paragraph 2, of the existing Articles of Incorporation of the Company. The Company has obtained consent from all Audit & Supervisory Board Members for submitting the amendment of Article 30, Paragraph 2, of the Articles of Incorporation as this Proposal to this General Meeting of Shareholders.

(Translation for reference only)

2. Details of the Amendments

The specific amendments are as set forth below.

(Changes are indicated by underlined sections.)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS Article 19~ Article 29 [Omitted] (Exemption of Directors from Liability) Article 30 [Omitted] 2. The Company may, in accordance with Paragraph 1 of Article 427 of the Companies Act, execute the agreement with the <u>Outside</u> Directors to limit the liability provided for in Paragraph 1 of Article 423 of the Companies Act. Provided, however, that the maximum amount of the liability in accordance with the said agreement shall be the amount provided for by laws and regulations.</p>	<p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS Article 19~ Article 29 [No change] (Exemption of Directors from Liability) Article 30 [No change] 2. The Company may, in accordance with Paragraph 1 of Article 427 of the Companies Act, execute the agreement with the Directors <u>(excluding persons who are Executive Directors, etc.)</u> to limit the liability provided for in Paragraph 1 of Article 423 of the Companies Act. Provided, however, that the maximum amount of the liability in accordance with the said agreement shall be the amount provided for by laws and regulations.</p>
<p>CHAPTER V AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD Article 31~ Article 40 [Omitted] (Exemption of Audit &amp; Supervisory Board Members from Liability) Article 41 [Omitted] 2. The Company may, in accordance with Paragraph 1 of Article 427 of the Companies Act, execute the agreement with the <u>Outside</u> Audit &amp; Supervisory Board Members to limit the liability provided for in Paragraph 1 of Article 423 of the Companies Act. Provided, however, that the maximum amount of the liability accordance with the said agreement shall be the amount provided for by law and regulation.</p>	<p>CHAPTER V AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD Article 31~ Article 40 [No change] (Exemption of Audit &amp; Supervisory Board Members from Liability) Article 41 [No change] 2. The Company may, in accordance with Paragraph 1 of Article 427 of the Companies Act, execute the agreement with the Audit &amp; Supervisory Board Members to limit the liability provided for in Paragraph 1 of Article 423 of the Companies Act. Provided, however, that the maximum amount of the liability accordance with the said agreement shall be the amount provided for by law and regulation.</p>

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**Proposal 4: Election of five Directors**

As the terms of office of all five 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	Eiji Hayashida	Reappointment
Date of birth: July 6, 1950	Number of the Company's shares held: 38,400	<b>Career summary, positions and responsibilities, and significant concurrent posts</b>
		<p>April 1973      Joined Kawasaki Steel Corporation</p> <p>September 2002      Vice President of JFE Holdings, Inc.</p> <p>April 2005      Senior Vice President of JFE Holdings, Inc.</p> <p>June 2008      Representative Director, Senior Vice President of JFE Holdings, Inc.</p> <p>March 2009      Director of JFE Holdings, Inc.</p> <p>April 2009      Representative Director and Executive Vice President of JFE Steel Corporation</p> <p>June 2009      Retired as Director of JFE Holdings, Inc.</p> <p>April 2010      Representative Director, President and CEO of JFE Steel Corporation</p> <p>June 2010      Representative Director of JFE Holdings, Inc.</p> <p>April 2015      Retired as Representative Director, President and CEO of JFE Steel Corporation</p> <p>Representative Director , President and CEO of JFE Holdings, Inc. (current post)</p> <p>(Significant concurrent posts) Chairman of the Board of Directors of JFE 21st Century Foundation (Public Interest Incorporated Foundation)</p> <p>(Duties as Corporate Officer) CEO (Chief Executive Officer)</p>
<p>Note: There is no conflict of interests between the candidate Mr. Hayashida and the Company.</p>		

No. 2	Koji Kakigi	New appointment
Date of birth: May 3, 1953	Number of the Company's shares held: 12,500	<b>Career summary, positions and responsibilities, and significant concurrent posts</b>
		<p>April 1977      Joined Kawasaki Steel Corporation</p> <p>April 2007      Vice President of JFE Steel Corporation</p> <p>April 2010      Senior Vice President of JFE Steel Corporation</p> <p>April 2012      Representative Director and Executive Vice President of JFE Steel Corporation</p> <p>April 2015      Representative Director, President and CEO of JFE Steel Corporation (current post)</p> <p>(Significant concurrent posts) Representative Director, President and CEO of JFE Steel Corporation</p>
<p>Note: There is no conflict of interests between the candidate Mr. Kakigi and the Company.</p>		

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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: 14,678	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., Investor Relations Dept. and Finance Dept. and in charge of Corporate Planning Dept.	
Note: There is no conflict of interests between the candidate Mr. Okada and the Company.		

No. 4	Masafumi Maeda	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member
Date of birth: September 22, 1952	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 5,400	November 1996	Professor of Institute of Industrial Science, the University of Tokyo (current post)
	April 2005	Director General of Institute of Industrial Science, the University of Tokyo
	April 2009	Managing Director, Executive Vice President of the University of Tokyo
	June 2011	Director of JFE Holdings, Inc. (current post)
Number of years of service as Outside Director: Four (at the close of this General Meeting of Shareholders)	(Significant concurrent posts) Professor of Institute of Industrial Science, the University of Tokyo	
Notes: 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. 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. 4. 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 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 four years, is eligible to reassume the position of Outside Director of the Company, a post responsible for reinforcing its corporate governance.		

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No. 5	Masao Yoshida	New appointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member														
Date of birth: February 5, 1949  Number of the Company's shares held: 0	<p>Career summary, positions and responsibilities, and significant concurrent posts</p> <table border="0"> <tr> <td data-bbox="478 349 603 376">April 1972</td> <td data-bbox="478 349 1380 376">Joined Furukawa Electric Co., Ltd.</td> </tr> <tr> <td data-bbox="478 376 603 403">June 2006</td> <td data-bbox="478 376 1380 403">Senior Managing Director and Corporate Executive Vice President of Furukawa Electric Co., Ltd.</td> </tr> <tr> <td data-bbox="478 403 603 430">June 2008</td> <td data-bbox="478 403 1380 430">President and Representative Director of Furukawa Electric Co., Ltd.</td> </tr> <tr> <td data-bbox="478 430 603 456">April 2012</td> <td data-bbox="478 430 1380 456">Chairman and Representative Director of Furukawa Electric Co., Ltd. (current post)</td> </tr> <tr> <td colspan="2" data-bbox="478 546 1380 573">(Significant concurrent posts)</td> </tr> <tr> <td colspan="2" data-bbox="478 573 1380 600">Chairman and Representative Director of Furukawa Electric Co., Ltd.</td> </tr> <tr> <td colspan="2" data-bbox="478 600 1380 627">Outside Director of FURUKAWA CO., LTD.</td> </tr> </table>		April 1972	Joined Furukawa Electric Co., Ltd.	June 2006	Senior Managing Director and Corporate Executive Vice President of Furukawa Electric Co., Ltd.	June 2008	President and Representative Director of Furukawa Electric Co., Ltd.	April 2012	Chairman and Representative Director of Furukawa Electric Co., Ltd. (current post)	(Significant concurrent posts)		Chairman and Representative Director of Furukawa Electric Co., Ltd.		Outside Director of FURUKAWA CO., LTD.	
April 1972	Joined Furukawa Electric Co., Ltd.															
June 2006	Senior Managing Director and Corporate Executive Vice President of Furukawa Electric Co., Ltd.															
June 2008	President and Representative Director of Furukawa Electric Co., Ltd.															
April 2012	Chairman and Representative Director of Furukawa Electric Co., Ltd. (current post)															
(Significant concurrent posts)																
Chairman and Representative Director of Furukawa Electric Co., Ltd.																
Outside Director of FURUKAWA CO., LTD.																
<p>Notes:</p> <ol style="list-style-type: none"> <li>There is no conflict of interests between the candidate Mr. Yoshida and the Company.</li> <li>Mr. Yoshida is a candidate for Outside Director and the Company will designate him as Independent Director/Audit &amp; Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc. etc. and register him as such with the Tokyo Stock Exchange etc.</li> <li>To ensure that Mr. Yoshida, if appointed as an Outside Director, can fully demonstrate his capability as expected in his role as an Outside Director, the Company will enter into an agreement with Mr. Yoshida 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.</li> <li>Mr. Yoshida has been successful in managing Furukawa Electric Co., Ltd., for many years and has long experience and broad knowledge in management of the manufacturing business. He operated businesses based on the core material technologies of copper and a broad range of other materials, tapped into new businesses, reorganized businesses and promoted global business development. Based on such in-depth knowledge and his outstanding insight, the Company believes Mr. Yoshida is eligible to assume the position of Outside Director of the Company, a post responsible for reinforcing its corporate governance.</li> <li>Furukawa Electric Co., Ltd. (hereinafter referred to as "Furukawa Electric"), for which Mr. Yoshida serves as Chairman and Representative Director, received a cease-and-desist order and an order for payment of surcharge from the Japan Fair Trade Commission for violation of the Anti-Monopoly Act during his term of office in May 2010 relative to the optical fiber cable and related products businesses. In addition, in September 2011, Furukawa Electric plea-bargained with the U.S. Department of Justice concerning a cartel related to transactions of automobile wire harness products and the payment of a penalty was determined in subsequent lawsuit procedures. In Japan as well, an order related to the transactions of those products was announced by the Japan Fair Trade Commission in January 2012. Although the order was not directly given to Furukawa Electric, the order did mention the company as a violator in the order. In April 2013, the relevant authority of the Canadian government fined Furukawa Electric. In July 2013, Furukawa Electric and its subsidiary, Furukawa Automotive Systems Inc., received an order of payment of a fine from the European Commission. Furthermore, Furukawa Electric received a cease-and-desist order and an order for payment of surcharge due to a violation of the Anti-Monopoly Act relative to overhead transmission line construction ordered by Tokyo Electric Power Company, Incorporated in December 2013, and relative to the same construction work ordered by Kansai Electric Power Company, Incorporated, in January 2014. In April 2014, Furukawa Electric was notified by the European Commission of its decision to impose a fine on the company for violation of the Competition Law relative to its power cable business. Concerning this decision by the European Commission, Furukawa Electric has appealed to the General Court of the European Union to seek revocation of the payment of the fine or a reduction of the amount. In August 2014, in China Furukawa Electric received an order to pay a fine for violation of the Anti-Monopoly Act concerning a cartel related to transactions of automobile parts. Mr. Yoshida was not directly involved in any of these incidents. After recognizing these facts, under the recognition that compliance is the basis of all business activities, he has been striving for further dissemination of legal compliance and corporate ethics throughout the company. He also established and improved internal rules and procedures to prevent such incidents, provided thorough training about legal compliance and strengthened monitoring by the internal audit department, as measures to prevent the recurrence of such incidents.</li> </ol>																



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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.	
	(Significant concurrent posts) Partner Lawyer of Abe, Ikubo & Katayama Law Firm		
Notes:			
<ol style="list-style-type: none"> <li>1. There is no conflict of interests between the candidate Mr. Saiki and the Company.</li> <li>2. Mr. Saiki is a candidate for Substitute Outside Audit &amp; Supervisory Board Member. Although Mr. Saiki assumed office as Outside Audit &amp; Supervisory Board Member of the Company as of April 17, 2014, he retired from his position at the close of the General Meeting of Shareholders held in the same year.</li> <li>3. To ensure that Mr. Saiki, if appointed as an Outside Audit &amp; Supervisory Board Member, can fully demonstrate his capability as expected in his role as an Outside Audit &amp; Supervisory Board Member, the Company will enter into an agreement with Mr. Saiki in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Audit &amp; Supervisory Board Members' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations.</li> <li>4. Mr. Saiki has vast experience and knowledge in corporate legal affairs and other matters as a lawyer and actual services as Outside Audit &amp; 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 &amp; Supervisory Board Member, the Company has judged that Mr. Saiki is capable of appropriately executing his duties as Outside Audit &amp; Supervisory Board Member, based on the above mentioned matters.</li> </ol>			

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**Proposal 6: Continuation of the Policy Toward Large-scale Purchases of JFE Shares**

The Company, 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. To ensure that the shareholders of JFE can, if a Large scale Purchase of JFE shares is proposed, precisely evaluate the effects of the proposal on the corporate value of JFE and the common interest of shareholders, the Policy has been adopted for the purpose of providing promptly the shareholders with necessary and sufficient information, opinions and suggestions from both the Large-scale Purchaser and JFE’s Board of Directors, and giving necessary and enough time for the shareholders to review them. The Policy will expire at the close of this Ordinary General Meeting of Shareholders, and the continuation of the Policy shall remain subject to the approval of shareholders. JFE seeks shareholders’ agreement of the Policy and approval for the continuation. If this proposal is not approved by the majority of voting rights of all shareholders who are present at this Ordinary General Meeting of Shareholders, the Policy shall expire at the close of its term and the effectiveness of the Policy shall cease.

The Policy provides JFE’s policy toward (i) any purchases of JFE shares by a group of shareholders (Note 1) with the intent to hold 20% or more in the voting rights ratio (Note 2), or (ii) any purchases of JFE shares resulting in the voting rights ratio of a group of shareholders being 20% or more (except for cases where the Board of Directors has given consent in advance of the purchases set out in (i) or (ii) above). A purchase of JFE shares set out in (i) or (ii) above will be hereinafter referred to as a “Large-scale Purchase.” A person, a company, a corporation or any other entity that intends to conduct a Large-scale Purchase will be hereinafter referred to as a “Large-scale Purchaser.” The detail of the Policy is as follows. The Special Committee shall be operated in accordance with the rules of the Special Committee determined by resolution of JFE’s Board of Directors. The outline of the rules of the Special Committee is described in Attachment 1 “Outline of the Rules of the Special Committee” hereto. The names and career summaries of the members of the Special Committee as of June 3, 2015 are described in Attachment 2 “Names and Career Summaries of the Members of the Special Committee” hereto.

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1. Basic Philosophy Regarding the Adoption of the Policy

JFE believes that a change of control is an effective means of revitalizing corporate activities and economy, and JFE believes that when a Large-scale Purchase is commenced, the shareholders of JFE 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 recognizes that the shareholders of JFE need to precisely evaluate the effects of the Large-scale Purchase or the proposal on the corporate value of JFE and the common interests of the shareholders, taking into account the Large-scale Purchaser’s business descriptions, business plans, and investment track record, etc. For this purpose, JFE believes that both the Large-scale Purchaser and JFE’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.

Based on the basic philosophy mentioned above, JFE’s Board of Directors has established rules

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concerning Large-scale Purchases of JFE shares (hereinafter referred to as the “Large-scale Purchase Rules”), as described below. The Board of Directors will require any Large-scale Purchaser to comply with the Large-scale Purchase Rules. If the Large-scale Purchaser does not comply with the Large-scale Purchase Rules, the Board of Directors intends to take certain countermeasures. Moreover, in cases where it is clear that a Large-scale Purchase will cause irreparable damage or loss to JFE, or where a Large-scale Purchase will cause severe damage to the corporate value of JFE and the common interests of the shareholders, then the Board of Directors intends to take certain countermeasures even if the Large-scale Purchaser has complied with the Large-scale Purchase Rules.

In order to ensure that the decision by JFE’s Board of Directors on the effects of a Large-scale Purchase on the corporate value of JFE and the common interests of the shareholders and the invocation of countermeasures based on the Policy, will be made in a transparent, objective, fair, and reasonable manner, a Special Committee will be established which will be composed mainly of persons such as the Outside Directors of JFE.

## 2. Establishment of Large-scale Purchase Rules

JFE’s Board of Directors believes that a Large-scale Purchase which is conducted in compliance with the Large-scale Purchase Rules benefits both the corporate value of JFE and the common interests of JFE’s shareholders. The Large-scale Purchase Rules require that (i) a Large-scale Purchaser provide necessary and sufficient information to the Board of Directors, and (ii) a Large-scale Purchaser be permitted to commence the Large-scale Purchase only after the prescribed period during which the Board of Directors will assess the Large-scale Purchase.

First, a Large-scale Purchaser is required to provide JFE’s Board of Directors with necessary and sufficient information (hereinafter referred to as the “Large-scale Purchase Information”) so that the shareholders of JFE may make decisions and the Board of Directors may form its opinion. The Large-scale Purchase Information will include the following:

- (1) an outline of the Large-scale Purchaser and its group;
- (2) the purposes and terms of the Large-scale Purchase;
- (3) the basis for determination of the purchase price and the source of the funds for purchase;
- (4) management policies and business plans of JFE Group which the Large-scale Purchaser intends to adopt after the completion of the Large-scale Purchase;
- (5) policies dealing with JFE Group’s customers, suppliers, local community, employees, and any other stakeholders of JFE Group which the Large-scale Purchaser intends to adopt after the completion of the Large-scale Purchase; and
- (6) in cases where the Large-scale Purchaser conducts business of the same kind as the business of JFE Group, the Large-scale Purchaser’s view on the legality of the Large-scale Purchase in terms of the Antimonopoly Law and overseas competition laws.

Since details of the Large-scale Purchase Information may vary depending on each specific Large-scale Purchase, JFE, first of all, requires the Large-scale Purchaser to submit to JFE a letter of intention to comply with the Large-scale Purchase Rules, specifying the name of the Large-scale Purchaser, address, governing law of incorporation, name of its representative, contact details in Japan, and an outline of the proposed Large-scale Purchase. Within five business days after receipt of such letter, JFE will deliver to the Large-scale Purchaser a list of the Large-scale Purchase

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Information to be initially provided by the Large-scale Purchaser. If the information initially provided by the Large-scale Purchaser is deemed insufficient as the Large-scale Purchase Information, JFE may require additional information until it receives necessary and sufficient information. JFE's Board of Directors will disclose the proposed Large-scale Purchase and all or part of the Large-scale Purchase Information submitted to the Board of Directors at such time as it deems appropriate, if such disclosure is considered necessary for the shareholders to make their decisions. In addition, JFE's Board of Directors will promptly disclose the completion of provision of necessary and sufficient information concerning the Large-scale Purchase from the Large-scale Purchaser if so deemed by the Board of Directors.

After all the Large-scale Purchase Information is provided, JFE's Board of Directors should be allowed a sixty day period (in the case of the purchase of all JFE shares by a tender offer with cash-only (Japanese Yen) consideration) or a ninety day period (in the case of any other Large-scale Purchase), depending on the level of difficulty of the assessment, as the period during which it will assess, examine, negotiate, form an opinion and seek alternatives (hereinafter referred to as the "Assessment Period"). The Large-scale Purchase, therefore, will be commenced only after the Assessment Period has elapsed. The Board of Directors will thoroughly assess and examine the Large-scale Purchase Information with advice from outside professionals during the Assessment Period, and disclose its opinion. Also, as mentioned above, the Board of Directors may negotiate with the Large-scale Purchaser in order to improve the terms of the proposed Large-scale Purchase or it may offer alternative plans to the shareholders, as necessary.

### 3. Action plans in response to the Large-scale Purchase

#### (1) If a Large-scale Purchaser does not comply with the Large-scale Purchase Rules

If a Large-scale Purchaser does not comply with the Large-scale Purchase Rules, JFE's Board of Directors may take countermeasures against the Large-scale Purchaser to protect the corporate value of JFE and the common interests of the shareholders. Countermeasures include the issuance of stock acquisition rights or any other measures that the Board of Directors is permitted to take under the Companies Act or other laws and JFE's Articles of Incorporation. The Board of Directors will make decisions on the invocation of countermeasures by referring to advice from outside professionals, such as lawyers and financial advisers, and respecting the recommendations of the Special Committee to the maximum extent possible. The Board of Directors will adopt specific countermeasures which it deems appropriate at that time. If the Board of Directors elects to make a gratis allotment of stock acquisition rights, the outline of the issuance thereof will, in principle, be as described in Attachment 3 hereto. If the Board of Directors elects to issue stock acquisition rights as a countermeasure, it may determine the exercise period and exercise conditions of the stock acquisition rights in consideration of the effectiveness thereof as a countermeasure.

JFE believes that the establishment of the Large-scale Purchase Rules and countermeasures to be taken in the event of non-compliance with such rules are reasonable and appropriate in order to protect the corporate value of JFE and the common interests of the shareholders. JFE recognizes that the aforementioned countermeasures may cause damage or loss, economic or otherwise, to a prospective Large-scale Purchaser who does not comply with the Large-scale Purchase Rules. Thus, JFE is hereby advising, in advance, against commencing a Large-scale Purchase that does not comply with the Large-scale Purchase Rules.

(Translation for reference only)

(2) If a Large-scale Purchaser complies with the Large-scale Purchase Rules

The purpose of the Large-scale Purchase Rules is to provide an opportunity for the shareholders of JFE to receive necessary information about the purchase of such number of JFE shares as may influence the management of JFE, as well as the opinions, and alternative plans from the incumbent Board of Directors, in order that they may determine whether or not such proposed purchase is acceptable, from the perspective of protecting the corporate value of JFE and the common interests of the shareholders. If a Large-scale Purchase is conducted in compliance with the Large-scale Purchase Rules, the Board of Directors does not intend, in principle, to prevent the Large-scale Purchase at its own discretion.

However, even though a Large-scale Purchaser complies with the Large-scale Purchase Rules, in the exceptional case where it is clear that a Large-scale Purchase will cause irreparable damage or loss to JFE or where it will cause severe damage to the corporate value of JFE and the common interests of the shareholders and the invocation of countermeasures is reasonable in the judgment of JFE's Board of Directors, the Board of Directors may take countermeasures described in 3. (1) above to prevent such Large-scale Purchase. The Board of Directors will refer to advice from outside professionals, such as lawyers and financial advisers, and respect the recommendations of the Special Committee to the maximum extent possible in making decision of the invocation of countermeasures. In such a case, the Board of Directors will make an appropriate disclosure at an appropriate time. In principle, any one of the following will be deemed to constitute a case where it is clear that a Large-scale Purchase will cause irreparable damage or loss to JFE or where it will cause severe damage to the corporate value and the common interests of the shareholders:

- (i) Case where a purchaser implements an acquisition that will cause obvious harm to the corporate value and the common interests of the shareholders by actions including the following:
  - (1) To buy up JFE shares and to force JFE into purchasing such shares at an inflated price;
  - (2) To achieve an advantage for an acquirer to the detriment of JFE through actions such as the temporary assumption of control over JFE's management and the acquisition of JFE's material assets, etc. at a below-market price;
  - (3) To divert JFE's assets to secure or repay debts of an acquirer, its group companies, etc.; or
  - (4) To cause JFE to declare temporary large dividends, or to sell JFE shares at an inflated price as a result of a sudden rise in stock price because of the declaration of temporary large dividends, by temporarily controlling JFE's management to bring about a disposal of high-value assets, etc. that have no current relevance to JFE's business.
- (ii) Case where a purchaser implements an acquisition that may have the effect of forcing shareholders into selling shares, such as coercive two-tiered tender offers (i.e., acquisition of shares (including a tender offer) that may result in the second-stage acquisition terms which are less favorable than the first-stage acquisition terms or may instead cause the second-stage acquisition terms to be unclear).
- (iii) Case where the interests of customers, suppliers, local community, employees and any other stakeholders of JFE may be damaged and, as a result, the long-term corporate value

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and the common interests of the shareholders may be severely impaired by the acquisition of the management control of JFE by a Large-scale Purchaser.

- (iv) Case where acquisition terms (including the amount and type of consideration for the acquisition, the timing of the acquisition, the legality of the acquisition method, the probability of the acquisition being accomplished, and post-acquisition policies dealing with JFE's customers, suppliers, employees, and any other stakeholders of JFE) are significantly inadequate or inappropriate in light of JFE's intrinsic value.

### (3) Establishment of the Special Committee

The Special Committee will be established as an organization independent from JFE's Board of Directors, in order to ensure that the decisions as to whether or not a Large-scale Purchaser has complied with the Large-scale Purchase Rules and whether or not countermeasures should be taken will be made in a transparent, objective, fair and reasonable manner. The Special Committee will have three members, who will be appointed from among the Outside Directors of JFE, Outside Audit & Supervisory Board Members of JFE, experienced corporate managers, persons with knowledge of the investment banking industry, lawyers, certified public accountants, tax advisors, academic experts, or persons of similar qualifications.

JFE's Board of Directors will consult the Special Committee and obtain recommendations from the Special Committee in deciding whether or not it should take countermeasures. The Special Committee will discuss and resolve the matter consulted by obtaining, at the cost of JFE, advice from third parties independent from the management of JFE (including financial advisers, certified public accountants, lawyers, consultants or any other professionals) and requesting JFE's Directors, Audit & Supervisory Board Members, employees, etc. to be present and to explain necessary information at meetings of the Special Committee. The Special Committee will also submit recommendations to the Board of Directors based on such discussions. The Board of Directors will respect such recommendations to the maximum extent possible in making decision whether or not the Board of Directors will take countermeasures. The Special Committee will disclose as necessary the contents of the recommendations.

### 4. Effect on JFE's shareholders and investors

Although JFE does not anticipate that taking countermeasures will cause shareholders, other than the Large-scale Purchaser, economic damage or loss of any rights, in the event that JFE's Board of Directors determines to take a specific countermeasure, the Board of Directors will disclose such countermeasure in a timely and appropriate manner pursuant to relevant laws and financial instruments exchange regulations. Shareholders must take necessary steps to be recorded in JFE's final register of shareholders at the record date of the issuance of stock acquisition rights, which will be determined and publicly announced by the Board of Directors in order to acquire stock acquisition rights upon the invocation of a countermeasure. Further, shareholders may need to apply for acquisition within a certain prescribed period, depending on the issuance methods for stock acquisition rights, in addition to entering a share transfer in the shareholders' register. In addition, in order to exercise stock acquisition rights and acquire stock, shareholders need to pay the exercise price within a certain prescribed period. JFE will announce the details of such procedures in accordance with relevant laws and financial instruments exchange regulations when the Board of Directors actually determines to issue stock acquisition rights.

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Even after the record date for the issuance of stock acquisition rights has passed or the allotment of stock acquisition rights has taken effect, JFE may cancel the allotment or acquire those stock acquisition rights without consideration or delivery of JFE shares to the holders of such rights up until the day immediately prior to the date of commencement of the exercise period of such rights due to circumstances such as a Large-scale Purchaser's withdrawal of its Large-scale Purchase of JFE shares. In these cases no dilution of stock value will occur, and investors who have sold or otherwise disposed of JFE shares anticipating that the dilution of stock value will occur may suffer certain losses as a result of stock price fluctuations.

#### 5. Effective term of the Policy

If the continuation of the Policy is approved by the shareholders of JFE at this Ordinary General Meeting of Shareholders, the Policy will remain effective until the close of the Ordinary General Meeting of Shareholders relating to the final fiscal year ending within two years after the date of this Ordinary General Meeting of Shareholders. The same will apply thereafter.

JFE's Board of Directors will make prompt disclosure regarding the continuation of the Policy if so determined by the Board of Directors. The Board of Directors intends to review the Policy from time to time from the viewpoint of protecting the corporate value of JFE and the common interests of the shareholders, taking into account the enactments and amendments of various applicable legislation including the Company Law and the Financial Instruments and Exchange Law.

If JFE's Board of Directors passes a resolution to abolish the Policy, then the Policy will be abolished at that time even during the effective term of the Policy. Further, even during the effective term of the Policy, the Board of Directors may review and amend the Policy in accordance with the recommendations of the Special Committee to the maximum extent possible. Since the terms of office of the Directors of JFE shall be set for one year, any amendment or abolishment of the Policy will be determined by the Board of Directors composed of directors elected by the General Meeting of Shareholders every year.

Notes: 1. A group of shareholders means (i) a holder (defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Act, including a person, a company, a corporation or any other entity deemed as a holder pursuant to Paragraph 3 thereof) of shares and other securities (defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law) and any joint holders (defined in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Act, including a person, a company, a corporation or any other entity deemed as a joint holder pursuant to Paragraph 6 thereof), or (ii) a person, a company, a corporation or any other entity who makes a purchase (defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Act, including a purchase made on a financial Instruments exchange market) of shares and other securities (defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Act) and any specially related parties (defined in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Act).

2. The voting rights ratio means (i) in the case of item (i) in note 1 above, the shareholding ratio (defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act) of the holder (taking into account the number of shares (defined in the said paragraph) held by any joint holders), or (ii) in the case of item (ii) in note 1 above, the sum of the shareholding ratio (defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Act) of the purchaser and its specially related parties. In calculating the voting rights ratio, the annual report, quarter report or the treasury stock purchase report of JFE, whichever has been submitted to the

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authorities most recently, may be referred to in deciding the total number of voting rights (defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Act) or total number of issued shares (defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act).



(Translation for reference only)

## Attachment 1

### Outline of the Rules of the Special Committee

- The Special Committee shall be established by resolution of JFE's Board of Directors.
- The Special Committee will have three members, and JFE's Board of Directors shall elect the members from among the Outside Directors of JFE, Outside Audit & Supervisory Board Members of JFE, experienced corporate managers, persons with knowledge of the investment banking industry, lawyers, certified public accountants, tax advisors, academic experts, or persons of similar qualifications who are independent from the management that conducts the execution of the business of JFE. The Special Committee shall conduct its duties with the duty of care of a good manager.
- The term of office of members of the Special Committee shall be determined by resolution of JFE's Board of Directors.
- If JFE's Board of Directors consults the Special Committee, the Special Committee shall, in principle, pass resolutions on the matters listed below, and submit recommendations to JFE's Board of Directors containing the details of and reasons for its recommendation. Each member of the Special Committee must make such decisions with a view to whether or not the corporate value of JFE and the common interests of the shareholders will be enhanced, and they must not serve the purpose of their own interests or those of JFE's Directors.
  - (1) Whether it is appropriate for the Large-scale Purchase to be made subject to the Policy;
  - (2) The issuance or non-issuance of stock acquisition rights (including the gratis allotment of stock acquisition rights) based on the Policy;
  - (3) Whether should be taken other countermeasures based on the Policy;
  - (4) Review and abolishment of the Policy; and
  - (5) Any other matters relevant to the Policy in respect to which JFE's Board of Directors has consulted the Special Committee.
- A meeting of the Special Committee may be convened by any member of the Special Committee or the President and Chief Executive Officer.
- As a general rule, matters are resolved by the majority vote with the presence of all members of the Special Committee excluding interested members. In the case that all members of the Special Committee are unable to attend, a quorum shall be the majority of the members and matters may be resolved by the majority vote of the members then present.
- The Special Committee shall attempt to collect necessary and sufficient information, and may obtain, at the cost of JFE, advice from third parties independent from the management of JFE (including financial advisers, certified public accountants, lawyers, consultants or any other professionals) and request JFE's Directors, Audit & Supervisory Board Members, employees, etc. to be present and to explain necessary information at meetings of the Special Committee.
- The Special committee will disclose as necessary the contents of the recommendations to JFE's Board of Directors.

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## Attachment 2

### Names and Career Summaries of Members of Special Committee

The members of the Special Committee as of June 3, 2015 are as follows.

#### **Akimitsu Ashida**

##### **Counselor of Mitsui O.S.K. Lines, Ltd.**

[Career Summary]

Born April 10, 1943

April 1967      Joined former Mitsui O.S.K. Lines, Ltd. (currently Mitsui O.S.K. Lines, Ltd.)

June 2003      Representative Director and Executive Vice President of Mitsui O.S.K. Lines, Ltd.

June 2004      Representative Director and President Executive Officer of Mitsui O.S.K. Lines, Ltd.

June 2010      Representative Director, Chairman of the Board and Chairman Executive Officer of Mitsui O.S.K. Lines, Ltd.

June 2014      Outside Director of JFE Holdings, Inc. (current post)

June 2014      Counselor of Mitsui O.S.K. Lines, Ltd. (current post)

#### **Hiroyuki Itami**

##### **Professor of Graduate School of Innovation Studies of Tokyo University of Science**

[Career Summary]

Born March 16, 1945

April 1985      Professor of Faculty of Commerce and Management of Hitotsubashi University

April 1994      Dean of Faculty of Commerce and Management of Hitotsubashi University

April 2008      Professor of Specialist Graduate School of Management of Science and Technology of Tokyo University of Science (Since April 1, 2011, called as Graduate School of Innovation Studies of Tokyo University of Science) (current post)

October 2008    Head of Graduate School of Innovation Studies of Tokyo University of Science

June 2010      Outside Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)

[Major Concurrent Posts]

Member of National University Corporation Evaluation Committee, Ministry of Education, Culture, Sports, Science and Technology

Outside Audit & Supervisory Board Member of Mitsui O.S.K. Lines, Ltd.

Outside Director of Toshiba Corporation

#### **Masafumi Maeda**

##### **Professor of Institute of Industrial Science, the University of Tokyo**

[Career Summary]

Born September 22, 1952

November 1996    Professor of Institute of Industrial Science, the University of Tokyo (current post)

April 2005      Director General of Institute of Industrial Science, the University of Tokyo

April 2009      Managing Director, Executive Vice President of the University of Tokyo

June 2011      Outside Director of JFE Holdings, Inc. (current post)

[Major Concurrent Post]

Member of Science Council of Japan

Representative Director of The Mining and Materials Processing Institute of Japan

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**[Reference]**

Of the above Special Committee members, Mr. Ashida will retire from office as of June 25, 2015. His successor will be Mr. Masao Yoshida.

**Masao Yoshida**

**Chairman and Representative Director of Furukawa Electric Co., Ltd.**

[Career Summary]

Born February 5, 1949

April 1972           Joined Furukawa Electric Co., Ltd.

June 2006           Senior Managing Director and Corporate Executive Vice President of  
Furukawa Electric Co., Ltd.

June 2008           President and Representative Director of Furukawa Electric Co., Ltd.

April 2012           Chairman and Representative Director of Furukawa Electric Co., Ltd.  
(current post)

[Major Concurrent Post]

Outside Director of FURUKAWA CO., LTD.

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### **Attachment 3**

#### JFE Terms and Conditions of the Stock Acquisition Rights

### **I. Determination of Gratis Allotment of Stock Acquisition Rights**

#### 1. Terms and number of the Stock Acquisition Rights

The terms of the stock acquisition rights to be allotted to the shareholders (hereinafter, individually or collectively, referred to as the “Stock Acquisition Rights”) include the terms set forth in section II below. The number of the Stock Acquisition Rights will be separately determined by JFE’s Board of Directors in a resolution relating to the gratis allotment of Stock Acquisition Rights (hereinafter referred to as the “Gratis Allotment Resolution”). The upper limit of the number of the Stock Acquisition Rights shall be determined by subtracting the total number of the issued and outstanding common shares (excluding the number of common shares held by JFE at that time) from the total number of shares which JFE is authorized to issue on a date to be determined by the Board of Directors as the record date in the Gratis Allotment Resolution. The Board of Directors may make allotments of the Stock Acquisition Rights on different occasions to the extent the total number of the allotted Stock Acquisition Rights is within the upper limit.

#### 2. Shareholders eligible for the allotment

JFE’s Board of Directors will make allotments of Stock Acquisition Rights to those shareholders, other than JFE itself, who appear or are recorded in JFE’s final register of shareholders or register of beneficial shareholders on the date separately determined by the Board of Directors in the Gratis Allotment Resolution, at the ratio of one Stock Acquisition Right for every share.

#### 3. Effective date of the gratis allotment of Stock Acquisition Rights

JFE’s Board of Directors will separately determine the effective date of the gratis allotment of Stock Acquisition Rights in the Gratis Allotment Resolution.

### **II. Terms of the Stock Acquisition Rights**

#### 1. Type and number of shares to be acquired upon exercise of the Stock Acquisition Rights

The type of shares to be acquired upon the exercise of the Stock Acquisition Rights shall be common shares of JFE, and the upper limit of the total number of shares to be acquired upon the exercise of the Stock Acquisition Rights shall be determined by subtracting the total number of the issued and outstanding common shares (excluding the number of common shares held by JFE at that time) from the total number of shares which JFE is authorized to issue on a date to be determined by JFE’s Board of Directors as the record date in the Gratis Allotment Resolution. The number of shares to be acquired upon exercise of one Stock Acquisition Right (hereinafter referred to as the “Applicable Number of Shares”) shall be separately determined by the Board of Directors in the Gratis Allotment Resolution. Provided, however, that if JFE makes a stock split or a stock consolidation after the allotment date of the Stock Acquisition Rights, the Applicable Number of Shares shall be adjusted according to the following formula. If any

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fraction less than one share arises as a result of such adjustment, such fraction shall be discarded.

$$\begin{array}{l} \text{Applicable Number of} \\ \text{Shares after adjustment} \end{array} = \begin{array}{l} \text{Applicable Number of Shares} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of split or} \\ \text{consolidation} \end{array}$$

## 2. Amount of assets to be contributed upon the exercise of the Stock Acquisition Rights

(1) Contributions upon the exercise of the Stock Acquisition Rights shall be made in cash, and the amount of such contribution shall be an amount equal to the Exercise Price (as defined in (2) below) multiplied by the Applicable Number of Shares.

(2) The amount of assets to be contributed per share of JFE upon the exercise of the Stock Acquisition Rights (hereinafter referred to as the “Exercise Price”) shall be an amount separately determined by JFE’s Board of Directors in the Gratis Allotment Resolution, which shall be equal to or greater than one yen.

## 3. Exercise Period of the Stock Acquisition Rights

The commencement date of the exercise period shall be a date separately determined by JFE’s Board of Directors in the Gratis Allotment Resolution (such commencement date of the exercise period shall be hereinafter referred to as the “Exercise Period Commencement Date”), and the exercise period will be a period separately determined by the Board of Directors in the Gratis Allotment Resolution, which shall be not shorter than one month and not longer than three months; provided, however, that if the final day of the exercise period falls on a non-business day in the payment place for the cash payable upon exercise, the preceding business day shall be the final day.

## 4. Conditions for the exercise of the Stock Acquisition Rights

(1) The following parties (hereinafter referred to as the “Non-Qualified Party”) shall not exercise the Stock Acquisition Rights:

- (i) A party which makes a purchase of JFE shares with the intent to hold 20% or more in the voting rights ratio together with other members of the group of shareholders to which it belongs (excluding any party to which JFE’s Board of Directors has given its consent in advance of the purchase);
- (ii) A party which makes a purchase of JFE shares, resulting in the voting rights ratio of the group of shareholders to which it belongs, being 20% or more (excluding any party to which JFE’s Board of Directors has given its consent in advance of the purchase) (the parties set out in (i) and (ii) above shall collectively be hereinafter referred to as a “Large-scale Purchaser”) and;
- (iii) Any Affiliated Party of any party falling under (i) or (ii) above.

The terms used above shall have the following meanings:

(a) A group of shareholders means (i) a holder (defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Act, including a person, a company, a corporation or any other entity deemed as a holder pursuant to Paragraph 3 thereof) of shares and other securities (defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Act) and any

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joint holders (defined in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Act, including a person, a company, a corporation or any other entity deemed as a joint holder pursuant to Paragraph 6 thereof), or (ii) a person, a company, a corporation or any other entity who makes a purchase (defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Act, including a purchase made on a securities exchange market) of shares and other securities (defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Act) and any specially related parties (defined in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Act).

(b) The voting rights ratio means (i) in the case of item (i) in (a) above, the shareholding ratio (defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act) of the holder (taking into account the number of shares (defined in the said paragraph) held by any joint holders), or (ii) in the case of item (ii) in (a) above, the sum of the shareholding ratio (defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Act) of the purchaser and its specially related parties. In calculating the voting rights ratio, the annual report, semi-annual report or the treasury stock purchase report of JFE, whichever has been submitted to the authorities most recently, may be referred to in deciding the total number of voting rights (defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Act) or total number of issued shares (defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act).

(c) An Affiliated Party of a given party means a party who is deemed by JFE's Board of Directors to substantially control, be controlled by, or be under common control with such given party, or a party who is deemed by JFE's Board of Directors to be acting in concert with such given party.

(2) Notwithstanding (1) above, the parties set out in (a) through (d) below shall not be Large-scale Purchasers:

(a) JFE, its subsidiaries (as defined in Paragraph 3, Article 8 of the Regulations concerning Terminology, Forms and Method of Preparation of Financial Statements, etc.) or its affiliates (as defined in Paragraph 5, Article 8 of the Regulations concerning Terminology, Forms and Method of Preparation of Financial Statements, etc.);

(b) a party that JFE's Board of Directors recognizes as a party which fell under the requirements as set forth in (1) above with no intention to control JFE and that JFE's Board of Directors further recognizes as a party which has ceased to fall under the requirements as set forth in (1) above by a disposal of the shares and other securities of JFE held or some other method within ten days after falling under the requirements as set forth in (1) above (provided, however, that the ten day period may be extended by JFE's Board of Directors);

(c) a party that JFE's Board of Directors recognizes as a party which involuntarily fell under the requirements as set forth in (1)(a)(i) above by JFE acquiring treasury stock or for any other reason (excluding cases where the party thereafter newly acquires shares and other securities. at its own discretion); or

(d) a party that JFE's Board of Directors recognizes as a party whose acquisition or holding of

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shares and other securities is not contrary to the corporate value of JFE and the common interests of the shareholders (including a party previously determined by JFE's Board of Directors to be a Non-Qualified Party, but whose acquisition or holding of shares and other securities is later determined by JFE's Board of Directors not to be contrary to the corporate value and the common interests of the shareholders. If JFE's Board of Directors determines that an acquisition or holding is not contrary to the corporate value and the common interests of the shareholders under certain conditions, such recognition is effective to the extent that these conditions are satisfied.)

(3) Under the applicable foreign laws and ordinances, if a party located in a jurisdiction governed by such laws and ordinances, is required, for the purposes of exercising the Stock Acquisition Rights to (i) perform certain procedures, (ii) satisfy certain conditions (including prohibition of exercise for a certain period of time or submission of specified documents), or (iii) both perform such procedures and satisfy such conditions (hereinafter collectively referred to as the "Governing Law Exercise Procedures and Conditions"), such party may exercise the Stock Acquisition Rights only if JFE's Board of Directors recognizes that it has fully performed or satisfied the Governing Law Exercise Procedures and Conditions; and such party may not exercise the Stock Acquisition Rights if JFE's Board of Directors does not recognize that it has satisfied the Governing Law Exercise Procedures and Conditions. Provided, however, that JFE's Board of Directors shall bear no obligation to implement or satisfy any Governing Law Exercise Procedures and Conditions which are to be performed or satisfied by JFE in order for the party under such jurisdiction to exercise the Stock Acquisition Rights. In addition, if a party located under such jurisdiction is not permitted to exercise the Stock Acquisition Rights under such laws and ordinances, parties who are located in such jurisdiction shall not exercise the Stock Acquisition Rights.

(4) Notwithstanding (3) above, a party located in the United States may exercise the Stock Acquisition Rights, only if (i) such party represents and warrants that it is an accredited investor as defined in Rule 501(a) of the U.S. Securities Act of 1933, and (ii) such party covenants to resell the shares of JFE to be acquired upon exercise of the Stock Acquisition Rights held by such party only through a regular transaction at the Tokyo Stock Exchange or the Nagoya Stock Exchange (not on the basis of any previous arrangements and without previous solicitation). In such case only, JFE shall perform or satisfy the Governing Law Exercise Procedures and Conditions under Regulation D of the U.S. Securities Act of 1933 and applicable U.S. state laws that are required to be performed or satisfied by JFE for the exercise of the Stock Acquisition Rights by a party located in the United States. A party located in the United States shall not exercise the Stock Acquisition Rights if JFE's Board of Directors determines that such party is not permitted to legally exercise the Stock Acquisition Rights under the U.S. securities laws due to a change in the law of the United States or some other reason, even though such party satisfies the conditions as described in (i) and (ii) above.

(5) A holder of the Stock Acquisition Rights may exercise the Stock Acquisition Rights only if the holder submits to JFE a written statement in which the holder undertakes representations and warranties, including, but not limited to, the fact that the holder is not a Non-Qualified Party,

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nor a party that has any intention to exercise the Stock Acquisition Rights on behalf of a Non-Qualified Party and that the holder satisfies the conditions for the exercise of the Stock Acquisition Rights, provisions for indemnification and other matters prescribed by JFE and any written statement required under laws and ordinances.

(6) Even if a holder of the Stock Acquisition Rights is unable to exercise the Stock Acquisition Rights in accordance with the provisions of this section 4, JFE shall not be liable to such holder of the Stock Acquisition Rights for damages or any other obligations.

#### 5. Capital and capital reserve to be increased upon issuance of shares by exercise of the Stock Acquisition Rights

The capital to be increased upon issuance of shares by exercise of the Stock Acquisition Rights shall be equal to the maximum increase amount of capital and capital reserve to be calculated in accordance with Article 17 of the Company Calculation Regulations, and the capital reserve shall not be increased.

#### 6. Restrictions on transfers of the Stock Acquisition Rights

(1) Any acquisition of the Stock Acquisition Rights by assignment requires the approval of JFE's Board of Directors.

(2) If a party who intends to assign the Stock Acquisition Rights is located outside Japan and is unable to exercise the Stock Acquisition Rights in accordance with the provisions of section 4(3) and 4(4) above (excluding a Non-Qualified Party), then JFE's Board of Directors shall determine if it gives such approval as described in the above paragraph, after consideration of the following matters:

(a) whether or not a written undertaking prepared and signed or sealed by the transferor and transferee (including provisions for representations and warranties with respect to the matters described in (b), (c) and (d) below, provisions for indemnification and other provisions for covenants determined by JFE) is submitted with respect to the acquisition through assignment of all or part of the Stock Acquisition Rights by a party who is located in such jurisdiction;

(b) whether or not it is clear that the transferor and transferee are not Non-Qualified Parties;

(c) whether or not it is clear that the transferee is not located in such jurisdiction and does not intend to accept the Stock Acquisition Rights on behalf of a party located in such jurisdiction;

(d) whether or not it is clear that the transferee does not intend to accept the Stock Acquisition Rights on behalf of a Non-Qualified Party.

#### 7. Acquisition of the Stock Acquisition Rights by JFE

(1) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if JFE's Board of Directors recognizes that it is appropriate for JFE to acquire the Stock Acquisition Rights, JFE may, on a day separately specified by JFE's Board of Directors, acquire



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all of Stock Acquisition Rights for no consideration.

(2) On a day separately specified by JFE's Board of Directors, JFE may acquire all (but not part) of the Stock Acquisition Rights that have not been exercised on or before the date immediately prior to such date specified by JFE's Board of Directors, which are held by parties other than Non-Qualified Parties and those who did not submit (excluding cases where JFE does not require the submission) to JFE a specified written statement (in which the parties undertake representations and warranties, including, but not limited to, the fact that the parties are not Non-Qualified Parties, nor do the parties have any intention to hold the shares of JFE to be delivered on behalf of a Non-Qualified Parties, provisions for indemnification and other matters prescribed by JFE), and, in exchange, deliver JFE shares in the number of the Applicable Number of Shares for every Stock Acquisition Right. Further, if, on or after the date upon which the acquisition takes place, JFE's Board of Directors recognizes the existence of a party other than Non-Qualified Parties who holds the Stock Acquisition Rights (upon such recognition, JFE may require such party to submit a specified written statement set forth in the first sentence above), JFE may, on a day determined by JFE's Board of Directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to a date determined by JFE's Board of Directors and, in exchange, deliver JFE shares in the number of the Applicable Number of Shares for every Stock Acquisition Right. The same will apply thereafter.

8. Delivery of the Stock Acquisition Rights in the case of merger (limited to a merger where JFE ceases to exist due to such merger), absorption-type company split, incorporation-type company split, share exchange or share transfer

JFE's Board of Directors will separately determine the delivery of the Stock Acquisition Rights and the conditions thereof in the Gratis Allotment Resolution.

9. Issuance of certificates representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

10. Reception counters for the exercise of the Stock Acquisition Rights

JFE's Board of Directors will separately determine the reception counters for the exercise of the Stock Acquisition Rights in the Gratis Allotment Resolution.

11. Payment handling financial institutions for the exercise of the Stock Acquisition Rights

JFE's Board of Directors will separately determine the payment handling financial institutions for the exercise of the Stock Acquisition Rights.

12. Notice to the holders of the Stock Acquisition Rights

(1) Notices to the holder of the Stock Acquisition Rights shall be sufficiently given if sent by mail addressed to such holder at the address of such holder as it appears upon the registry books of stock acquisition rights of JFE, and such notices shall be deemed to be given after the passing of the period usually required for their delivery.

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(2) If the holder of the Stock Acquisition Rights does not raise any objection to JFE in writing within fourteen days from the date on which the notice is deemed to be served on the holder, JFE may deem the holder of the Stock Acquisition Rights to have consented.

13. Revision due to amendment to laws and ordinances

The provisions of the laws and ordinances referred to above are based on the provisions that are effective as of June 3, 2015. If the meanings of the provisions or terms set forth in each item above require revision due to the enactment, amendment or abolishment of laws and ordinances after June 3, 2015, JFE's Board of Directors may alter the meanings of the provisions or terms set forth in each item above to the reasonable extent as required, taking into consideration the purposes of such enactment, amendment or abolishment.

(Translation for reference only)

**<Shareholder's Proposal (Proposal 7)>**

This Proposal 7 has been submitted by one of our shareholders.

The title and content of this Proposal and the reason for submitting this Proposal are stated as was written by said shareholder, except that an agenda number has been added to this Proposal.

**Proposal 7: Dismissal of a Director**

Content of this Proposal

The Director below shall be dismissed.

Director: Eiji Hayashida

Reasons for this Proposal

1. Mr. Hayashida succeeded his rights and duties of the president and other members of the management team of the former Kawasaki Steel Corporation, all of whom idled away their time without newly investing proceeds from the sale of equity in Tubarão Steelworks in Brazil, and he never opposed these board members' inaction. Moreover, he has not expressed his own perspective regarding new investment.
2. Mr. Hayashida idled away his time without seeking a possible merger with Nippon Steel Corporation. Consequently, the Company lost the opportunity for the merger therewith, leaving Nippon Steel Corporation to merge with Sumitomo Metal Industries, Ltd., several years ago.

**Board of Directors' opinion: The Board opposes to Proposal 7.**

The Company judges that Director Eiji Hayashida is competent as a Director because he has faithfully executed his duties since his assumption of office as Director in compliance with laws and regulations and the Articles of Incorporation to maximize the sustainable growth and corporate value of the Company.

The Board therefore opposes this Proposal.

(Translation for reference only)

Appendixes

## **Business Report for the 13th Term**

(From April 1, 2014 to March 31, 2015)

### 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 13th term, the Japanese economy followed a gradual recovery undertone, on the whole, with such phenomena as improved corporate performance and the continuous trend of improvement in the employment and income environments despite the adverse effects of a reactionary decline due to last-minute demand resulting from the rise in the consumption tax rate. The world’s economy remained uncertain, affected by the decelerating economy in emerging countries including China and geopolitical risks in several regions despite some improvement in the export environment due to the effects of yen depreciation.

Against this backdrop, in addition to further strengthening profitability improvement measures, the JFE Group focused on expanding sales in such fields as civil engineering/construction and shipbuilding, which saw steady domestic demand, and taking appropriate responses overseas and in the fields of the environment and energy. As a result, consolidated ordinary income and net income of the Group both increased from the prior-year levels.

Each operating company has developed activities suited to its business characteristics and the surrounding environment.

<Performance of JFE Steel Corporation>

JFE Steel Corporation had consolidated crude steel output of 31.04 million tons, almost the same as the prior-year level.

Consolidated net sales increased year on year to 2,873.8 billion yen, partly due to the influence of the foreign exchange rate. Consolidated ordinary income increased year on year to 188.5 billion yen, reflecting a fall in raw material prices and continuing profitability improvement measures.

<Performance of JFE Engineering Corporation>

JFE Engineering Corporation actively rolled out marketing activities in the environment and energy sectors, as well as infrastructure-building projects.

As a result, consolidated net sales increased significantly year on year to 367.3 billion yen. Consolidated ordinary income stood at 18.0 billion yen.

The amount of orders received, which form the base for future net sales, reached a record high at 459.5 billion yen.

<Performance of JFE Shoji Trade Corporation>

JFE Shoji Trade Corporation addressed domestic demand for steel products for manufacturing industries including shipbuilding and for construction through proposal-based sales that maximized its processing and sales functions. Overseas, JFE Shoji Trade proactively developed community-based businesses mainly in the United States and Thailand, in addition to conventional export transactions. As a result, consolidated net sales increased year on year to 1,934.4 billion yen and consolidated ordinary income rose to 24.6 billion yen.

<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 3,850.3 billion yen, consolidated operating income of 222.5 billion yen and consolidated ordinary income of 231.0 billion yen, all of

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which increased year on year. Net extraordinary loss was 4.3 billion yen, and the Group recorded consolidated income before income taxes of 226.6 billion yen and consolidated net income of 139.3 billion yen.

<Non-consolidated operating results>

During the 13th 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 25.3 billion yen from the said three operating companies and Japan Marine United Corporation. As a result, on a non-consolidated basis, JFE Holdings, Inc. recorded operating income of 25.8 billion yen and ordinary income of 25.8 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, in view of the consolidated net income level, JFE Holdings, Inc., intends to propose at this General Meeting of Shareholders a year-end dividend of 40 yen per share, which will result in an annual dividend of 60 yen per share including the interim dividend of 20 yen per share. This is an increase of 20 yen from the previous term.

[Tasks requiring attention]

Despite signs of economic recovery supported by solid domestic demand, with the correction of the preceding yen appreciation and the initiative for building national resilience, the JFE Group has been facing a harsh business environment in overseas markets due to several factors, including the uncertainty of the economy in Europe and emerging countries and increased demand-supply gaps worldwide.

Under the conditions described above, in the previous medium-term business plan (fiscal years 2012–2014), the Group worked to strengthen its business structure for sustainable growth, realigned its business portfolio by acquiring 100% ownership of its trading business, restructured its shipbuilding business and divested its semiconductor business.

In the steel business, the Group streamlined its domestic manufacturing base through such measures as the replacement of facilities and promoted investments in overseas businesses mainly in Asia. In the engineering business, the Group captured domestic demand primarily for reconstruction and disaster recovery and for solar power generation, and endeavored to expand overseas businesses by promoting M&A projects. In the trading business, the Group focused on strengthening its supply chain, including the expansion of overseas sales bases through buying businesses and other measures.

As for the future business environment, the JFE Group foresees many business opportunities. In Japan, we forecast considerable demand to be generated by the Japanese government's efforts to improve national resilience to natural disasters and to prepare for the Tokyo 2020 Olympic and Paralympic Games. We expect growing demand for infrastructure projects and technologies for energy saving and environmental protection, particularly in emerging countries. In Japan, many changes are taking place, including a falling birthrate, an aging population and large fluctuations in prices for crude oil and other natural resources, as well as foreign exchange rates, along with the impact of the changing political and economic situations in foreign countries, all of which must be accurately assessed to ensure that the Group responds appropriately and promptly.

<Common Group-wide measures in the fifth Medium-Term Business Plan>

This year, the JFE Group issued its fifth Medium-Term Business Plan as a strategic operating guideline for the period from April 1, 2015, to March 31, 2018 (fiscal years 2015–2017). In this business plan, the Group will adapt to its changing business environment by strengthening its technological advantages, diversifying its workforce and improving its comprehensive strengths. By strengthening its profit base in Japan and improving the profitability of its overseas businesses, the Group will strive to achieve sustainable growth and improve its corporate value with the aim of “becoming a global company supplying innovative world-class technologies and services.”

Specifically, at first, the Group will continue to strengthen its domestic profit base. In addition to

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maximally meeting demand generated by the Japanese government's national resilience improvement plans and preparations for the Tokyo 2020 Olympic and Paralympic Games, the Group will strive to improve the quality of its services by facilitating increased coordination among Group companies and making its business system more adaptable and responsive to the changing needs of customers and markets. The Group has been renewing and repairing its manufacturing facilities since the previous medium-term business plan. In this medium term, facilities in Japan will be upgraded to achieve cost reductions and to focus the product mix on high-grade steel, thereby strengthening our competitiveness even further.

Next, the Group will enhance corporate value through technological advantages. The Group will improve its competitiveness by broadening its world-leading technologies with innovative technologies. The Group will rapidly commercialize newly researched and developed products that better meet market needs, as well as improve the competitiveness of existing products. In addition, the Group will continue to focus on developing advanced technologies to save resources and energy. The Group aims to provide state-of-the-art, world-class technologies and products to the environmental and energy sectors—two promising areas where demand is expected to increase.

In the overseas business, the JFE Group previously invested in multiple overseas projects, mainly in Asia. The Group is now improving the profitability of these projects by capturing local demand and managing the projects according to local needs. In addition, the Group will take full advantage of its technical capabilities and global network to invest in new projects in strategic fields and regions with growth potential.

The Group formulated the “JFE Group’s Basic Policy on Human Resource Management” and will recruit and steadily nurture increasingly diverse people to best implement this fifth Medium-Term Business Plan. Moreover, Group-wide measures for human-resource management will create workplaces where employees can demonstrate their full potential.

Furthermore, the Group will establish a corporate structure for sustainable growth with measures such as strengthening corporate governance, reinforcing environmental management and improving its financial position to achieve financial strength deserving of A-grade ratings by international credit rating agencies.

#### <Measures to be taken by operating companies>

JFE Steel Corporation aims to become a global steel supplier that steadily creates new value and grows with its customers. Basically, this will be done by enhancing the company's production capacity, a task it has been undertaking since the previous medium term, as well as by reinforcing its promotional activities, both within and outside of Japan. Moreover, JFE Steel will focus on improving profitability to raise its return on sales (ROS) to 10% in fiscal year 2017, the final year of the fifth Medium-Term Business Plan.

JFE Steel will make proactive capital investments, which will amount to approximately 650 billion yen over three years. This initiative will further strengthen its manufacturing base in Japan with stable production and reduced costs, and reinforce its technological development capability to maintain and improve the company's world-class production capabilities.

Moreover, to offer more attractive products and services to customers, JFE Steel will promote coordinating product development and sales activities and facilitate greater collaboration with its Group companies.

JFE Steel will strive to increase the profitability of overseas projects in which it had invested by the end of the previous medium-term business plan, mainly in Asia. In particular, technological advantages will be leveraged to expand business in priority sectors based on technological advantages.

Furthermore, JFE Steel will ensure that the knowledge, technical skills and expertise accumulated by senior employees will be passed on to younger employees in workplaces by focusing its efforts on maintaining and developing human resources, the key to ongoing technological expertise.

JFE Engineering Corporation will continue to steadily advance projects at record numbers to improve its business performance.

In the pursuit of further growth, JFE Engineering will respond to domestic customer needs for

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total solutions in the public sector business by developing business models covering everything from solution proposal to operation, in addition to the conventional construction-based style. JFE Engineering is also active in the power creation business, in which opportunities are increasing due to the deregulation policy on power generation, which should help to strengthen and expand the profit base.

JFE Engineering aims to powerfully promote expanding the overseas business at the previously streamlined locations overseas. In addition, the International Business Department to be established at each Merchandise Division will accelerate global deployment of each merchandise item through collaboration with such overseas locations.

Through the above measures, JFE Engineering will target its consolidated net sales of 500 billion yen and consolidated ordinary income of 30 billion yen in fiscal year 2017 in the fifth Medium-Term Business Plan.

JFE Shoji Trade Corporation will continue to follow a market-oriented approach to expand its business and profitability and enhance its functions as the core trading company of the JFE Group, thereby increasing its contribution to the Group.

Overseas, JFE Shoji Trade will strive to expand sales locations in North and Central America and proactively develop business in India and markets in Western Asia. In addition, JFE Shoji Trade will enhance its regional strategies in response to moves for “local production for local consumption” to create a structure that allows its regional subsidiaries to serve all local customers in developing new markets.

In Japan, by strategically combining the storing, processing, retailing and other functions of the Group, JFE Shoji Trade will strive to increase the market shares of all its product lineups.

For companies in which investments were made, increased contributions to JFE Shoji Trade’s financial performance will be sought. While improving the profitability of its existing investments, JFE Shoji Trade shall proactively invest in high quality projects both in and out of Japan, reinforce or expand the supply chain and improve the market presence of companies under JFE Shoji Trade.

JFE Shoji Trade aims to post consolidated ordinary income of 30 billion yen in fiscal year 2017 by implementing the aforementioned policies and measures.

By taking the measures described above, the JFE Group intends to strengthen and expand the domestic and overseas profit bases with the aim of achieving an ROE target of more than 10% for fiscal year 2017, the final year of the fifth Medium-Term Business Plan. As for returning profits to shareholders, which is considered one of the top management priorities, the Group intends to raise the current dividend payout ratio of 25% to the 25%–30% level.

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.

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 13th term were as follows;

1) Production (Thousand tons)

Business	12th term FY2013	13th term FY2014	Change (%)
Steel business (crude steel output)	31,584	31,045	(1.7)

2) Order received (Millions of yen)

Business	12th term FY2013	13th term FY2014	Change (%)
Engineering business	367,042	459,505	25.2

3) Sales (Millions of yen)

Business	12th term FY2013	13th term FY2014	Change (%)
Steel business	2,691,622	2,873,839	6.8
Engineering business	284,114	367,388	29.3
Trading business	1,781,341	1,934,470	8.6
Eliminations or corporate	(1,090,218)	(1,325,343)	—
Total	3,666,859	3,850,355	5.0

(3) Capital expenditure

Total amount of capital expenditure of JFE Holdings, Inc. and its consolidated subsidiaries during the 13th term was 225.9 billion yen and the major expenditure was as follows;

1) Major facility completed during the 13th term

Not applicable

2) Major ongoing facility during the 13th 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 245.1 billion yen. The balance of loan payable and corporate bonds decreased by 32.3 billion yen year on year to 1,501.7 billion yen.

(5) Assets and operating results

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

Item	10th term FY2011	11th term FY2012	12th term FY2013	13th term FY2014
Net sales	3,166,511	3,189,196	3,666,859	3,850,355
Operating income	44,779	39,873	153,327	222,599
Ordinary income	52,977	52,214	173,676	231,001
Net income	(36,633)	39,599	102,382	139,357
Net income per share (yen)	(68.71)	71.20	177.44	241.60
Net assets	1,456,340	1,596,797	1,745,930	1,990,023
Total assets	4,007,263	4,107,519	4,241,700	4,639,412

Note: Figures in brackets denote losses.



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

Item	10th term FY2011	11th term FY2012	12th term FY2013	13th term FY2014
Operating revenue	19,125	25,400	18,838	40,737
Operating income	625	4,733	3,773	25,831
Ordinary income	625	4,733	3,773	25,831
Net income	338	6,852	3,636	25,510
Net income per share (yen)	0.63	12.25	6.30	44.20
Net assets	1,032,968	1,074,763	1,052,874	1,054,582
Total assets	2,685,253	2,704,719	2,617,521	2,591,908

(6) Major lines of business (As of March 31, 2015)

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.

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

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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 Armee method; canned products; agricultural and livestock products; marine products; semiconductor products; real estate and so forth.

(7) Major sales offices, works and overseas offices (As of March 31, 2015)

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, Fukko Saisei (Fukushima), Chiba, Yokohama, Kawasaki, Niigata, Toyama, Nagano, Shizuoka, Nagoya, Osaka, Wakayama, 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	Shanghai, Beijing, Hong Kong, Hanoi, Ho Chi Minh, Singapore, Malaysia, Indonesia, Yangon, India, Saudi Arabia, Frankfurt, Rome, U.S.A.

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, Hiroshima, Shikoku (Takamatsu), Kyusyu (Fukuoka), Chibaminami (Chiba), Keihin (Kawasaki), Hamamatsu, Chita (Handa), Okayama (Kurashiki), Kurashiki, Fukuyama, 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.

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Major affiliated companies and their head office locations are listed in (9) Significant subsidiaries and affiliates (pages 35 through 39).

(8) Employees (As of March 31, 2015)

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	43,680
Engineering business	8,472
Trading business	6,667
Corporate	37
Total	58,856

Note:

Those that fall under the Corporate above are the number of the employees of JFE Holdings, Inc.

2) Employees of JFE Holdings, Inc.

Number of employees	Year-on-year decrease	Average age (years old)	Average years of service
37	3	44.7	22.6

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.

(9) Significant subsidiaries and affiliates (As of March 31, 2015)

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
Gecoss Corporation	Chuo, Tokyo	Rental and sales of temporary construction materials	4,397	*62.0
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

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
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
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	*100.0
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

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
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
Nova Era Silicon S.A.	Belo Horizonte, Brazil	Manufacture and sales of ferroalloy	BRL 80 mil	*100.0
[Engineering business]				
JFE Engineering Corporation	Chiyoda, Tokyo	Engineering business	10,000	100.0
JFE Kankyo Corporation	Yokohama	Total recycling business	650	*100.0
JFE TECHNOS CORPORATION	Yokohama	Maintenance of machinery and equipment	301	*100.0
JFE Environmental Service Corporation	Yokohama	Operation and maintenance of waste disposal facilities, water treatment facilities, etc.	97	*100.0
Standardkessel Power Systems Holding GmbH	Duisburg, Germany	Construction and maintenance of waste-to-energy plants, biomass power plants and waste heat recovery power plants	EUR 0.02 mil	*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
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

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
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
CENTRAL METALS (THAILAND) LTD.	Samutprakarn, Thailand	Processing and sales of thin steel sheets	THB 240 mil	*99.2
JFE SHOJI STEEL MALAYSIA SDN. BHD.	Selangor, Malaysia	Processing and sales of steel sheets	MYR 11 mil	*60.0
Kelly Pipe Co., LLC	Santa Fe Springs, U.S.A.	Sales of steel pipe	—	*100.0

- Effective from the 13th term, Nova Era Silicon S.A., JFE TECHNOS CORPORATION, Standardkessel Power Systems Holding GmbH, CENTRAL METALS (THAILAND) LTD. and Kelly Pipe Co., LLC have been included in the category Significant subsidiaries.
- Gecoss Corporation, which was listed under [Other business] for the previous term, has become a consolidated subsidiary of JFE Steel Corporation because JFE Steel succeeded a part of the Gecoss shares that JFE Shoji Trade held as of May 14, 2014. Consequently, Gecoss has been listed under [Steel business].
- The consolidated subsidiaries totaled 328, including the companies stated above, during the 13th term.

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]				
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

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
Exa Corporation	Kawasaki	Development and sales of various computer systems	1,250	*49.0
Brazil Japan Iron Ore Corporation	Minato, Tokyo	Investment in the iron ore mining business in Brazil	100	*26.6
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 556,185 mil	*15.0
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
Inner Mongolia Erdos EJM Manganese Alloys Co., Ltd.	Inner Mongolia Erdos, China	Manufacture and sales of ferroalloy	CNY 232 mil	*24.5
[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	*47.7
MOBY Corporation	Ichikawa, Chiba	Processing and sales of steel plates for containers	211	*20.0
[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 13th term, Inner Mongolia Erdos EJM Manganese Alloys Co., Ltd. has been included in the category Significant affiliates.
- The equity method affiliates totaled 65, including the companies stated above, during the 13th term.

(Translation for reference only)

(10) Major lenders (As of March 31, 2015)

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

Name	Loan balance (Millions of yen)
Mizuho Bank, Ltd.	278,187
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	144,263
Sumitomo Mitsui Banking Corporation	139,855



(Translation for reference only)

## 2. JFE Holdings, Inc.'s Share (As of March 31, 2015)

### (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)	37,429,117)

(2) Total number of shareholders 245,411

### (3) Major shareholders

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	34,402	6.0
Japan Trustee Services Bank, Ltd. (trust account)	24,365	4.2
Nippon Life Insurance Company	20,821	3.6
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
STATE STREET BANK AND TRUST COMPANY 505223	8,106	1.4
THE BANK OF NEW YORK MELLON SA/NV 10	7,729	1.3
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

Note:

In addition to the above, the Company retains 37,429,117 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, 2015)

Position	Name	Significant concurrent post
Representative Director, President and CEO	Hajime Bada	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 Steel Corporation Director, JFE Engineering Corporation Director, JFE Shoji Trade Corporation Representative Director, JFE 21st Century Foundation (Public Interest Incorporated Foundation)
Director	Akimitsu Ashida	Counselor, Mitsui O.S.K. Lines, Ltd.
Director	Masafumi Maeda	Managing Director, Executive Vice President and Professor, Institute of Industrial Science, 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	Professor, 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	Shigeo Ohyagi	Chairman of the Board, Teijin Limited Outside Director, Sharp Corporation Outside Director, Recruit Holdings Co., Ltd.

Notes:

1. The Directors' positions have changed as follows as of April 1, 2015.

Name	Position after transfer	Position before transfer
Eiji Hayashida	Representative Director, President and CEO	Representative Director
Hajime Bada	Director	Representative Director, President and CEO

2. Hajime Bada, Director of JFE Holdings, Inc., retired as Chairman of the Board of Directors of JFE 21st Century Foundation (Public Interest Incorporated Foundation) as of March 31, 2015.

3. Eiji Hayashida, Director of JFE Holdings, Inc., retired as Representative Director, President and CEO, JFE Steel Corporation as of April 1, 2015 and became Chairman of the Board of Directors, JFE 21st Century Foundation (Public Interest Incorporated Foundation) as of April 1, 2015.

4. Masafumi Maeda, Director of JFE Holdings, Inc., retired as Managing Director, Executive Vice President of Institute of Industrial Science, the University of Tokyo as of March 31, 2015.

5. Both Akimitsu Ashida and Masafumi Maeda serve as Outside Directors of JFE Holdings, Inc.

6. Director and Audit & Supervisory Board Members retired during the 13th term are as follows.

(Translation for reference only)

Position	Name	Retirement date
Audit & Supervisory Board Member	Seiji Sugiyama	April 17, 2014
Director	Sumiyuki Kishimoto	June 19, 2014
Audit & Supervisory Board Member	Isao Saiki	June 19, 2014

- Isao Saiki, who had been appointed as a Substitute Audit & Supervisory Board Member became an Outside Audit & Supervisory Board Member of JFE Holdings, Inc., as of April 17, 2014, following the retirement of Seiji Sugiyama, the Audit & Supervisory Board Member, however, Isao Saiki has also retired from his position as of June 19, 2014.
7. 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 research on corporate management, including business strategy, and has extensive knowledge of and insight into finance and accounting based on his expertise.
  8. Both Hiroyuki Itami and Shigeo Ohyagi serve as Outside Audit & Supervisory Board Members of JFE Holdings, Inc.
  9. The Company had designated Director Akimitsu Ashida, Director Masafumi Maeda, Audit & Supervisory Board Member Hiroyuki Itami and Audit & Supervisory Board Member Shigeo Ohyagi 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.
  10. Corporate Officers as of March 31, 2015, are as follows.

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

11. The position and responsibility(ies) of the Corporate Officer have changed as follows as of April 1, 2015.

Position	Name	Responsibility(ies)
President & CEO Executive Vice President	Eiji Hayashida Shinichi Okada	Chief Executive Officer (CEO) Supervision of General Administration Dept., Investor Relations Dept., and Finance Dept. In charge of Corporate Planning Dept.
Senior Vice President	Masashi Terahata	In charge of General Administration Dept.
Vice President	Tetsuo Oki	In charge of Investor Relations Dept., and Finance Dept.

(Translation for reference only)

(2) Remuneration for Director and Audit & Supervisory Board Member during the 13th term

	Staff size	Amount (thousands of yen)
Director	6	300,504
Audit & Supervisory Board Member	6	105,592

Notes:

1. The above includes one Director and two Audit & Supervisory Board Members retired during the 13th term.
2. The total amount of remuneration paid to six Outside Directors/Audit & Supervisory Board Members is 51,837 thousand yen.
3. The total amounts of remuneration include the total amount of bonus payable to Directors, 32,600 thousand yen, and the total amount of bonus payable to Audit & Supervisory Board Members, 9,560 thousand yen, based on the "Payment of Directors' and Audit & Supervisory Board Members' bonuses" planned to be submitted to the 13th Ordinary General Meeting of Shareholders to be held on June 25, 2015.

(3) Outside Directors/Audit & Supervisory Board Members

- 1) Significant entities where Outside Directors/Audit & Supervisory Board Members concurrently hold positions are listed on page 42 and 43.  
There is no special relationship between those entities and JFE Holdings, Inc.
- 2) Activities during the 13th term
  - Akimitsu Ashida, Director  
Akimitsu Ashida attended all of the 16 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 16 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 15 of the 16 meetings of the Board of Directors and 18 of the 21 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.
  - Shigeo Ohyagi, Audit & Supervisory Board Member  
Shigeo Ohyagi attended all of the 13 meetings of the Board of Directors after his assumption of office on June 19, 2014, and attended all of the 14 meetings of the Audit & Supervisory Board. Having a wealth of experience in a variety of businesses and corporate management in a global setting, as well as experience in having addressed the reinforcement of corporate governance, 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 13th term
  - 1) Amount of remuneration paid by JFE Holdings, Inc. to the Accounting Auditor pertaining to the 13th term: 12,180 thousand yen
  - 2) Total amount of money and other financial profits paid by JFE Holdings, Inc. and its subsidiaries to the Accounting Auditor: 515,197 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: 508,911 thousand yen

### Notes:

1. Of the significant subsidiaries of JFE Holdings, Inc., the overseas subsidiaries 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  
At JFE Holdings, Inc., 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, a proposal for the dismissal or non-reappointment of the Accounting Auditor shall be submitted to a General Meeting of Shareholders.

(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 and managed.

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- (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) JFE Holdings, Inc., shall determine its decision-making procedures, etc., for important group management matters, as well as important matters (including matters with regard to loss risk management.) of the operating companies (significant subsidiaries being operating companies of which JFE Holdings, Inc., directly holds shares thereof) and their affiliated Group companies in accordance with the regulations of the Board of Directors, etc., then deliberate and make decisions on such matters at the appropriate organizational bodies or receive reports therefrom.

Each operating company shall determine its decision-making procedures, etc., for important matters for itself and its affiliated Group companies in accordance with its regulations of the Board of Directors, etc., then deliberate and make decisions on such matters at the appropriate organizational bodies or receive reports therefrom.
    - (c) 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.

JFE Holdings, Inc., shall streamline and appropriately operate the Corporate Ethics Hotline as a system to help ensure that important information of the entire Group regarding the compliance with the code of ethics, laws and regulations is directly communicated from the front lines to top management.
    - (d) The internal auditing department of JFE Holdings, Inc., shall audit the effectiveness and efficiency of the business and the compliance status with regard to the relevant laws, regulations and the Articles of Incorporation at the operating companies, or receive reports from the respective internal auditing departments of such operating companies. The internal auditing department of each operating company shall audit the effectiveness and efficiency of the business and the compliance status with regard to the relevant laws, regulations and the Articles of Incorporation at its affiliated Group companies, or receive reports from the respective internal auditing departments of such Group companies.
    - (e) 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

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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  
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 ensuring the effectiveness of the instructions given to employees as assistants to support Audit & Supervisory Board Member's duties  
The employees who serve as assistants to the Audit & Supervisory Board Members shall perform their operations of supporting an Audit & Supervisory Board Member's duties under the supervision of said Audit & Supervisory Board Member.
- (4) 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 (including important matters regarding the operating companies and their affiliated Group companies) 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. The Directors, Corporate Officers and employees of the operating companies or their affiliated Group companies 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.
  - (c) JFE Holdings, Inc., shall streamline the Corporate Ethics Hotline as a system that allows anyone to directly report to or consult with an Audit & Supervisory Board Member. The details of any violations that have been reported or discussed over the Corporate Ethics Hotline are handled by the department in charge thereof and shall then be reported to the Audit & Supervisory Board and/or the Audit & Supervisory Board Members, as they occur.
- (5) System to ensure that anyone who has reported to an Audit & Supervisory Board Member does not suffer detrimental treatment for the reason of having made said report  
JFE Holdings, Inc., shall stipulate in the relevant regulations that anyone who has reported any violations through the Corporate Ethics Hotline and that anyone who has reported or discussed any violations with the Audit & Supervisory Board and/or the Audit & Supervisory Board Members shall not be unfavorably treated, and shall appropriately operate said regulations.
- (6) Policies with regard to expense prepayment and/or reimbursement procedures related to the execution of duties by the Audit & Supervisory Member, and the handling of any other expenses or obligations that derive from the execution of the relevant duties  
JFE Holdings, Inc., shall respond to the request as soon as possible if a request is made with regard to the prepayment or reimbursement of expenses that are required for the execution of duties of Audit & Supervisory Board Members.
- (7) 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.



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- (b) The Audit & Supervisory Board Members shall receive reports from the Accounting Auditor and the internal auditing department on their audit results (including important matters regarding the operating companies and their affiliated Group companies) 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 strove to build a strong business structure and to increase medium to long-term corporate value.

In the previous medium term (fiscal years 2012–2014), the Group worked to strengthen its business structure for sustainable growth, realigned its business portfolio by acquiring 100% ownership of its trading business, restructured its shipbuilding business and divested its semiconductor business.

In the steel business, the Group streamlined its domestic manufacturing base through such measures as the replacement of facilities and promoted investments in overseas businesses mainly in Asia. In the engineering business, the Group captured domestic demand primarily for reconstruction and disaster recovery and for solar power generation, and endeavored to expand overseas businesses by promoting M&A projects. In the trading business, the Group focused on strengthening its supply chain, including the expansion of overseas sales locations by acquisitions and other measures.

- Drive for new growth strategy

This year, the JFE Group issued its fifth Medium-Term Business Plan as a strategic operating guideline for the period from April 1, 2015, to March 31, 2018 (fiscal years 2015–2017). In this business plan, the Group will adapt to its changing business environment by strengthening its technological advantages, diversifying its workforce and improving its comprehensive strengths. By strengthening its profit base in Japan and improving the profitability of its overseas businesses, the Group will strive to achieve sustainable growth and improve its corporate value with the aim of “becoming a global company supplying innovative world-class technologies and services.”

Specifically, at first, the Group will continue to strengthen its domestic profit base. In

(Translation for reference only)

addition to maximally meeting demand generated by the Japanese government's national resilience measures and preparations for the Tokyo 2020 Olympic and Paralympic Games, the Group will strive to improve the quality of its services by facilitating increased coordination among Group companies and making its business system more adaptable and responsive to the changing needs of customers and markets. The Group has been renewing and repairing its manufacturing facilities since the previous Medium-Term Business Plan. In this medium term, facilities in Japan will be upgraded to achieve cost reductions and to focus the product mix on high-grade steel, thereby strengthening our competitiveness even further.

Next, the Group will enhance corporate value through technological advantages. The Group will improve its competitiveness by broadening its world-leading technologies with innovative technologies. The Group will rapidly commercialize newly researched and developed products that better meet market needs, as well as improve the competitiveness of existing products. In addition, the Group will continue to focus on developing advanced technologies to save resources and energy. The Group aims to provide state-of-the-art, world-class technologies and products to the environmental and energy sectors—two promising areas where demand is expected to increase.

In the overseas business, the JFE Group previously invested in multiple overseas projects, mainly in Asia. The Group is now improving the profitability of these projects by capturing local demand and managing the projects according to local needs. In addition, the Group will take full advantage of its technical capabilities and global network to invest in new projects in strategic fields and regions with growth potential.

The Group formulated the “JFE Group’s Basic Policy on Human Resource Management” and will recruit and steadily nurture increasingly diverse people to best implement this fifth Medium-Term Business Plan. Moreover, Group-wide measures for human-resource management will create workplaces where employees can demonstrate their full potential.

Furthermore, the Group will establish a corporate structure for sustainable growth with measures such as strengthening corporate governance, reinforcing environmental management and improving its financial position to achieve financial strength deserving of A-grade ratings by international credit rating agencies.

In the steel business, JFE Steel Corporation aims to become a global steel supplier that steadily creates new value and grows with its customers. Basically, this will be done by enhancing the company’s production capacity, a task it has been undertaking since the previous medium term, as well as reinforcing promotional activities, both within and outside of Japan. Moreover, JFE Steel will focus on improving profitability to raise its return on sales (ROS) to 10% in fiscal year 2017, the final year of the fifth Medium-Term Business Plan.

JFE Steel will make proactive capital investments, which will amount to approximately 650 billion yen over three years. This initiative will further strengthen its manufacturing base in Japan with stable production and reduced costs, and reinforce its technological development capability to maintain and improve the company’s world-class production capabilities.

Moreover, to offer more attractive products and services to customers, JFE Steel will promote coordinating product development and sales activities and facilitate greater collaboration with its Group companies.

JFE Steel will strive to increase the profitability of overseas projects in which it had invested by the end of the previous medium term, mainly in Asia. In particular, technological advantages will be leveraged to expand business in priority sectors based on technological advantages.

Furthermore, JFE Steel will ensure that the knowledge, technical skills and expertise accumulated by senior employees will be passed on to younger employees in workplaces by focusing its efforts on maintaining and developing human resources, the key to ongoing technological expertise.

(Translation for reference only)

In the engineering business, JFE Engineering Corporation will continue to steadily advance projects at record numbers to improve its business performance.

In the pursuit of further growth, JFE Engineering will respond to domestic customer needs for total solutions in the public sector business by developing business models covering everything from solution proposal to operation, in addition to the conventional construction-based style. JFE Engineering is also active in the power creation business, in which opportunities are increasing due to the deregulation policy on power generation, which should help to strengthen and expand the profit base.

JFE Engineering aims to powerfully promote expanding the overseas business at the previously streamlined locations overseas. In addition, the International Business Department to be established at each Merchandise Division will accelerate global deployment of each merchandise item through collaboration with such overseas locations.

Through the above measures, JFE Engineering will target its consolidated net sales of 500 billion yen and consolidated ordinary income of 30 billion yen in fiscal year 2017 in the fifth Medium-Term Business Plan.

In the trading business, JFE Shoji Trade Corporation will continue to follow a market-oriented approach to expand its business and profitability and enhance its functions as the core trading company of the JFE Group, thereby increasing its contribution to the Group.

Overseas, JFE Shoji Trade will strive to expand sales locations in North and Central America and proactively develop business in India and markets in Western Asia. In addition, JFE Shoji Trade will enhance its regional strategies in response to moves for “local production for local consumption” to create a structure that allows its regional subsidiaries to serve all local customers in developing new markets.

In Japan, by strategically combining the storing, processing, retailing and other functions of the Group companies, JFE Shoji Trade will strive to increase the market shares of all its product lineups.

For companies in which investments were made, increased contributions to JFE Shoji Trade’s financial performance will be sought. While improving the profitability of its existing investments, JFE Shoji Trade shall proactively invest in high quality projects both in and out of Japan, reinforce or expand the supply chain and improve the market presence of companies under JFE Shoji Trade.

JFE Shoji Trade aims to post consolidated ordinary income of 30 billion yen in fiscal year 2017 by implementing the aforementioned policies and measures.

- 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, Inc., designated Outside Director Akimitsu Ashida, Outside Director Masafumi Maeda, Outside Audit & Supervisory Board Member Hiroyuki Itami and Outside Audit & Supervisory Board Member Shigeo Ohyagi 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

(Translation for reference only)

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. has established the Special Committee, which consists of three members who are 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 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, which was approved at the Ordinary General Meeting of Shareholders held two years earlier, and the establishment of the Special Committee, which consists of three members who are Outside Directors and Outside Audit &

(Translation for reference only)

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.

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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 Sheet

As of March 31, 2015

(Millions of yen)

Items	Amount	Items	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>1,871,280</b>	<b>Current liabilities</b>	<b>1,215,653</b>
Cash and deposits	85,889	Notes and accounts payable - trade	469,107
Notes and accounts receivable - trade	771,574	Short-term loans payable	288,004
Merchandise and finished goods	357,733	Current portion of bonds	80,000
Raw materials and supplies	408,871	Other	378,540
Other	249,538	<b>Non-current liabilities</b>	<b>1,433,735</b>
Allowance for doubtful accounts	(2,326)	Bonds payable	145,000
<b>Non-current assets</b>	<b>2,768,131</b>	Long-term loans payable	988,756
<b>Property, plant and equipment</b>	<b>1,629,591</b>	Deferred tax liabilities	69,223
Buildings and structures	410,767	Deferred tax liabilities for land revaluation	9,774
Machinery, equipment and vehicles	603,538	Provision for special repairs	26,015
Land	499,512	Provision for loss on specific business	24,112
Construction in progress	80,664	Net defined benefit liability	119,331
Other	35,108	Other	51,521
<b>Intangible assets</b>	<b>83,979</b>		
<b>Investments and other assets</b>	<b>1,054,560</b>	<b>Total liabilities</b>	<b>2,649,388</b>
Investment securities	970,250	<b>(NET ASSETS)</b>	
Net defined benefit asset	13,231	<b>Shareholders' equity</b>	<b>1,681,350</b>
Other	77,231	<b>Capital stock</b>	<b>147,143</b>
Allowance for doubtful accounts	(6,152)	<b>Capital surplus</b>	<b>647,121</b>
		<b>Retained earnings</b>	<b>1,066,517</b>
		<b>Treasury shares</b>	<b>(179,430)</b>
		<b>Accumulated other comprehensive income</b>	<b>257,587</b>
		Valuation difference on available-for-sale securities	194,733
		Deferred gains or losses on hedges	(535)
		Revaluation reserve for land	15,654
		Foreign currency translation adjustment	41,107
		Remeasurements of defined benefit plans	6,626
		<b>Minority interests</b>	<b>51,085</b>
		<b>Total net assets</b>	<b>1,990,023</b>
<b>Total assets</b>	<b>4,639,412</b>	<b>Total liabilities and net assets</b>	<b>4,639,412</b>

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

(Translation for reference only)

### **Consolidated Statement of Income**

From April 1, 2014 to March 31, 2015

(Millions of yen)

Items	Amount	
<b>Net sales</b>		<b>3,850,355</b>
<b>Cost of sales</b>		<b>3,312,981</b>
<b>Gross profit</b>		<b>537,373</b>
<b>Selling, general and administrative expenses</b>		<b>314,774</b>
<b>Operating income</b>		<b>222,599</b>
<b>Non-operating income</b>		
Interest income	1,078	
Dividend income	10,544	
Foreign exchange gains	12,267	
Rent income	7,516	
Share of profit of entities accounted for using equity method	18,280	
Other	14,839	64,527
<b>Non-operating expenses</b>		
Interest expenses	14,532	
Loss on retirement of non-current assets	15,263	
Other	26,329	56,125
<b>Ordinary income</b>		<b>231,001</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	4,134	
Gain on sales of investment securities	8,495	12,630
<b>Extraordinary losses</b>		
Impairment loss	12,162	
Loss on valuation of investments in capital	4,776	16,939
<b>Income before income taxes and minority interests</b>		<b>226,692</b>
Income taxes - current	34,936	
Income taxes - deferred	47,642	82,579
<b>Income before minority interests</b>		<b>144,112</b>
Minority interests in income		4,754
<b>Net income</b>		<b>139,357</b>

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



(Translation for reference only)

### Consolidated Statement of Changes in Equity

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2014	147,143	647,121	965,204	(178,977)	1,580,491
Cumulative effects of changes in accounting policies			(14,867)		(14,867)
Restated balance	147,143	647,121	950,337	(178,977)	1,565,623
Changes of items during period					
Dividends of surplus			(23,086)		(23,086)
Net income			139,357		139,357
Purchase of treasury shares				(498)	(498)
Disposal of treasury shares			(16)	45	29
Decrease resulting from change in scope of consolidation			(63)		(63)
Reversal of revaluation reserve for land			(11)		(11)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	116,179	(452)	115,727
Balance at March 31, 2015	147,143	647,121	1,066,517	(179,430)	1,681,350

(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, 2014	102,574	(411)	14,541	9,949	(5,024)	121,628	43,810	1,745,930
Cumulative effects of changes in accounting policies								(14,867)
Restated balance	102,574	(411)	14,541	9,949	(5,024)	121,628	43,810	1,731,063
Changes of items during period								
Dividends of surplus								(23,086)
Net income								139,357
Purchase of treasury shares								(498)
Disposal of treasury shares								29
Decrease resulting from change in scope of consolidation								(63)
Reversal of revaluation reserve for land								(11)
Net changes of items other than shareholders' equity	92,159	(123)	1,113	31,157	11,651	135,958	7,275	143,233
Total changes of items during period	92,159	(123)	1,113	31,157	11,651	135,958	7,275	258,960
Balance at March 31, 2015	194,733	(535)	15,654	41,107	6,626	257,587	51,085	1,990,023

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

(Translation for reference only)

(Reference)

**Consolidated Statement of Cash Flows**

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

Items	Amount
<b>I. Cash flows from operating activities</b>	
Income before income taxes and minority interests	226,692
Depreciation	176,017
Increase (decrease) in allowance for doubtful accounts	(2,772)
Interest and dividend income	(11,623)
Interest expenses	14,532
Decrease (increase) in notes and accounts receivable - trade	(105,365)
Decrease (increase) in inventories	(27,866)
Increase (decrease) in notes and accounts payable - trade	61,020
Other, net	(2,111)
Subtotal	328,524
Interest and dividend income received	18,396
Interest expenses paid	(14,684)
Income taxes paid	(34,856)
Net cash provided by (used in) operating activities	297,380
<b>II. Cash flows from investing activities</b>	
Purchase of non-current assets	(220,809)
Proceeds from sales of non-current assets	17,239
Purchase of investment securities	(5,491)
Proceeds from sales of investment securities	23,655
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(30,468)
Other, net	(439)
Net cash provided by (used in) investing activities	(216,313)
<b>III. Cash flows from financing activities</b>	
Net increase (decrease) in short-term loans payable	6,227
Increase (decrease) in commercial papers	(22,998)
Proceeds from long-term loans payable	206,429
Repayment of long-term loans payable	(182,113)
Proceeds from issuance of bonds	20,000
Redemption of bonds	(80,000)
Purchase of treasury shares	(483)
Cash dividends paid by parent company	(23,034)
Other, net	(2,275)
Net cash provided by (used in) financing activities	(78,247)
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>	15,247
<b>V. Net increase (decrease) in cash and cash equivalents</b>	18,066
<b>VI. Cash and cash equivalents at April 1, 2014</b>	62,318
<b>VII. Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	3,157
<b>VIII. Cash and cash equivalents at March 31, 2015</b>	83,542

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

(Translation for reference only)

(Reference)

## Segment Information

(From April 1, 2014 to March 31, 2015)

### 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)	1,857,878	359,007	1,633,469	3,850,355	—	3,850,355
Intersegment sales or transfers	1,015,961	8,380	301,001	1,325,343	(1,325,343)	—
Total	2,873,839	367,388	1,934,470	5,175,698	(1,325,343)	3,850,355
Segment income	188,574	18,025	24,668	231,267	(266)	231,001
Segment assets	3,911,913	396,075	701,768	5,009,757	(370,345)	4,639,412
Others						
Depreciation	164,738	6,104	5,167	176,010	6	176,017
Amortization of goodwill	124	507	155	788	—	788
Interest income	1,043	120	403	1,567	(489)	1,078
Interest expenses	13,130	207	2,258	15,595	(1,063)	14,532
Share of profit of entities accounted for using equity method	14,586	16	539	15,142	3,137	18,280
Investment in equity method affiliates	355,458	6,709	12,779	374,947	59,764	434,712
Increase in property, plant, equipment, and intangible assets	207,286	12,366	6,249	225,902	0	225,902

(Translation for reference only)

### Non-consolidated Balance Sheet

As of March 31, 2015

(Millions of yen)

Items	Amount	Items	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>501,850</b>	<b>Current liabilities</b>	<b>412,057</b>
Cash and deposits	7,851	Short-term loans payable	153,847
Operating accounts receivable	1,394	Current portion of bonds	80,000
Short-term loans receivable	467,402	Accounts payable - other	19,838
Deferred tax assets	131	Accrued expenses	1,694
Other	25,070	Income taxes payable	11
		Deposits received	156,614
		Provision for directors' and audit & supervisory board members' bonuses	42
		Other	8
<b>Non-current assets</b>	<b>2,090,057</b>	<b>Non-current liabilities</b>	<b>1,125,268</b>
<b>Property, plant and equipment</b>	<b>1</b>	Bonds payable	145,000
Tools, furniture and fixtures	1	Long-term loans payable	979,800
		Allowance for corporate officers' retirement benefits	39
		Other	428
<b>Intangible assets</b>	<b>19</b>		
Trademark right	12		
Software	6		
		<b>Total liabilities</b>	<b>1,537,325</b>
		<b>(NET ASSETS)</b>	
		<b>Shareholders' equity</b>	<b>1,054,804</b>
<b>Investments and other assets</b>	<b>2,090,036</b>	<b>Capital stock</b>	<b>147,143</b>
Shares of subsidiaries and associates	962,099	<b>Capital surplus</b>	<b>772,575</b>
Investments in capital	4	Legal capital surplus	772,574
Long-term loans receivable	1,126,040	Other capital surplus	1
Long-term prepaid expenses	13	<b>Retained earnings</b>	<b>217,937</b>
Deferred tax assets	1,873	Other retained earnings	217,937
Other	6	Retained earnings brought forward	217,937
		<b>Treasury shares</b>	<b>(82,852)</b>
		<b>Valuation and translation adjustments</b>	<b>(221)</b>
		Deferred gains or losses on hedges	(221)
		<b>Total net assets</b>	<b>1,054,582</b>
<b>Total assets</b>	<b>2,591,908</b>	<b>Total liabilities and net assets</b>	<b>2,591,908</b>

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

(Translation for reference only)

**Non-consolidated Statement of Income**

From April 1, 2014 to March 31, 2015

(Millions of yen)

Items	Amount	
Operating revenue		
Dividend income	25,397	
Financial revenue	13,019	
Management fee income	2,319	40,737
Operating expenses		
Financial expenses	12,850	
General and administrative expenses	2,055	14,905
<b>Operating income</b>		<b>25,831</b>
<b>Ordinary income</b>		<b>25,831</b>
<b>Income before income taxes</b>		<b>25,831</b>
Income taxes-current		145
Income taxes-deferred		176
<b>Net income</b>		<b>25,510</b>

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

(Translation for reference only)

### Non-consolidated Statement of Changes in Equity

From April 1, 2014 to March 31, 2015

(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	Total capital surplus	Other retained earnings Retained earnings brought forward					
Balance at April 1, 2014	147,143	772,574	0	772,574	215,514	(82,384)	1,052,847	26	26	1,052,874
Changes of items during period										
Dividends of surplus					(23,086)		(23,086)			(23,086)
Net income					25,510		25,510			25,510
Purchase of treasury shares						(483)	(483)			(483)
Disposal of treasury shares			1	1		15	16			16
Net changes of items other than shareholders' equity								(248)	(248)	(248)
Total changes of items during period	—	—	1	1	2,423	(468)	1,956	(248)	(248)	1,708
Balance at March 31, 2015	147,143	772,574	1	772,575	217,937	(82,852)	1,054,804	(221)	(221)	1,054,582

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 8, 2015

Mr. Eiji Hayashida  
Representative Director and President  
JFE Holdings, Inc.

Ernst & Young ShinNihon LLC

Yasuharu Nakajima  
Certified Public Accountant  
Designated and Engagement Partner

Yoshihiro Shibata  
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 sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statement of JFE Holdings, Inc. (the “Company”) applicable to the fiscal year from April 1, 2014 to March 31, 2015.

#### 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, 2015 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 8, 2015

Mr. Eiji Hayashida  
Representative Director and President  
JFE Holdings, Inc.

Ernst & Young ShinNihon LLC

Yasuharu Nakajima  
Certified Public Accountant  
Designated and Engagement Partner

Yoshihiro Shibata  
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 sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity and the notes to the financial statements and the related supplementary schedules of JFE Holdings, Inc. (the “Company”) applicable to the 13th term from April 1, 2014 to March 31, 2015.

#### **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 fair presentation of the non-consolidated financial statements and the related supplementary schedules in order

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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, 2015 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 13th term from April 1, 2014 to March 31, 2015, 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 Assets and Notes to the Consolidated Financial Statements), as well as the non-consolidated financial statements

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(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, 2015.

## 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.
- 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 14, 2015

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	Shigeo Ohyagi

*(English Translation of the Japanese original)*

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