

(Translation for reference only)

(Security Code: 5411)

June 1, 2016

Notice of the 14th Ordinary General Meeting of Shareholders

Dear Shareholders:

JFE Holdings, Inc. (“JFE” or the “Company”) hereby would like to inform you that the 14th 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 22, 2016 (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 22, 2016 (Wednesday) in accordance with the instructions contained in the “Guide to Exercising Your Voting Rights via Electronic Media (including the Internet)” shown on page 4.

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 23, 2016, 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 14th term (from April 1, 2015 to March 31, 2016)
2. Non-consolidated Financial Statements for the 14th term (from April 1, 2015 to March 31, 2016)

Items to be resolved

<Company's Proposals (Proposal 1 through Proposal 4)>

Proposal 1: Dividend of surplus

Proposal 2: Election of five Directors

Proposal 3: Election of one Audit & Supervisory Board Member

Proposal 4: Election of one Substitute Audit & Supervisory Board Member

<Shareholder's Proposal (Proposal 5 and Proposal 6)>

Proposal 5: Partial Amendments to the Articles of Incorporation

Proposal 6: Partial Amendments to the Articles of Incorporation

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 rights 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 rights exercised last shall be deemed and treated as a valid vote.

*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 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 in accordance with the provisions of the applicable rules and regulations.

Our website: <http://www.jfe-holdings.co.jp/en/>

(Translation for reference only)

Guide to Exercising Your Voting Rights

If you can attend the Meeting:

Please submit the enclosed voting form at the reception desk, and bring this notice to the Meeting to save on resources.

Date and Time of Meeting: Thursday, June 23, 2016
10:00 a.m. (doors scheduled to open at 9:00 a.m.)

If you cannot attend the Meeting:

[In writing]

Please indicate your approval or disapproval of each Proposal on the enclosed voting form and send the form to us.

Deadline for Voting: 17:30 on June 22, 2016 (Wednesday)

[Via the Internet]

Please exercise your voting rights via the Web site for exercising voting rights designated by the Company.

Deadline for Voting: 24:00 on June 22, 2016 (Wednesday)

(Translation for reference only)

Guide to Exercising Your Voting Rights via Electronic Media (including 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 22, 2016 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 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. will be available to institutional investors for the electronic exercise of voting rights 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 4)>

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 (or “the 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 14th term as follows:

1. Type of dividend property
Cash
2. Allotment of dividend property to the shareholders and total amount of dividends
10 yen per share (Common stock) Total amount: 5,768,925,930 yen
The annual dividends from surplus, including the interim dividend of 20 yen per share paid in November 2015, amount to 30 yen per share.
3. Effective date of dividend of surplus
June 24, 2016

Proposal 2: 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.

There is no conflict of interests between each candidate and the Company.

No.	Name (Age)	Current Positions and Responsibilities	Number of Meetings of the Board of Directors Attended (FY2015)
1	<Reappointment> Eiji Hayashida (Age 65)	Representative Director, President and CEO (Chief Executive Officer)	12/12
2	<Reappointment> Koji Kakigi (Age 63)	Representative Director	9/9
3	<Reappointment> Shinichi Okada (Age 63)	Representative Director, Executive Vice President and CFO (Chief Financial Officer) Supervision of General Administration Dept., Investor Relations Dept. and Finance Dept. and in charge of Corporate Planning Dept.	12/12
4	<Reappointment> Masafumi Maeda (Age 63)	—	12/12

(Translation for reference only)

	Candidate for Outside Director Independent Director/Audit & Supervisory Board Member		
5	<Reappointment> Masao Yoshida (Age 67) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	—	9/9

Notes: 1. The age of each candidate is given as of the date of this General Meeting of Shareholders.
2. Mr. Koji Kakigi and Mr. Masao Yoshida were both newly elected as Directors at the Ordinary General Meeting of Shareholders of last year (held on June 25, 2015), so the number of times they attended meetings of the Board of Directors differed.

No. 1	Eiji Hayashida	Reappointment Nomination Committee Member Remuneration Committee Member
Date of birth: July 6, 1950 (Age 65)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 45,200	<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>	
Number of years of service as Director (at the close of this General Meeting of Shareholders): Six (Note)		
Number of meetings of the Board of Directors attended (FY2015): 12/12	<p>(Significant concurrent posts)</p> <p>Chairman of the Board of Directors of JFE 21st Century Foundation (Public Interest Incorporated Foundation)</p> <p>(Duties as Corporate Officer)</p> <p>CEO (Chief Executive Officer)</p>	
<p>• Reasons for nomination as a candidate for Director:</p> <p>Mr. Hayashida has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in overseas business, new business development, corporate planning and administration, and financial operations in the Company and JFE Steel Corporation, the core company of the Group, and execution of duties as Corporate Officer of both companies. He also has abundant experience and knowledge as a corporate manager, which was nurtured through his experience as Representative Director, President and CEO of JFE Steel Corporation. Currently, as Representative Director, President and CEO of the Company, he is striving to sustain the growth and enhance the corporate value of the Group. For these reasons, the Company has judged Mr. Hayashida to be suitable as a Director of the Company.</p>		
<p>Note:</p> <p>Although it has been six years since Mr. Hayashida assumed office as a Director of the Company in June 2010, he was a Director of the Company for one year from June 2008, therefore his cumulative tenure as a Director of the Company is seven years.</p>		

(Translation for reference only)

No. 2	Koji Kakigi	Reappointment Nomination Committee Member Remuneration Committee Member
Date of birth: May 3, 1953 (Age 63)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 17,500	April 1977	Joined Kawasaki Steel Corporation
Number of years of service as Director (at the close of this General Meeting of Shareholders): One	April 2007	Vice President of JFE Steel Corporation
Number of meetings of the Board of Directors attended (FY2015): 9/9	April 2010	Senior Vice President of JFE Steel Corporation
	April 2012	Representative Director and Executive Vice President of JFE Steel Corporation
	April 2015	Representative Director, President and CEO of JFE Steel Corporation (current post)
	June 2015	Representative Director of JFE Holdings, Inc. (current post)
	(Significant concurrent posts) Representative Director, President and CEO of JFE Steel Corporation	
<p>• Reasons for nomination as a candidate for Director: Mr. Kakigi has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in operations in human resource and labor administration departments, and execution of duties as Corporate Officer in management departments such as general administration, legal affairs, accounting, finance, and procurement in JFE Steel Corporation, the core company of the Group. Currently, as Representative Director, President and CEO of JFE Steel Corporation, he is making aggressive efforts such as working to streamline the domestic manufacturing base and expand overseas businesses, and, as Representative Director of the Company, he is striving to sustain the growth and enhance the corporate value of the Group. For these reasons, the Company has judged Mr. Kakigi to be suitable as a Director of the Company.</p>		

No. 3	Shinichi Okada	Reappointment
Date of birth: March 15, 1953 (Age 63)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 18,078	April 1975	Joined Nippon Kokan Corporation
Number of years of service as Director (at the close of this General Meeting of Shareholders): Four	April 2005	Vice President of JFE Holdings, Inc.
Number of meetings of the Board of Directors attended (FY2015): 12/12	April 2008	Senior Vice President of JFE Holdings, Inc.
	April 2011	Director of JFE Engineering Corporation
	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
	April 2014	Director of JFE Steel Corporation (current post)
	April 2016	Retired as Director of JFE Engineering Corporation Retired as Director of JFE Shoji Trade Corporation
	(Significant concurrent posts) Director of JFE Steel Corporation Representative Director of JFE 21st Century Foundation (Public Interest Incorporated Foundation)	
	(Duties as Corporate Officer) CFO (Chief Financial Officer) Supervision of General Administration Dept., Investor Relations Dept. and Finance Dept. and in charge of Corporate Planning Dept.	
<p>• Reasons for nomination as a candidate for Director: Mr. Okada has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in financial operations such as fund-raising and project financing, and execution of duties as Corporate Officer in corporate planning and administration departments. Currently, as Representative Director and Executive Vice President of the Company, he is working on management and administration of the Group as well as implementation of the financial and capital policies of the Group. Also, as a part-time Director of JFE Steel Corporation, the Group's core company, he is working on the management and administration of the company. For these reasons, the Company has judged Mr. Okada to be suitable as a Director of the Company.</p>		

(Translation for reference only)

No. 4	Masafumi Maeda	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member Chairperson of Remuneration Committee Nomination Committee Member
Date of birth: September 22, 1952 (Age 63) Number of the Company's shares held: 6,100 Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): Five Number of meetings of the Board of Directors attended (FY2015): 12/12	Career summary, positions and responsibilities, and significant concurrent posts 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) (Significant concurrent posts) Professor of Institute of Industrial Science, the University of Tokyo Head of Production Engineering Laboratory of NIDEC CORPORATION (part-time)	
<ul style="list-style-type: none"> • Reasons for nomination as a candidate for Outside Director: Mr. Maeda has remarkable knowledge in metallic materials through his long-term research on recycling of materials and thermodynamics of materials. Moreover, he has been involved in management of the University of Tokyo as Managing Director, through which he gained abundant experience in organization management. Although he does not have past experience in corporate management other than having served as an Outside Director, based on his extensive knowledge and deep insight, as well as his performance as an Outside Director of the Company since he assumed office as such, the Company has judged it to be appropriate to reappoint him as an Outside Director of the Company, a post responsible for reinforcing corporate governance. • Special matters: 1. Mr. Maeda is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit & Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company 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. Furthermore, while the Company and JFE Steel Corporation, a subsidiary of the Company, made donations to a specific endowed chair, etc. of the School of Engineering, the University of Tokyo, this donation does not directly involve Mr. Maeda himself or the Institute of Industrial Science which he belongs. In addition, the Company's total donations account for considerably less than 0.1% of the said University's ordinary revenue and ordinary expenses, an insignificant amount that we judge will not affect his independence. 2. 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. 		

(Translation for reference only)

No. 5	Masao Yoshida	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member Chairperson of Nomination Committee Remuneration Committee Member
Date of birth: February 5, 1949 (Age 67) Number of the Company's shares held: 1,900 Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): One Number of meetings of the Board of Directors attended (FY2015): 9/9	Career summary, positions and responsibilities, and significant concurrent posts 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. June 2015 Director of JFE Holdings, Inc. (current post) April 2016 Chairman of Furukawa Electric Co., Ltd. (current post) (Significant concurrent posts) Chairman of Furukawa Electric Co., Ltd. Outside Director of FURUKAWA CO., LTD.	
<ul style="list-style-type: none"> • Reasons for nomination as a candidate for Outside Director: 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, as well as his performance as an Outside Director of the Company since he assumed office as such, the Company has judged it to be appropriate to reappoint him as an Outside Director of the Company, a post responsible for reinforcing corporate governance. • Special matters: <ol style="list-style-type: none"> 1. Mr. Yoshida is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit & Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company 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. 2. To ensure that Mr. Yoshida can fully demonstrate his capability as expected in his role as an Outside Director, the Company has executed 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. If Mr. Yoshida is reappointed, the Company intends to continue the liability limitation agreement described hereto with him. 3. Furukawa Electric Co., Ltd. (hereinafter referred to as "Furukawa Electric"), for which Mr. Yoshida serves as Chairman, plea-bargained with the U.S. Department of Justice concerning a cartel related to transactions of automobile wire harness products during his term of office as a Director in September 2011 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 based on a report from a third-party investigative committee composed mainly of outside experts that included proposals for preventing recurrence. 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. 		

(Translation for reference only)

Proposal 3: Election of one Audit & Supervisory Board Member

As the term of office of Audit & Supervisory Board Member Sakio Sasamoto expires at the close of this General Meeting of Shareholders, the Company proposes to elect one Audit & Supervisory Board Member.

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

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

Shotaro Tsumura		New appointment	
Date of birth: September 3, 1959 (Age 56)	Career summary, positions and responsibilities, and significant concurrent posts		
Number of the Company's shares held: 1,584	April 1982	Joined Kawasaki Steel Corporation	
	April 2012	Assistance General Superintendent, East Japan Works of JFE Steel Corporation	
	April 2014	Audit & Supervisory Board Member of JFE Steel Corporation (current post)	
(Significant concurrent posts) Audit & Supervisory Board Member of JFE Steel Corporation			
<p>• Reasons for nomination as a candidate for Audit & Supervisory Board Member Mr. Tsumura has abundant experience and knowledge acquired during his career at JFE Steel Corporation, the core company of the Group, as an Audit & Supervisory Board Member and also in the fields of general administration and personnel affairs, dealing with compliance and risk management. Based on his experience and knowledge, the Company believes that he is capable of conducting accurate and fair audits of the execution of Directors' duties and judges him to be suitable as an Audit & Supervisory Board Member of the Company.</p> <p>• Special matters:</p> <ol style="list-style-type: none"> 1. There is no conflict of interests between Mr. Tsumura and the Company. 2. To ensure that Mr. Tsumura, if appointed as an Audit & Supervisory Board Member, can fully demonstrate his capability as expected in his role as an Audit & Supervisory Board Member, the Company will enter into an agreement with Mr. Tsumura in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Audit & Supervisory Board Members' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. 			

(Translation for reference only)

Proposal 4: 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 (Age 54)	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.	
	June 2014	Retired as Audit & Supervisory Board Member of JFE Holdings, Inc.	
	(Significant concurrent posts) Partner Lawyer of Abe, Ikubo & Katayama Law Firm		
<ul style="list-style-type: none"> • Reasons for nomination as a candidate for Substitute Outside Audit & Supervisory Board Member Mr. Saiki has vast experience and knowledge in corporate legal affairs and other matters as a lawyer and actual service as Outside Audit & Supervisory Board Member of listed companies including the Company. Although he does not have past experience in corporate management other than having served as an Outside Audit & Supervisory Board Member, based on his vast experience and ample knowledge, the Company has judged that Mr. Saiki is capable of fulfilling his role to enhance the audit function of the Company from an independent standpoint and a broad perspective. • Special matters: <ol style="list-style-type: none"> 1. There is no conflict of interests between Mr. Saiki and the Company. 2. Mr. Saiki is a candidate for Substitute Outside Audit & Supervisory Board Member who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit & Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company. 3. To ensure that Mr. Saiki, if appointed as an Audit & Supervisory Board Member, can fully demonstrate his capability as expected in his role as an Audit & 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 & Supervisory Board Members' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. 			

(Translation for reference only)

(Reference)

Standards for Independence of Outside Directors/Audit & Supervisory Board Members of JFE Holdings, Inc.

JFE Holdings, Inc. (the “Company”) establishes the standards for independence of Outside Directors and Outside Audit & Supervisory Board Members as described below. An Outside Director or Outside Audit & Supervisory Board Member is deemed not to have sufficient independence from the Company in the event that he/she falls under any of the items below.

- 1) A person who is or was an executive director, executive officer or employee (collectively the “Executive”) of the Company or its subsidiary.
- 2) A person who is currently a major shareholder of the Company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 3) A person for whom the Company or its operating company is a major business partner. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 4) A person who is a major business partner of the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 5) A financial institution or other major creditor of the Company or its operating company who is indispensable for the fundraising of the Company or its operating company and on whom the Company or its operating company depends to the extent that it is irreplaceable. In the event that the financial institution or other major creditor is a legal entity, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 6) A person who has received donations exceeding a certain amount (an annual average of either 10 million yen or 30% of the person’s total expenses, whichever is larger, over the past 3 years) from the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 7) A consultant, accounting professional such as a certified public accountant, or legal professional such as a lawyer who has received a large amount of money or other assets (an annual average of 10 million yen or larger over the past 3 years) in addition to the director’s or audit & supervisory board member’s remuneration from the Company or its operating company. In the event that the consultant, accounting professional or legal professional is an organization such as a legal entity or an association, a person who belongs to such organization.
- 8) An accounting auditor of the Company or its operating company, or a person who is a partner, etc. of such accounting auditor; or a person who performed auditing on the Company or its operating company as a partner, etc. of such accounting auditor in the past 3 years.
- 9) A person who is a director, audit & supervisory board member, executive officer or corporate officer of a company or a parent company or a subsidiary of such company, in the event that such company has accepted directors from the Company or its operating company.
- 10) A person who is or, in the past 3 years, was the Executive of a lead managing underwriter of the Company.
- 11) A relative of a person falling under any of foregoing items 1) through 10) (the person’s spouse, relatives within the third degree of kinship, or relatives living with the person).

Nevertheless, in the event that a person who falls under any of the foregoing items is deemed by the Company appropriate for an independent outside director/audit & supervisory board member of the Company in light of the person’s personality, insight, etc., the Company may nominate such person as a candidate for an independent outside director/audit & supervisory board member, by providing the reason to believe that the person is appropriate for an independent outside director/audit &

(Translation for reference only)

supervisory board member of the Company, and by explaining that the person fulfills the requirements for an independent outside director/audit & supervisory board member.

- * “Operating company” refers to JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation.
- * “Major business partner” refers to the case where the aggregate amount of transactions with the business partner exceeds 1% of consolidated net sales in the most recent fiscal year.

(Translation for reference only)

<Shareholder's Proposals (Proposal 5 and Proposal 6)>

These Proposal 5 and Proposal 6 have been submitted by one of our shareholders.

The titles and contents of these Proposals and the reasons for submitting these Proposals are stated as were written by said shareholder, except that agenda numbers have been added to these Proposals.

Proposal 5: Partial Amendment to the Articles of Incorporation

Content of this Proposal

It is proposed to add "Production of Grain" to Article 2 "Purposes", Paragraph 12 of the Articles of Incorporation, for a new business producing rice and wheat.

Reasons for this Proposal

As a part of the Company's business expansion, it will produce rice and wheat. Vegetables are cultivated indoors at JFE Kabushiki Kaisha, so the basic conditions for research and development are already in place. It will continue with farm-scale demonstrations of indoor production of rice and wheat and search for routes to future mass production. At the same time, it will promote research and development into cellulose and nanofibers using straw as a raw material, taking its first steps into the field of new materials.

Board of Directors' opinion regarding Proposal 5

The Board of Directors of the Company opposes to this Proposal.

(Reasons for the opposition)

The Group has been operating the steel, engineering and trading businesses as its core businesses, mainly by its operating companies. Concerning the development of a new business field, we believe such should be determined after full consideration of various factors such as the business strategies of the Group, the business environment and the future potential of the new business. The Group currently does not possess knowledge and/or technology related to the production of grain and does not intend to begin the grain production business now or in the near future. Therefore, we do not recognize the need for an amendment to the "Purposes" in the Company's Articles of Incorporation.

Proposal 6: Partial Amendment to the Articles of Incorporation

Content of this Proposal

It is proposed to add Article 14, Paragraph 2 of the Articles of Incorporation to the effect that the chairperson may not cut off further questions before he/she have all been asked.

Reasons for this Proposal

In an interview on the Internet, former President and CEO Fumio Sudo noted that, "General Meetings of Shareholders that had previously finished in thirty minutes grew to last two hours during I served as President and CEO." He also did not controvert the remark by the interviewer that "They keep going until they've finished it all, don't they? That's amazing." Therefore, I believe that allowing all questions to be asked will lead to an invigoration of the General Meeting of Shareholders.

Board of Directors' opinion regarding Proposal 6

(Translation for reference only)

The Board of Directors of the Company opposes to this Proposal.

(Reasons for the opposition)

The chairperson of the General Meeting of Shareholders is responsible for the efficient operation of the meeting within a reasonable time frame through legally compliant, fair and fully meaningful deliberation on the items to be resolved. The Company regards the General Meeting of Shareholders as a valuable venue for dialogue with shareholders and the chairperson of the meeting, based on the above responsibility, ensures reasonably sufficient time to receive questions from many shareholders and conduct appropriate deliberation.

As stipulated by the Companies Act, the chairperson of the General Meeting of Shareholders has the authority to organize the business of the meeting, and thereby, the chairperson is permitted to decline any further questions when he/she judges that, after enough time has been spent for deliberation, the discussion has reached a point where a reasonable judgment can be made on the item to be resolved. We believe it is not appropriate to add another provision in the Company's Articles of Incorporation to limit such authority of the chairperson stipulated by the Companies Act.

(Translation for reference only)

Business Report for the 14th Term

(From April 1, 2015 to March 31, 2016)

1. Overview of the Corporate Group

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

[Performance of the Group]

The JFE Group, guided by its corporate mission of contributing to society with the world's most innovative technology, continued its effort to achieve sustainable growth and to improve corporate value for its shareholders and all other stakeholders.

In the 14th term, the Japanese economy saw improvements in capital investment and employment conditions underpinned by strong corporate performance. Economic growth in the latter half of the fiscal year came to a standstill, however, with slowdowns in emerging economies negatively affecting corporate production activities and exports. Meanwhile, the global economy initially was on a recovery track with the help of the relatively strong economies of the United States and other developed countries, but uncertainty persisted due to a fall in prices of natural resources, economic slowdowns in China and other emerging countries in the latter half of the year and geopolitical risks in some regions, etc.

Under those circumstances, for the purpose of strengthening its domestic profit base, the JFE Group made consistent efforts to improve its manufacturing base, develop new products by leveraging its technological superiority and cut costs. Overseas, the Group made consistent efforts to expand businesses based on a medium- to long-term strategy. Despite these efforts, the persistent global oversupply in the steel business in particular led to deteriorating global market conditions, resulting in year-on-year decreases both in consolidated ordinary income and in profit attributable to owners of parent.

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

<Performance of JFE Steel Corporation>

At JFE Steel Corporation ("JFE Steel"), the production of crude steel on a consolidated basis decreased to 29.75 million tons as a result of domestic inventory adjustment. Consolidated net sales dropped to 2,445.1 billion yen due to lower sales prices resulting from an excessive supply of steel in Asia. Although JFE Steel made continuous efforts to improve profitability, consolidated ordinary income decreased to 27.8 billion yen due to a decline in sales volume and a deterioration in the environment for export sales.

<Performance of JFE Engineering Corporation>

JFE Engineering Corporation ("JFE Engineering") strove to ensure the smooth implementation and profitability of projects awarded in previous years. JFE Engineering also developed aggressive sales activities to receive orders targeting the environmental and energy sectors, and infrastructure-building projects.

As a result, consolidated net sales increased significantly year on year to 397.5 billion yen. Consolidated ordinary income stood at 20.0 billion yen. Consolidated orders received, which form the base for future sales, were 509.4 billion yen. Both consolidated net sales and consolidated ordinary income reached record highs.

<Performance of JFE Shoji Trade Corporation>

JFE Shoji Trade Corporation ("JFE Shoji Trade") strove to capture domestic demand for building materials while leveraging its overseas networks for aggressive sales. However, the business was negatively affected by falling sales prices of steel products in domestic and overseas markets, a decline in sales volume caused by a delay in inventory adjustments and an impairment loss in inventory at a group company in North America. As a result, consolidated net sales were 1,756.4

(Translation for reference only)

billion yen and consolidated ordinary income was 15.7 billion yen, both down from the prior-year levels.

<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 3,431.7 billion yen, consolidated operating income of 90.6 billion yen and consolidated ordinary income of 64.2 billion yen, all of which decreased year on year. Net extraordinary income was 10.0 billion yen, and the Group recorded consolidated income before income taxes of 74.3 billion yen and profit attributable to owners of parent of 33.6 billion yen.

<Non-consolidated operating results>

During the 14th term, JFE Holdings, Inc. ("JFE Holdings") received total management fee income of 2.5 billion yen from three operating companies. JFE Holdings also received total dividend income of 34.9 billion yen from the said three operating companies and Japan Marine United Corporation.

As a result, on a non-consolidated basis, JFE Holdings recorded operating income of 36.4 billion yen and ordinary income of 36.4 billion yen.

JFE Holdings considers the return to shareholders to be among its top management priorities and has a policy of proactively distributing dividends from surplus while maintaining a sustainable operational base for the Group. As for dividends, JFE Holdings intends to propose at this General Meeting of Shareholders a year-end dividend of 10 yen per share, which will result in an annual dividend of 30 yen per share including the interim dividend of 20 yen per share.

[Tasks requiring attention]

Concerning the business environment surrounding the JFE Group, solid domestic demand is expected to be generated by the Japanese government's efforts to improve the nation's resilience to disasters and to prepare for the 2020 Tokyo Olympics and Paralympics. Overseas, the Group foresees growing demand for social infrastructure improvement projects and expanding needs for energy saving and environmental protection. However, overseas businesses also face a harsh business environment due to a widening demand-supply gap in the global economy and weak prices of natural resources, both caused by slowdowns in emerging economies, and due to volatile exchange rates and geopolitical risks in some regions.

To cope with this business environment, 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) and has been steadily implementing the plan to achieve its targets. Leveraging its technological advantages, diverse workforce and comprehensive strengths nurtured in broad business areas, the Group will strive to grow sustainably and improve its corporate value by strengthening its domestic profit base and improving the profitability of overseas businesses.

Goals set by fifth mid-term business plan (targets)

Steel business

- ROS of 10%

Engineering business

- Net sales of 500.0 billion yen
- Ordinary income of 30.0 billion yen

Trading business

- Ordinary income of 30.0 billion yen

Group financial position

- ROE higher than 10%
- Equivalent of A-grade ratings by international credit rating agencies (D/E ratio of approximately 50%)

<Measures to be taken by operating companies>

(Translation for reference only)

JFE Steel aims to become a global steel supplier that steadily creates new value and grows with its customers. This will be achieved by further enhancing production capabilities, which is already under way. JFE Steel will satisfy the diverse needs of its customers with world-leading technology and strengthen its service and support structure by offering unified services ranging from product development, manufacturing and delivery to quality assurance, with the aim of establishing the JFE brand as its customers' first choice. Overseas, JFE Steel will continue its efforts to improve the profitability of existing projects and to expand business into new regions and new business areas.

To establish a structure that can generate stable profits on a medium- to long-term basis, JFE Steel will steadily implement domestic capital investment of 650.0 billion yen, which is one initiative laid out in the fifth Medium-Term Business Plan. Specifically, JFE Steel will renew coke ovens and improve power plant efficiency, which will significantly help increase competitiveness of steelworks in Japan, and renovate steelworks systems to improve business efficiency and its system to respond to customer requests more quickly. In addition, by accelerating the development of new products and process technologies for future use, JFE Steel will further enhance technological advantages, leading to an increase in sales volume, improvements in the product mix and cost reductions, thereby strengthening the profit base.

Furthermore, to implement these initiatives steadily and to enhance its competitiveness, JFE Steel will work aggressively to secure and nurture human resources, with a significant generational turnover approaching in manufacturing workplaces, and ensure that technical skills are passed on from senior employees to younger employees.

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

To achieve further growth, in Japan, JFE Engineering intends to actively develop a business model for end-to-end participation in projects, from proposing solutions through actual operation of the facilities and equipment, in the public works sector. In addition, in the high-potential renewable energy-based power generation business, with increasing business opportunities due to the deregulation of power retailing markets, JFE Engineering will strive to strengthen and expand the profit base by steadily building a track record in design, procurement, construction and business investments.

Overseas, JFE Engineering will make full use of the engineering functions that have been improved at its business bases in various countries, including sales, design, procurement and construction bases, to further enhance its global engineering system. JFE Engineering will strive to expand overseas businesses, predominantly in the areas of energy and environment, which includes waste and water treatment plants, and infrastructure, which includes bridge construction.

JFE Shoji Trade will strive to ensure profitability by further enhancing its role as the core trading entity of the JFE Group, while playing a role as an autonomous trading company, thereby increasing its contribution to the JFE Group.

Overseas, JFE Shoji Trade will enhance its cooperation with JFE Steel to further synchronize their export strategies to increase sales volume and strive to expand "local production for local consumption" businesses to satisfy local demand.

In Japan, demand for steel is expected to expand to prepare for the 2020 Tokyo Olympics and Paralympics. JFE Shoji will strive to capture such demand by offering services combining the capabilities of the various JFE group companies.

Also, JFE Shoji Trade will continue to strive to increase the presence of the JFE Shoji Trade Group by enhancing the contribution of profitability through its existing investment projects in Japan and overseas.

Although each operating company has been steadily implementing measures in each business, the business environment for the steel business in particular continues to be harsher than the projections in the fifth Medium-Term Business Plan given a drop in steel prices caused by the widening supply-demand gap due to the overproduction of steel in China and other Asian countries and the slowdown of the economies of emerging countries. To cope with such a business environment, the Group will continue steady efforts to improve its manufacturing capabilities by

(Translation for reference only)

renewing various facilities, especially steelmaking facilities in the upstream process, which will have a significant positive impact on medium- to long-term competitiveness. The Group will continue to streamline its manufacturing bases to further cut costs and to ensure stable supplies. The Group will also aggressively invest management resources in the development of new products and process technologies to maintain and enhance its technological superiority, thereby establishing a structure that can generate stable profits on a medium- to long-term basis. By securing the necessary funds to steadily implement these measures by asset compression and other methods, the Group will strive to strengthen its competitiveness and improve its financial position.

Returning profits to shareholders is one of JFE Holdings' top priorities. JFE Holdings is making dividend payments proactively, with the aim of maintaining a dividend payout ratio of 25%–30%.

In October 2015, JFE Holdings established its “Basic Policy on Corporate Governance.” This policy is designed to guide JFE Holdings and the Group to pursue the best possible corporate governance and further improve it, to achieve sustainable growth, improve corporate value on a medium- to long-term basis and implement the Corporate Vision. To steadily and reliably carry out the management tasks of the JFE Group, JFE Holdings 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 14th term were as follows;

1) Production (Thousand tons)

Business	13th term FY2014	14th term FY2015	Change (%)
Steel business (crude steel output)	31,045	29,751	(4.2)

2) Order received (Millions of yen)

Business	13th term FY2014	14th term FY2015	Change (%)
Engineering business	459,505	509,471	10.9

3) Sales (Millions of yen)

Business	13th term FY2014	14th term FY2015	Change (%)
Steel business	2,873,839	2,445,173	(14.9)
Engineering business	367,388	397,577	8.2
Trading business	1,934,470	1,756,445	(9.2)
Eliminations or corporate	(1,325,343)	(1,167,455)	—
Total	3,850,355	3,431,740	(10.9)

(3) Capital expenditure

Total amount of capital expenditure of JFE Holdings, Inc. and its consolidated subsidiaries during the 14th term was 212.5 billion yen and the major expenditure was as follows;

1) Major facility completed during the 14th term

Steel Business

JFE Steel Corporation

East Japan Works (Chiba district) Renewal of the West Plant No. 1 and No. 2 power generators

West Japan Works (Kurashiki district) Renovation of Kurashiki No. 3 Coke oven

PT. JFE Steel Galvanizing Indonesia

Construction of a continuous galvanizing line (CGL)

2) Major ongoing facility during the 14th term

Steel Business

JFE Steel Corporation

East Japan Works (Chiba district) Renovation of Chiba No. 6 Coke oven (Battery A)

East Japan Works (Chiba district) Renovation of Chiba No. 6 Coke oven (Battery B)

East Japan Works (Keihin district) Renovation of the Ohgishima thermal power plant's No. 1 power generator

West Japan Works (Kurashiki district) Renovation of Kurashiki No. 2 Coke oven

Corporate Renewal of the system of steelworks (Phase 1)

(4) Fund procurement

JFE Holdings, Inc. and its consolidated subsidiaries raised necessary funds through long-term loans. The total amount is 115.2 billion yen. The balance of loan payable and corporate bonds decreased by 122.4 billion yen year on year to 1,379.3 billion yen.

(5) Assets and operating results

(Translation for reference only)

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

Item	11th term FY2012	12th term FY2013	13th term FY2014	14th term FY2015
Net sales	3,189,196	3,666,859	3,850,355	3,431,740
Operating income	39,873	153,327	222,599	90,638
Ordinary income	52,214	173,676	231,001	64,239
Profit attributable to owners of parent	39,599	102,382	139,357	33,657
Profit per share (yen)	71.20	177.44	241.60	58.36
Net assets	1,596,797	1,745,930	1,990,023	1,857,921
Total assets	4,107,519	4,241,700	4,639,412	4,234,884

Note:

JFE Holdings has begun applying the Revised Accounting Standard for Business Combinations (Accounting Standards Board of Japan [ASBJ] Statement No. 21 of September 13, 2013), etc. Effective from the 14th term, the presentation method of “net income” has been revised to “profit attributable to owners of parent.”

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

Item	11th term FY2012	12th term FY2013	13th term FY2014	14th term FY2015
Operating revenue	25,400	18,838	40,737	49,663
Operating income	4,733	3,773	25,831	36,440
Ordinary income	4,733	3,773	25,831	36,440
Profit	6,852	3,636	25,510	35,993
Profit per share (yen)	12.25	6.30	44.20	62.38
Net assets	1,074,763	1,052,874	1,054,582	1,055,382
Total assets	2,704,719	2,617,521	2,591,908	2,492,952

(6) Major lines of business (As of March 31, 2016)

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, 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, steel structures, industrial

(Translation for reference only)

machineries, recycling business and electricity retailing business

(Major products and services)

Gas, oil, and water pipelines; various tanks such as LNG/LPG; solar, geothermal, biomass and other renewable energy generation systems; municipal waste incinerator; water treatment systems; recycling services for waste plastics, etc.; 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; agricultural production facilities

4) Trading business (JFE Shoji Trade Corporation and its affiliated companies)

Purchasing, processing and sales of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, foods, etc.

(Major products and services)

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

(7) Major sales offices, works and overseas offices (As of March 31, 2016)

1) JFE Holdings, Inc.

Head office	Head office (Chiyoda, Tokyo)
-------------	------------------------------

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, Iwamizawa, Tohoku (Sendai), Aomori (Hachinohe), Akita, Fukko Saisei (Fukushima), Chiba, Yokohama, Kawasaki, Niigata, Toyama, Nagano, Shizuoka, Nagoya, Osaka, Wakayama, Kobe, Shikoku (Takamatsu), Chugoku (Hiroshima), Fukuyama, Kurashiki, Yamaguchi (Hofu), Kyusyu (Fukuoka), Kumamoto, Minamikyushu (Kagoshima) and Okinawa (Naha)
Production bases	Tsurumi Engineering and Manufacturing Center (Yokohama) and Tsu Works

(Translation for reference only)

Research laboratory Overseas offices	Technical research centre (Yokohama) Shanghai, Beijing, Hong Kong, Manila, Hanoi, Ho Chi Minh, Singapore, Malaysia, Indonesia, Yangon, India, Saudi Arabia, Duisburg, Italy, 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.

Major affiliated companies and their head office locations are listed in (9) Significant subsidiaries and affiliates (pages 23 through 28).

(8) Employees (As of March 31, 2016)

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	43,874
Engineering business	8,967
Trading business	6,579
Corporate	40
Total	59,460

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 increase	Average age (years old)	Average years of service
40	3	45.4	23.4

Note:

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

(9) Significant subsidiaries and affiliates (As of March 31, 2016)

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

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
JFE Bars & Shapes Corporation	Minato, Tokyo	Manufacture and sales of steel shapes, steel bars and wire rod products	35,000	*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
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

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
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 1,645 mil	*100.0
PT. JFE Steel Galvanizing Indonesia	Bekasi, Indonesia	Manufacture and sales of cold-rolled and hot-dip zinc galvanized steel products	IDR 1,349 bil	*100.0
JFE Steel Galvanizing (Thailand) Ltd.	Rayong, Thailand	Manufacture and sales of hot-dip galvanized steel products	THB 4,362 mil	*100.0
Thai Coated Steel Sheet Co., Ltd.	Bangkok, Thailand	Manufacture and sales of electrogalvanized steel products	THB 2,206 mil	*81.4
Nova Era Silicon S/A	Belo Horizonte, Brazil	Manufacture and sales of ferroalloy	BRL 95 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
Asuka Soken Co., Ltd.	Shinagawa, Tokyo	Gas pipe burying work; construction of gas facilities	356	*57.2
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 28 thou	*100.0
[Trading business]				

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
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
JFE Shoji Electronics Corporation	Chiyoda, Tokyo	Sales of semiconductor products; sales, installation and maintenance of equipment/devices for mounting, assembly and inspection of electronic parts	1,000	*100.0
Kawasho Foods Corporation	Chiyoda, Tokyo	Domestic and export/import trade of various food articles	1,000	*100.0
JFE Shoji Pipe & Fitting Corporation	Chiyoda, Tokyo	Sales of steel pipe and pipe material products	500	*100.0
JFE Shoji Usuitakenzai Corporation	Chiyoda, Tokyo	Sales of steel sheets and construction material products	400	*100.0
JFE Shoji Kohnan Steel Center Co., Ltd.	Kobe	Processing and sales of thin steel sheets	250	*100.0
JFE Shoji Coil Center Corporation	Yokohama	Processing and sales of steel sheets	230	*85.7
K&I Tubular Corporation	Chiyoda, Tokyo	Export and sales of specialty pipes	50	*60.0
JFE Shoji Trade America Inc.	L.A., U.S.A.	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, and various foods, etc.	USD 21 mil	*100.0
Zhejiang JFE Shoji Steel Products Co., Ltd.	Pinghu, 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	*100.0
JFE SHOJI STEEL MALAYSIA SDN. BHD.	Shah Alam, Malaysia	Processing and sales of steel sheets	MYR 11 mil	*34.3
Kelly Pipe Co., LLC	Santa Fe Springs, U.S.A.	Sales of steel pipe	—	*100.0

- Effective from the 14th term, PT. JFE Steel Galvanizing Indonesia, Asuka Soken Co., Ltd. and JFE Shoji Electronics Corporation have been included in the category Significant subsidiaries.

(Translation for reference only)

- JFE Mechanical Co., Ltd. (“JFE Mechanical”), and JEF Electrical & Control Systems, Inc., merged on April 1, 2016, making JFE Mechanical Co., Ltd. a surviving company, and the trade name was changed to JFE Plant-eng Corporation.
- JFE SHOJI STEEL MALAYSIA SDN. BHD. is a subsidiary of both the Company and its subsidiary due to the fact that the Company and the subsidiary are actually controlling the company.
- The consolidated subsidiaries totaled 322, including the companies stated above, during the 14th 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
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	*19.9
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 588,857 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

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
Inner Mongolia Erdos EJM Manganese Alloys Co., Ltd.	Erdos, China	Manufacture and sales of ferroalloy	CNY 232 mil	*24.5
BOHAI NKK DRILL PIPE CO., LTD.	Cangzhou, China	Processing, manufacturing and sales of drill pipes and their accessories	CNY 140 mil	*26.1
[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	*47.9
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 14th term, BOHAI NKK DRILL PIPE CO., LTD. has been included in the category Significant affiliates.
- The equity method affiliates totaled 62, including the companies stated above, during the 14th term.

3) Matters regarding designated wholly owned subsidiaries (as of March 31, 2016)

Name	Address	Total book value (Million yen) (Millions of yen)	Total assets of the Company (Millions of yen)
JFE Steel Corporation	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo	723,997	2,492,952

(10) Major lenders (As of March 31, 2016)

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

Name	Loan balance (Millions of yen)
Mizuho Bank, Ltd.	281,180
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	147,147
Sumitomo Mitsui Banking Corporation	132,438

(Translation for reference only)

2. JFE Holdings, Inc.'s Share (As of March 31, 2016)

(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)	37,545,806)

(2) Total number of shareholders 241,172

(3) Major shareholders

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	30,953	5.4
Japan Trustee Services Bank, Ltd. (trust account)	27,371	4.7
Nippon Life Insurance Company	20,821	3.6
Mizuho Bank, Ltd.	14,403	2.5
The Dai-ichi Life Insurance Company, Limited	13,127	2.3
Tokio Marine & Nichido Fire Insurance Co., Ltd.	9,871	1.7
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
STATE STREET BANK WEST CLIENT - TREATY 505234	7,185	1.2
Japan Trustee Services Bank, Ltd. (trust account 7)	7,097	1.2

Note:

In addition to the above, the Company retains 37,545,806 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, 2016)

Position	Name	Significant concurrent post
Representative Director, President and CEO	Eiji Hayashida	Chairman of the Board of Directors, JFE 21st Century Foundation (Public Interest Incorporated Foundation)
Representative Director	Koji Kakigi	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	Masafumi Maeda	Professor, Institute of Industrial Science, the University of Tokyo Head of Production Engineering Laboratory, Nidec Corporation (Part-time)
Director	Masao Yoshida	Chairman and Representative Director, Furukawa Electric Co., Ltd. Outside Director, FURUKAWA CO., LTD.
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:

- Shinichi Okada, Director of JFE Holdings, Inc., retired as Director of JFE Engineering Corporation and Director of JFE Shoji Trade Corporation as of April 1, 2016.
- Masafumi Maeda, Director of JFE Holdings, Inc., became Head of Nidec Corporation Nidec Center for Industrial Science (Part-time) as of October 1, 2015.
- Masao Yoshida, Director of JFE Holdings, Inc., retired as Chairman and Representative Director of Furukawa Electric Co., Ltd. and became Chairman (Representative) of Furukawa Electric Co., Ltd. as of April 1, 2016.
- Both Masafumi Maeda and Masao Yoshida serve as Outside Directors of JFE Holdings, Inc.
- Directors retired during the 14th term are as follows.

Position	Name	Retirement date
Director	Hajime Bada	June 25, 2015
Director	Akimitsu Ashida	June 25, 2015

- Sakio Sasamoto, Audit & Supervisory Board Member of JFE Holdings, Inc., retired as Audit & Supervisory Board Member of JFE Engineering Corporation and Audit & Supervisory Board Member of JFE Shoji Trade Corporation as of April 1, 2016.
- Yasushi Kurokawa, Audit & Supervisory Board Member of JFE Holdings, Inc., retired as Audit & Supervisory Board Member of JFE Steel Corporation as of April 1, 2016, then

(Translation for reference only)

became Audit & Supervisory Board Member of JFE Engineering Corporation and JFE Shoji Trade Corporation as of the same date.

8. Yasushi Kurokawa, Audit & Supervisory Board Member of JFE Holdings, Inc., 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 of JFE Holdings, Inc., 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.
9. Both Hiroyuki Itami and Shigeo Ohyagi serve as Outside Audit & Supervisory Board Members of JFE Holdings, Inc.
10. Directors Masafumi Maeda and Masao Yoshida and Audit & Supervisory Board Members Hiroyuki Itami and Shigeo Ohyagi satisfy the requirements of Independent Director/Audit & Supervisory Board Member as stipulated in the regulations of Tokyo Stock Exchange, Inc., etc., and the “Standards for Independence of Outside Directors/Audit & Supervisory Board Members” stipulated by the Company. The Company designated these four persons as independent Director/Audit & Supervisory Board Member as stipulated under the regulations of Tokyo Stock Exchange, Inc., etc., and registered them as such with the Tokyo Stock Exchange, etc.

11. Corporate Officers as of March 31, 2016, are as follows.

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

12. The position and responsibility(ies) of the Corporate Officer have changed as follows as of April 1, 2016.

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

- (2) 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 Audit & Supervisory Board Members of the Company to limit their liability to compensate damages under Article 423, Paragraph 1, of the Companies Act. The limitation on indemnity liability of each Outside Director and Audit & Supervisory Board Member to compensate damages under such agreements is set out to the amount set forth in the relevant laws and regulations.

- (3) Remuneration for Director and Audit & Supervisory Board Member during the 14th term

	Staff size	Amount (thousands of yen)
Director	7	303,352
Audit & Supervisory Board Member	4	95,182

Notes:

(Translation for reference only)

1. The above includes two Directors retired during the 14th term.
 2. The total amount of remuneration paid to five Outside Directors/Audit & Supervisory Board Members is 44,447 thousand yen.
- (4) Outside Directors/Audit & Supervisory Board Members
- 1) Significant entities where Outside Directors/Audit & Supervisory Board Members concurrently hold positions are listed on page 30.
There is no special relationship between those entities and JFE Holdings, Inc.
 - 2) Activities during the 14th term
 - Masafumi Maeda, Director
Masafumi Maeda attended all of the 12 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.
 - Masao Yoshida, Director
Masao Yoshida attended all of the nine meetings of the Board of Directors after his assumption of office on June 25, 2015. Having a wealth of experience in the management of the manufacturing business based on a broad range of material technologies and a broad knowledge in corporate management in a global setting, he spoke appropriately at the meetings.
 - Hiroyuki Itami, Audit & Supervisory Board Member
Hiroyuki Itami attended 10 of the 12 meetings of the Board of Directors and 18 of the 20 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 12 meetings of the Board of Directors and attended all of the 20 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.

(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 14th term
 - 1) Amount of remuneration paid by JFE Holdings, Inc. to the Accounting Auditor pertaining to the 14th term: 10,180 thousand yen
 - 2) Total amount of money and other financial profits paid by JFE Holdings, Inc. and its subsidiaries to the Accounting Auditor: 591,170 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: 501,036 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. The Audit & Supervisory Board examined the appropriateness of the audit performance for the prior fiscal year, the content of the audit plan for the 14th term and the adequacy of the amount of remuneration for the Accounting Auditor, and, as a result, agreed upon the amount to be paid to the Accounting Auditor.
- (3) Non-audit work
The Company pays the Accounting Auditor for non-audit work related to the International Financial Reporting Standards (IFRS), which is outside the scope of work (non-audit duties) stipulated under Article 2, Paragraph 1, of the Certified Public Accountants Act.
 - (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.
 - (5) From among the matters related to the suspension of operation of the Accounting Auditor for the past two years, matters that the Company determined to include in the business report Outline of the content of the disciplinary action, etc., announced by the Financial Services Agency as of December 22, 2015
 - 1) Entity to which the disciplinary action was taken:
Ernst & Young ShinNihon LLC
 - 2) Content of the disciplinary action:
 - Order to suspend part of the three-month operation of the firm (suspension of operation regarding entering into a new contract) (January 1, 2016, to March 31, 2016)
 - Order to improve operation (improvement of the operation management system)
 - 3) Reason for the disciplinary action:
 - When Ernst & Young ShinNihon LLC audited the financial documents for a client corporation for the fiscal years ended March 31, 2010, March 31, 2012, and March 31, 2013, the CPAs of said accounting firm in charge of the client neglected to recognize serious fraud at the client and concluded that the client's financial

(Translation for reference only)

- documents containing serious frauds were without such frauds.
- The operation of said accounting firm was recognized to be extremely negligent.

(Translation for reference only)

6. Systems to Ensure the Propriety of Business Operations and the Status of Operation of Such Systems

- (1) Substance of the resolution regarding the systems to ensure the propriety of business operations
Regarding the above systems, the Company, by resolution at a meeting of its Board of Directors, resolved the following “Basic Policies to Establish the Internal Control Systems.”

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.

(Translation for reference only)

- (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

(Translation for reference only)

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.

(Translation for reference only)

- (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.
- (2) Outline of the status of operation of the systems to ensure the propriety of business operations
The Company has been improving and operating the systems to ensure the propriety of business operations as follows in accordance with the Basic Policies to Establish the Internal Control Systems.
 - 1. Systems concerning the execution of duties by Directors, etc., and the internal audit of the Company and the Group
 - (1) With regard to important matters concerning the management of the Group and important matters of the Company, its operating companies and their affiliated group companies, the Company clearly set forth the decision-making procedures in the Rules of the Board of Directors and the Rules of the Management Committee. In accordance with such decision-making procedures, such important matters shall be fully deliberated at the meetings of the Board of Directors and the Management Committee and decisions shall be made and reported.
 - (2) The authority of Directors, Corporate Officers and employees has been clarified in the Company's in-house rules, which have been observed.
 - (3) The internal auditing department shall conduct appropriate audits on the effectiveness and efficiency of the business and the compliance conditions of the relevant laws, regulations and the Articles of Incorporation. The results of the internal audits conducted by each operating company's internal auditing department shall be reported regularly to the Company and verified.
 - 2. Systems concerning risk management and compliance of the Company and the Group
 - (1) The Company established the JFE Group CSR Council to deliberate on the JFE Group's CSR policies for its measures to address a broad range of areas including compliance, the environment, personnel and labor, safety and disaster prevention; supervise the implementation of such policies; and exchange related information. At the JFE Group Compliance Council, the JFE Group Environmental Committee and the JFE Group Internal Control Committee, all of which are operated within the JFE Group CSR Council, specific issues are discussed. The respective committees conducted the following activities during the 14th term.
 - (a) During the 14th term, the JFE Group Compliance Council held four meetings to discuss such issues as the Social Security and Tax Number System, preventing bribes to foreign government officials, etc., and managing work hours; determine the related policies of the entire Group; and check and verify the progress of improvement of the related systems at each operating company.
 - (b) During the 14th term, the JFE Group Environmental Committee held two meetings to check and verify the progress of CSR activities of the Group and the status of implementation of various environmental measures by operating companies.
 - (c) During the 14th term, the JFE Group Internal Control Committee held one meeting to check and verify the evaluation concerning the effectiveness of the internal controls relative to financial reporting by the Company and the Group.
 - (2) The Company established the Public Disclosure Committee to ensure the legality and propriety of the Company's public disclosure of documents as legally mandated by the Financial Instruments and Exchange Act, etc. The Committee shall make the necessary checks and verification and publicly disclose such documents.
 - (3) The Company shall improve the "Corporate Ethics Hotline," an internal reporting system that employees of the Company and the Group can use. This system has been operated appropriately, including compliance with the provision concerning the

(Translation for reference only)

prohibition of detrimental treatment of anyone who has reported and/or consulted on any violations. During the 14th term, the Corporate Ethics Hotline was newly streamlined as a system that allows anyone to directly report to or consult with an Audit & Supervisory Board Member of the Company. The details of any violations that have been reported to or consulted with the department in charge of the Corporate Ethics Hotline shall be reported regularly to the full-time Audit & Supervisory Board Members. The status of operation of this system has been checked and verified by the Board of Directors.

3. Systems to keep and manage information
 - (1) The documents for deliberation and the minutes of meetings of the Board of Directors and the Management Committee shall be appropriately prepared, kept and managed in accordance with the relevant laws and regulations as well as internal rules.
 - (2) Kessaisho (documents for approval), which are prepared in-house, and other important documents pertaining to the execution of duties shall be appropriately prepared, kept and managed in accordance with the internal rules of the Company.
4. System regarding the Audit & Supervisory Board Members
 - (1) The Company shall have employees as assistants to support Audit & Supervisory Board Members' duties under the direction of the Audit & Supervisory Board Members, ensuring the independence of such employees from the Directors.
 - (2) To ensure effective audits by the Audit & Supervisory Board Members, the Audit & Supervisory Board Members shall attend the Board of Directors meetings. Full-time Audit & Supervisory Board Members shall also attend meetings of the Management Committee and the JFE Group CSR Council, etc., so that they can verify the status of execution of duties. Furthermore, the status of execution of duties at each department shall be reported to the full-time Audit & Supervisory Board Members regularly.
 - (3) To cover the costs for the execution of duties of Audit & Supervisory Board Members, the Company shall provide the related budget to compensate for the necessary expenses.
 - (4) The Company's Audit & Supervisory Board Members shall maintain a close working arrangement with both the internal auditing department and the Accounting Auditor. Specifically, the Audit & Supervisory Board Members shall receive reports regularly from the internal auditing department on its audit results and hear reports from and exchange opinions with the Accounting Auditor regularly and when necessary.

(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

Concerning the business environment surrounding the JFE Group, solid domestic demand is expected to be generated by the Japanese government's efforts to improve the nation's resilience to disasters and to prepare for the 2020 Tokyo Olympics and Paralympics. Overseas, the Group foresees growing demand for social infrastructure improvement projects and expanding needs for energy saving and environmental protection. However, overseas businesses also face a harsh business environment due to a widening demand-supply gap in the global economy and falling prices of natural resources, both caused by slowdowns in emerging economies, and due to volatile exchange rates and geopolitical risks in some regions.

(Translation for reference only)

To cope with this business environment, 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), and has been steadily implementing the plan to achieve its targets. Leveraging its technological advantages, diverse workforce and comprehensive strengths nurtured in broad business areas, the Group will strive to grow sustainably and improve its corporate value by strengthening its domestic profit base and improving the profitability of overseas businesses.

In the steel business, JFE Steel aims to become a global steel supplier that steadily creates new value and grows with its customers. This will be achieved by further enhancing production capabilities, which is already under way. The company will satisfy the diverse needs of its customers with world-leading technology and strengthen its service and support structure by offering unified services ranging from product development, manufacturing and delivery to quality assurance, with the aim of establishing the JFE brand as its customers' first choice. Overseas, it will continue its efforts to improve the profitability of existing projects and to expand business into new regions and new business areas.

To establish a structure that can generate stable profits on a medium- to long-term basis, JFE Steel will steadily implement domestic capital investment of 650.0 billion yen, which is one initiative laid out in the fifth Medium-Term Business Plan. Specifically, the company will renew coke ovens, which will significantly help increase competitiveness of steelworks in Japan, improve power plant efficiency, and renovate steelworks systems to improve business efficiency and its system to respond to customer requests more quickly. In addition, by accelerating the development of new products and process technologies for future use, the Group will further enhance technological advantages, leading to an increase in sales volume, improvements in the product mix and cost reductions, thereby strengthening the profit base.

Furthermore, to implement these initiatives steadily and to enhance its competitiveness, JFE Steel will work aggressively to secure and nurture human resources, with a significant generational turnover approaching in manufacturing workplaces, and ensure that technical skills are passed on from senior employees to younger employees.

In the engineering business, JFE Engineering will continue to steadily implement the projects for the orders received, the total value of which remains at record levels, to further improve business performance.

To achieve further growth, in Japan, the company intends to actively develop a business model for end-to-end participation in projects, from proposing solutions through actual operation of the facilities and equipment, in the public works sector. In addition, in the high-potential renewable energy-based power generation business, with increasing business opportunities due to the deregulation of power retailing markets, the company will strive to strengthen and expand the profit base by steadily building a track record in design, procurement, construction and business investments.

Overseas, JFE Engineering will make full use of the engineering functions that have been improved at its business bases in various countries, including sales, design, procurement and construction bases, to further enhance its global engineering system. The company will strive to expand overseas businesses, predominantly in the areas of environmental energy, which includes waste and water treatment plants, and infrastructure, including bridge construction.

In the trading business, JFE Shoji Trade will strive to ensure profitability by further enhancing its role as the core trading entity of the JFE Group, while playing a role as an autonomous trading company, thereby increasing its contribution to the JFE Group.

Overseas, the company will enhance its cooperation with JFE Steel to further synchronize their export strategies to increase sales volume and strive to expand “local production for local consumption” businesses to satisfy local demand.

(Translation for reference only)

In Japan, demand for steel is expected to expand to prepare for the 2020 Tokyo Olympics and Paralympics. The company will strive to capture such demand by offering services combining the capabilities of the various JFE group companies.

Also, JFE Shoji Trade will continue to strive to increase the presence of the JFE Shoji Trade Group by enhancing the contribution of profitability through its existing investment projects in Japan and overseas.

Although various measures have been steadily implemented in each business, the business environment for the steel business in particular continues to be harsher than the projections in the fifth Medium-Term Business Plan given a drop in steel prices caused by the widening supply-demand gap due to the overproduction of steel in China and other Asian countries and the slowdown of the economies of emerging countries. To cope with such a business environment, JFE Holdings will continue steady efforts to improve its manufacturing capabilities by renewing various facilities, especially steelmaking facilities in the upstream process, which will have a significant positive impact on medium- to long-term competitiveness. JFE Holdings will continue to streamline its manufacturing bases to further cut costs and to ensure stable supplies. The Company will also aggressively invest management resources in the development of new products and process technologies to maintain and enhance its technological superiority, thereby establishing a structure that can generate stable profits on a medium- to long-term basis. By securing the necessary funds to steadily implement these measures by asset compression and other methods, the Company will strive to strengthen its competitiveness and improve its financial position.

Returning profits to shareholders is one of JFE Holdings' top priorities. The Company is making dividend payments proactively, with the aim of maintaining a dividend payout ratio of 25%–30%.

- 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. Current Outside Directors Masafumi Maeda and Masao Yoshida and Outside Audit & Supervisory Board Members Hiroyuki Itami and Shigeo Ohyagi satisfy the requirements of Independent Director/Audit & Supervisory Board Member as stipulated in the regulations of Tokyo Stock Exchange, Inc., etc., and the "Standards for the Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company. The Company designated these four persons as independent Director/Audit & Supervisory Board Member as stipulated under the regulations of Tokyo Stock Exchange, Inc., etc., and registered them as such with the Tokyo Stock Exchange, etc.

In October 2015, JFE Holdings established its "Basic Policy on Corporate Governance." This policy is designed to guide the Company and the Group to pursue and further improve the best possible corporate governance, to achieve sustainable growth, improve corporate value on a medium- to long-term basis and implement the Corporate Vision. Furthermore, to ensure the fairness, objectiveness and transparency of personnel affairs and remuneration for Directors, etc., the Company established the Nomination Committee

(Translation for reference only)

and the Remuneration Committee as advisory bodies to the Board of Directors. The Nomination Committee and the Remuneration Committee each have a majority of Outside Directors/Audit & Supervisory Board Members, and the chairpersons are determined from among the Outside Directors/Audit & Supervisory Board Members. As for the near-term operation of business activities, JFE Holdings, Inc. is determined to increase the corporate value of JFE Holdings, Inc., and the common interests of the shareholders by thoroughly pursuing fair, objective and transparent corporate governance.

- With all the stakeholders

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

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

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

Specifically, the Policy requires any large-scale purchaser that has the intent to hold 20% or more in the voting rights ratio to present in advance its management policies and business plans after the completion of the intended large-scale purchase. For a certain period thereafter, JFE Holdings, Inc.'s Board of Directors evaluates and examines the proposal from the following viewpoints: whether the large-scale purchaser has complied with the rules according to the Policy; whether the content of the proposal would irretrievably harm JFE Holdings, Inc.; or whether the proposal would seriously impair the corporate value of JFE Holdings, Inc. or the common interests of the shareholders. The Board of Directors may also disclose its opinion externally, negotiate with the large-scale purchaser and submit any alternative plans to the shareholders. In addition, JFE Holdings, Inc. 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

(Translation for reference only)

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

Note:

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

(Translation for reference only)

(Reference) Corporate Governance Initiatives

JFE Holdings, Inc. has been striving to promote sustainable growth of JFE Holdings, Inc. (the “Company”) and the JFE Group (the “Group”) and medium to long-term corporate value, and achieving and hence further enhancing the best corporate governance to embody the Corporate Vision. In October 2015 the Company established the “JFE Holdings, Inc. Basic Policy on Corporate Governance” (the “Policy”). A summary of the Policy and the Company’s corporate governance system may be found below. Moreover, the entire text of the Policy is available on the Company’s website at: <http://www.jfe-holdings.co.jp/>.

The Corporate Governance Systems of the Company and the Group

[The Group’s System]

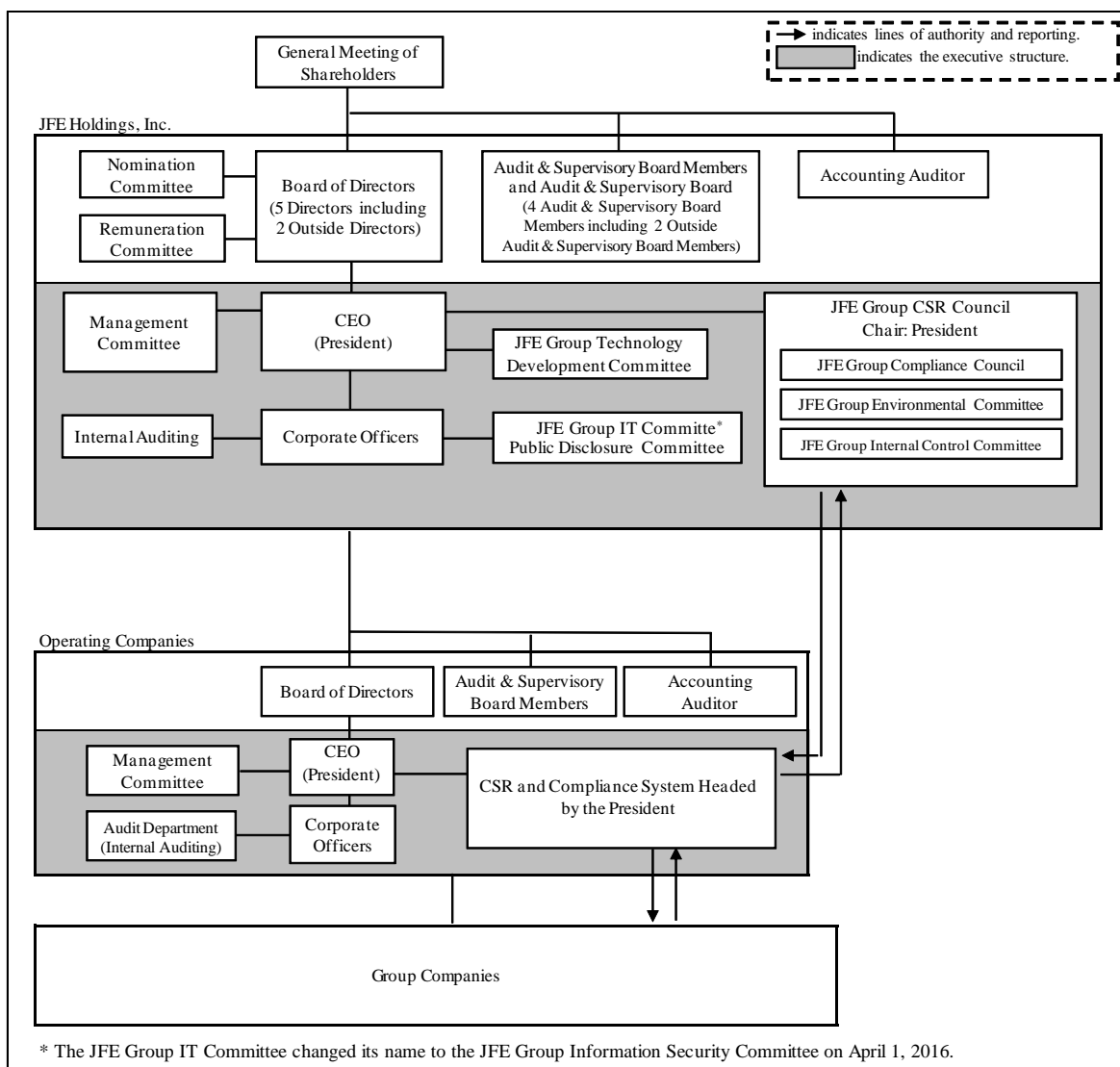
- The JFE Group has adopted a group system that treats the Company as the core pure holding company of the Group.
- The Company, the core of the Group’s integrated governance system, is responsible for Group-wide strategy, risk management, and public accountability.
- Each Operating Company has developed its own system suited to its respective industry, ensuring the best course of action for competitiveness and profitability.
- The holding company and operating companies separately and collectively strive to maximize medium to long-term corporate value for shareholders and other stakeholders.

[The Company’s System]

- The Company makes significant decisions on management and supervises the execution of duties at the Board of Directors.
- As a company with an Audit & Supervisory Board, the Audit & Supervisory Board and its Members implement the auditing of the status of the execution of duties.
- The Company separates material decision-making on management and supervision from business execution, and has adopted the Corporate Officer System to enhance prompt decision-making of matters pertaining to business execution.
- As consultative bodies of the Board of Directors, the Company has established the Nomination Committee and the Remuneration Committee.

(Translation for reference only)

Corporate Governance System (As of March 31, 2016)



Board of Directors

[Functions and Roles]

- In accordance with laws and regulations, the Articles of Incorporation and regulations of the Company such as the regulations of the Board of Directors, the Board of Directors makes material decisions on management including formulation of management plans of the Group and basic policies on management.
- The Board of Directors supervises the overall management including business execution by the Company executives.
- According to the internal rules of the Company, the Company has established clear standards that clarify the authority of decision-making and the decision-making procedures concerning the matters pertaining to the Company and each company within the JFE Group.

(Translation for reference only)

- Significant matters are subject to deliberation at the Company's Management Committee and resolution of the Company's Board of Directors.
- For the purpose of facilitating prompt decision-making, the authority of making decisions other than those related to significant business execution set forth in the Rules of the Board of Directors is, in principle, granted to Corporate Officers in charge of the corresponding business.

Structure of the Board of Directors / Policy on Election of Candidates for Director

[Basic Philosophy Regarding Structure]

- The Company's Board of Directors comprises members who possess diversified knowledge, experience, and abilities. The number of the Directors shall not exceed 12, with the aim of composing one-third or more of the Directors by Independent Outside Directors.

[Election Policy]

- With regard to inside Directors, persons with appropriate insight to bear decision-making of management of the whole Group and supervision of business execution will be elected from those possessing profound understanding and knowledge of the business by way of processes such as engagement in management of the Company or at each Operating Company.
- Several Independent Outside Directors will be elected from among persons who possess abundant experience in the management of global enterprises, or experts with profound knowledge in their fields and who also satisfy the Company's standards for independence, as they will bear the responsibility for strengthening governance.

Audit & Supervisory Board Members / Audit & Supervisory Board

[Functions and Roles]

- Audit & Supervisory Board Members of the Company, as members of an independent entity, endeavor to ensure the sound and sustainable growth and the enhancement of social trust of the Company through auditing of the execution of duties by Directors.
- Audit & Supervisory Board Members of the Company, with the aim of appropriately executing their duties, communicate with Directors, etc. and express their opinions as necessary.
- Audit & Supervisory Board Members communicate with Directors, etc. of subsidiaries and endeavor to collect information and improve the auditing environment.
- Audit & Supervisory Board Members, through the Audit & Supervisory Board, endeavor to share the significant information obtained from their duties, and aim for appropriate auditing through exchange of opinions with other Audit & Supervisory Board Members.
- Full-time Audit & Supervisory Board Members endeavor to collect information through examination of the state of business and assets in addition to attending important meetings, and actively contribute to the improvement of the auditing environment.

(Translation for reference only)

- Outside Audit & Supervisory Board Members of the Company aim for the further enhancement of the neutrality and independence of the auditing system and functions, and carry out auditing operations from a broader perspective.
- Audit & Supervisory Board Members and the Audit & Supervisory Board of the Company endeavor to improve the effectiveness of auditing by appropriately executing their authority as stipulated by laws and regulations.

Structure of the Audit & Supervisory Board / Policy on Election of Candidates for Audit & Supervisory Board Members

[Basic Philosophy Regarding Structure]

- The Audit & Supervisory Board comprises members who possess appropriate knowledge concerning finance and accounting. The number of Audit & Supervisory Board Members shall not exceed six (6), of whom at least half shall be Outside Audit & Supervisory Board Members.

[Election Policy]

- With regard to inside Audit & Supervisory Board Members, persons with knowledge and experience enabling the auditing of execution of duties by Directors in an accurate and fair manner, who deliver insight appropriate to supervisory functions, shall be elected from those possessing profound understanding and knowledge of the business by way of processes such as engagement in management or auditing of the Company or each Operating Company.
- Several Independent Outside Audit & Supervisory Board Members will be elected from among persons who possess abundant experience in the management of global enterprises, or experts with profound knowledge in their fields, and must also be individuals who satisfy the Company's standards for independence, as they will bear the responsibility for enhancing the audit function.

JFE CSR System

[Basic Philosophy Regarding CSR]

- The JFE Group, aiming to contribute to the betterment of society as a responsible member, has made the implementation and ongoing strengthening of corporate social responsibility (CSR) central to its business.

[CSR Promotion Structure]

- The JFE Group CSR Council, as well as the JFE Group Compliance Committee, JFE Group Environmental Committee, JFE Group Internal Control Committee established under the Council, deliberate, supervise and share information on JFE Group's CSR activities in such areas as compliance, the environment, human resources and labor, safety & disaster prevention and internal control.

(Translation for reference only)

Nomination Committee and Remuneration Committee

- In October 2015 the Company established the Nomination Committee and the Remuneration Committee which act as consultative bodies of the Board of Directors to ensure fair, objective and transparent personnel affairs and remuneration of the Board of Directors.
- The Nomination Committee and the Remuneration Committee comprise of a majority of Outside Directors/Audit & Supervisory Board Members, respectively, and the chairpersons are determined from Outside Directors/Audit & Supervisory Board Members.
- In FY2015, the Nomination Committee was convened twice and the Remuneration Committee was convened five times.

The composition of each Committee is as follows.

Nomination Committee

As of March 31, 2016

Chairman	Masao Yoshida	Outside Director
Committee Member	Masafumi Maeda	Outside Director
Committee Member	Hiroyuki Itami	Outside audit & supervisory board member
Committee Member	Shigeo Oyagi	Outside audit & supervisory board member
Committee Member	Eiji Hayashida	Board of Director
Committee Member	Koji Kakigi	Board of Director

Remuneration Committee

As of March 31, 2016

Chairman	Masafumi Maeda	Outside Director
Committee Member	Masao Yoshida	Outside Director
Committee Member	Hiroyuki Itami	Outside audit & supervisory board member
Committee Member	Shigeo Oyagi	Outside audit & supervisory board member
Committee Member	Eiji Hayashida	Board of Director
Committee Member	Koji Kakigi	Board of Director

(Translation for reference only)

Consolidated Balance Sheet

As of March 31, 2016

(Millions of yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	1,707,829	Current liabilities	1,158,185
Cash and deposits	64,654	Notes and accounts payable - trade	422,331
Notes and accounts receivable - trade	720,639	Short-term loans payable	353,382
Merchandise and finished goods	311,234	Commercial papers	36,000
Work in progress	43,657	Current portion of bonds	20,000
Raw materials and supplies	402,406	Other	326,471
Other	166,672	Non-current liabilities	1,218,776
Allowance for doubtful accounts	(1,434)	Bonds payable	125,000
Non-current assets	2,527,054	Long-term loans payable	844,990
Property, plant and equipment	1,627,186	Deferred tax liabilities for land revaluation	9,121
Buildings and structures	404,636	Provision for loss on specific business	21,402
Machinery, equipment and vehicles	606,546	Net defined benefit liability	125,283
Land	497,285	Other	92,979
Construction in progress	85,981		
Other	32,736		
Intangible assets	81,403		
Investments and other assets	818,465		
Investment securities	749,177		
Net defined benefit asset	9,103		
Other	64,705		
Allowance for doubtful accounts	(4,521)		
		Total liabilities	2,376,962
		(NET ASSETS)	
		Shareholders' equity	1,679,906
		Capital stock	147,143
		Capital surplus	646,380
		Retained earnings	1,065,037
		Treasury shares	(178,654)
		Accumulated other comprehensive income	124,290
		Valuation difference on available-for-sale securities	101,709
		Deferred gains or losses on hedges	(3,119)
		Revaluation reserve for land	16,328
		Foreign currency translation adjustment	14,503
		Remeasurements of defined benefit plans	(5,130)
		Non-controlling interests	53,724
		Total net assets	1,857,921
Total assets	4,234,884	Total liabilities and net assets	4,234,884

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

(Translation for reference only)

Consolidated Statement of Income

From April 1, 2015 to March 31, 2016

(Millions of yen)

Items	Amount	
Net sales		3,431,740
Cost of sales		3,017,757
Gross profit		413,982
Selling, general and administrative expenses		323,343
Operating income		90,638
Non-operating income		
Interest income	1,190	
Dividend income	10,438	
Rent income	7,318	
Other	16,651	35,598
Non-operating expenses		
Interest expenses	12,279	
Loss on retirement of non-current assets	14,446	
Equity in loss of affiliates	8,821	
Other	26,449	61,996
Ordinary income		64,239
Extraordinary income		
Gain on sales of investment securities	15,090	15,090
Extraordinary losses		
Impairment loss	4,993	4,993
Income before income taxes and minority interests		74,337
Income taxes - current	21,629	
Income taxes - deferred	15,054	36,684
Net income		37,652
Profit attributable to non-controlling interests		3,995
Profit attributable to owners of parent		33,657

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

(Translation for reference only)

Consolidated Statement of Changes in Equity

(From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2015	147,143	647,121	1,066,517	(179,430)	1,681,350
Changes of items during period					
Dividends of surplus			(34,619)		(34,619)
Profit attributable to owners of parent			33,657		33,657
Purchase of treasury shares				(273)	(273)
Disposal of treasury shares			(527)	1,049	521
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(740)			(740)
Reversal of revaluation reserve for land			10		10
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(740)	(1,479)	775	(1,444)
Balance at March 31, 2016	147,143	646,380	1,065,037	(178,654)	1,679,906

(Millions of yen)

	Accumulated other comprehensive income						Non-controlling 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, 2015	194,733	(535)	15,654	41,107	6,626	257,587	51,085	1,990,023
Changes of items during period								
Dividends of surplus								(34,619)
Profit attributable to owners of parent								33,657
Purchase of treasury shares								(273)
Disposal of treasury shares								521
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(740)
Reversal of revaluation reserve for land								10
Net changes of items other than shareholders' equity	(93,023)	(2,584)	673	(26,604)	(11,757)	(133,296)	2,639	(130,657)
Total changes of items during period	(93,023)	(2,584)	673	(26,604)	(11,757)	(133,296)	2,639	(132,102)
Balance at March 31, 2016	101,709	(3,119)	16,328	14,503	(5,130)	124,290	53,724	1,857,921

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

(Translation for reference only)

(Reference)

Consolidated Statement of Cash Flows

(From April 1, 2015 to March 31, 2016)

(Millions of yen)

Items	Amount
I. Cash flows from operating activities	
Income before income taxes and minority interests	74,337
Depreciation	177,946
Increase (decrease) in allowance for doubtful accounts	(15,142)
Interest and dividend income	(11,628)
Interest expenses	12,279
Decrease (increase) in notes and accounts receivable - trade	50,355
Decrease (increase) in inventories	52,960
Increase (decrease) in notes and accounts payable - trade	(24,064)
Other, net	(16,989)
Subtotal	300,053
Interest and dividend income received	17,244
Interest expenses paid	(12,673)
Income taxes paid	(37,521)
Net cash provided by (used in) operating activities	267,102
II. Cash flows from investing activities	
Purchase of non-current assets	(205,992)
Proceeds from sales of non-current assets	4,155
Purchase of investment securities	(29,874)
Proceeds from sales of investment securities	50,051
Proceeds from capital reduction	30,240
Other, net	14,097
Net cash provided by (used in) investing activities	(137,321)
III. Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	(6,895)
Increase (decrease) in commercial papers	36,000
Proceeds from long-term loans payable	115,249
Repayment of long-term loans payable	(182,428)
Redemption of bonds	(80,000)
Purchase of treasury shares	(258)
Cash dividends paid by parent company	(34,551)
Other, net	(8,322)
Net cash provided by (used in) financing activities	(144,561)
IV. Effect of exchange rate change on cash and cash equivalents	(6,038)
V. Net increase (decrease) in cash and cash equivalents	(20,819)
VI. Cash and cash equivalents at April 1, 2014	83,542
VII. Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1,150
VIII. Cash and cash equivalents at March 31, 2015	63,873

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

(Translation for reference only)

(Reference)

Segment Information

(From April 1, 2015 to March 31, 2016)

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 had its own respective products and services. The steel business produced and sold various steel products, processed steel products and raw materials, and provided transportation and other related businesses, such as facility maintenance and construction. The engineering business handled engineering for energy, urban environments, steel structures and industrial machines, recycling and electricity retailing. The trading business purchased, processed and distributed steel products, raw materials for steel production, nonferrous metal products, and 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)	1,569,518	387,750	1,474,471	3,431,740	—	3,431,740
Intersegment sales or transfers	875,655	9,826	281,973	1,167,455	(1,167,455)	—
Total	2,445,173	397,577	1,756,445	4,599,195	(1,167,455)	3,431,740
Segment income	27,817	20,030	15,760	63,608	630	64,239
Segment assets	3,596,123	370,767	619,783	4,586,674	(351,790)	4,234,884
Others						
Depreciation	164,952	7,037	5,950	177,940	5	177,946
Amortization of goodwill	119	1,876	1,728	3,724	15	3,739
Interest income	1,051	127	467	1,646	(455)	1,190
Interest expenses	11,132	320	1,783	13,236	(957)	12,279
Equity method investment gain (loss)	(10,923)	295	890	(9,737)	915	(8,821)
Investment in equity method affiliates	272,123	7,028	11,874	291,027	60,765	351,792
Increase in property, plant, equipment, and intangible assets	197,786	9,001	5,727	212,514	0	212,515

(Translation for reference only)

Non-consolidated Statement of Income

From April 1, 2015 to March 31, 2016

(Millions of yen)

Items	Amount	
Operating revenue		
Dividend income	34,928	
Financial revenue	12,204	
Management fee income	2,530	49,663
Operating expenses		
Financial expenses	11,010	
General and administrative expenses	2,211	13,222
Operating income		36,440
Ordinary income		36,440
Income before income taxes		36,440
Income taxes - current		432
Income taxes - deferred		14
Net income		35,993

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

(Translation for reference only)

Non-consolidated Statement of Changes in Equity

From April 1, 2015 to March 31, 2016

(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, 2015	147,143	772,574	1	772,575	217,937	(82,852)	1,054,804	(221)	(221)	1,054,582
Changes of items during period										
Dividends of surplus					(34,619)		(34,619)			(34,619)
Net income					35,993		35,993			35,993
Purchase of treasury shares						(258)	(258)			(258)
Disposal of treasury shares			(1)	(1)	(1)	18	15			15
Net changes of items other than shareholders' equity								(330)	(330)	(330)
Total changes of items during period	—	—	(1)	(1)	1,371	(239)	1,130	(330)	(330)	799
Balance at March 31, 2016	147,143	772,574	—	772,574	219,309	(83,092)	1,055,934	(552)	(552)	1,055,382

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 9, 2016

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, 2015 to March 31, 2016.

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, 2016 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 9, 2016

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 14th term from April 1, 2015 to March 31, 2016.

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

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

Auditor's Responsibility

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

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

(Translation for reference only)

fair presentation of the non-consolidated financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the related supplementary schedules.

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

Audit Opinion

In our opinion, the non-consolidated financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of JFE Holdings, Inc., applicable to the fiscal year ended March 31, 2016 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 14th term from April 1, 2015 to March 31, 2016, 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 of the corporate group consisting of a stock company and its subsidiaries, as well as the current situation of in-house systems (internal control systems) that have been improved and operated pursuant to the resolution concerned.

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

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

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

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

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

(Translation for reference only)

Assets and Notes to the Consolidated Financial Statements), as well as the non-consolidated financial statements (Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets and Notes to the Non-Consolidated Financial Statements) and the related supplementary schedules thereof of JFE Holdings, Inc., pertaining to the fiscal year ended March 31, 2016.

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 12, 2016

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.