

(Translation for reference only)

(Security Code: 5411)

June 1, 2017

Notice of the 15th Ordinary General Meeting of Shareholders

Dear Shareholders:

JFE Holdings, Inc. (“JFE” or the “Company”) hereby would like to inform you that the 15th 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, 2017 (Thursday).

[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, 2017 (Thursday) 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:** Friday, June 23, 2017, 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 15th term (from April 1, 2016 to March 31, 2017)
 2. Non-consolidated Financial Statements for the 15th term (from April 1, 2016 to March 31, 2017)

Items to be resolved

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

- Proposal 1: Dividend of surplus
- Proposal 2: Election of eight Directors
- Proposal 3: Election of two Audit & Supervisory Board Members
- Proposal 4: Continuation of the Policy Toward Large-scale Purchases of JFE Shares

<Shareholder's Proposal (Proposal 5)>

- Proposal 5: Abolishment of Outside Directors due to its uselessness and dismissal of Outside Director Masao Yoshida

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 "Consolidated Statement of Changes in Equity," "Notes to the Consolidated Financial Statements," "Non-consolidated Statement of Changes in Equity" and "Notes to the Non-consolidated Financial Statements" are not provided herein, and are published on our website in accordance with the provisions of applicable rules and regulations and the Articles of Incorporation. Accordingly, the consolidated financial statements and non-consolidated financial statements included in this written notice to the Meeting are a portion of the documents subject to audit when the Audit & Supervisory Board Members and the Accounting Auditors prepared their audit reports.

*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: Friday, June 23, 2017
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, 2017 (Thursday)

[Via the Internet]

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

Deadline for Voting: 24:00 on June 22, 2017 (Thursday)

(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 Thursday, June 22, 2017 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 about stock business 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 15th term as follows:

1. Type of dividend property
Cash
2. Allotment of dividend property to the shareholders and total amount of dividends
30 yen per share (Common stock) Total amount: 17,303,328,120 yen
3. Effective date of dividend of surplus
June 26, 2017

Proposal 2: Election of eight 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 eight Directors including three Outside Directors.

The Group is actively expanding its engineering and trading businesses, in addition to its steel business, and as such, the Company's management of these two businesses is increasingly important. Given this, the Company proposes to increase the number of Directors by three, including one Outside Director, in order to further enhance corporate governance and reinforce the Company's Group management systems.

This resolution was proposed in light of the results of an analysis and evaluation conducted last fiscal year on the effectiveness of the Board of Directors as a whole, and was adopted by the Board of Directors based on deliberations by and reports from the Nomination Committee, of which a majority of the members are Outside Directors/Audit & Supervisory Board Members. If the resolution is adopted as proposed, more than one-third of the Directors will continue to be Outside Directors who satisfy the Company's Standards for Independence of Outside Directors/Audit & Supervisory Board Members.

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 in the Company	Main Concurrent Positions	Number of Meetings of the Board of Directors Attended (FY2016)
1	<Reappointment> Eiji Hayashida (Age 66)	Representative Director, President and CEO (Chief Executive Officer)	—	13/13

(Translation for reference only)

No.	Name (Age)	Current Positions and Responsibilities in the Company	Main Concurrent Positions	Number of Meetings of the Board of Directors Attended (FY2016)
2	<Reappointment> Koji Kakigi (Age 64)	Representative Director	Representative Director, President and CEO of JFE Steel Corporation	13/13
3	<Reappointment> Shinichi Okada (Age 64)	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.	Director of JFE Steel Corporation	13/13
4	<New appointment> Naosuke Oda (Age 64)	—	Representative Director, President and CEO of JFE Shoji Trade Corporation	—
5	<New appointment> Hajime Oshita (Age 59)	—	Representative Director, President and CEO of JFE Engineering Corporation	—
6	<Reappointment> Masafumi Maeda (Age 64) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	Outside Director	Professor of Institute of Industrial Science, the University of Tokyo	13/13
7	<Reappointment> Masao Yoshida (Age 68) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	Outside Director	Director of Furukawa Electric Co., Ltd.	13/13

(Translation for reference only)

No.	Name (Age)	Current Positions and Responsibilities in the Company	Main Concurrent Positions	Number of Meetings of the Board of Directors Attended (FY2016)
8	<New appointment> Masami Yamamoto (Age 63) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	—	Chairman and Representative Director of Fujitsu Limited	—

Note: The age of each candidate is given as of the date of this General Meeting of Shareholders.

No. 1	Eiji Hayashida	Reappointment Nomination Committee Member Remuneration Committee Member
Date of birth: July 6, 1950 (Age 66)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company’s shares held: 52,700	April 1973	Joined Kawasaki Steel Corporation
	September 2002	Vice President of JFE Holdings, Inc.
Number of years of service as Director (at the close of this General Meeting of Shareholders): Seven (Note)	April 2005	Senior Vice President of JFE Holdings, Inc.
	June 2008	Representative Director, Senior Vice President of JFE Holdings, Inc.
	March 2009	Director of JFE Holdings, Inc.
	April 2009	Representative Director and Executive Vice President of JFE Steel Corporation
Number of meetings of the Board of Directors attended (FY2016): 13/13	June 2009	Retired as Director of JFE Holdings, Inc.
	April 2010	Representative Director, President and CEO of JFE Steel Corporation
	June 2010	Representative Director of JFE Holdings, Inc.
	April 2015	Retired as Representative Director, President and CEO of JFE Steel Corporation
		Representative Director , President and CEO of JFE Holdings, Inc. (current post)
	(Significant concurrent post)	
	Chairman of the Board of Directors of JFE 21st Century Foundation (Public Interest Incorporated Foundation)	
	(Duties as Corporate Officer)	
	CEO (Chief Executive Officer)	
<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 Group’s core company, 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 seven 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 eight years.</p>		

(Translation for reference only)

No. 2	Koji Kakigi	Reappointment Nomination Committee Member Remuneration Committee Member
Date of birth: May 3, 1953 (Age 64)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 24,800	April 1977	Joined Kawasaki Steel Corporation
	April 2007	Vice President of JFE Steel Corporation
	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)
Number of years of service as Director (at the close of this General Meeting of Shareholders): Two	June 2015	Representative Director of JFE Holdings, Inc. (current post)
Number of meetings of the Board of Directors attended (FY2016): 13/13	(Significant concurrent post) Representative Director, President and CEO of JFE Steel Corporation	
• 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 divisions such as general administration, legal, accounting, finance, and procurement departments in JFE Steel Corporation, the Group's core company. 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.		

No. 3	Shinichi Okada	Reappointment
Date of birth: March 15, 1953 (Age 64)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 21,778	April 1975	Joined Nippon Kokan Corporation
	April 2005	Vice President of JFE Holdings, Inc.
	April 2008	Senior Vice President of JFE Holdings, Inc.
	April 2011	Director of JFE Engineering Corporation
	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
Number of years of service as Director (at the close of this General Meeting of Shareholders): Five	(Significant concurrent posts) Director of JFE Steel Corporation Representative Director of JFE 21st Century Foundation (Public Interest Incorporated Foundation)	
Number of meetings of the Board of Directors attended (FY2016): 13/13	(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.	

(Translation for reference only)

No. 3	Shinichi Okada	Reappointment
<p>• Reasons for nomination as a candidate for Director:</p> <p>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>		

No. 4	Naosuke Oda	New appointment
Date of birth: June 3, 1953 (Age 64)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 12,300	April 1977	Joined Nippon Kokan Corporation
	April 2007	Vice President of JFE Steel Corporation
	April 2010	Senior Vice President of JFE Steel Corporation
	April 2012	Representative Director and Executive Vice President of JFE Steel Corporation
	April 2016	Retired as Representative Director and Executive Vice President of JFE Steel Corporation Representative Director, President and CEO of JFE Shoji Trade Corporation (current post)
	(Significant concurrent post) Representative Director, President and CEO of JFE Shoji Trade Corporation	
• Reasons for nomination as a candidate for Director: Mr. Oda has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in operations related to sales of automobile steel at JFE Steel Corporation, the Group's core company, and supervising sales divisions as Corporate Officer. He also has abundant experience and knowledge as a corporate manager, which was nurtured through his experience as Representative Director and Executive Vice President of JFE Steel Corporation. Mr. Oda is currently reinforcing the domestic earnings base and is actively working to expand overseas business as Representative Director, President and CEO of JFE Shoji Trade Corporation, the Group's core company. For these reasons, the Company has judged Mr. Oda to be suitable as a Director of the Company.		

No. 5	Hajime Oshita	New appointment
Date of birth: September 11, 1957 (Age 59)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 4,400	April 1982	Joined Nippon Kokan Corporation
	April 2012	Vice President of JFE Engineering Corporation
	April 2014	Senior Vice President of JFE Engineering Corporation
	April 2015	Director and Senior Vice President of JFE Engineering Corporation
	April 2016	Representative Director and Senior Vice President of JFE Engineering Corporation
	March 2017	Representative Director, President and CEO of JFE Engineering Corporation (current post)
	(Significant concurrent post)	
	Representative Director, President and CEO of JFE Engineering Corporation	
• Reasons for nomination as a candidate for Director: Mr. Oshita has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in corporate planning, accounting and finance, and a wide range of duties as Corporate Officer, including overseeing domestic and overseas business at JFE Engineering Corporation, the Group's core company. In addition, Mr. Oshita has abundant experience and knowledge as a corporate manager, which was nurtured through his experience as Representative Director and Senior Vice President of JFE Engineering Corporation. He is currently reinforcing the domestic earnings base and is actively working to expand overseas business as Representative Director, President and CEO of JFE Engineering Corporation. For these reasons, the Company has judged Mr. Oshita to be suitable as a Director of the Company.		

(Translation for reference only)

No. 6	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 64)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 6,900	November 1996	Professor of Institute of Industrial Science, the University of Tokyo (current post)
	April 2005	Director General of Institute of Industrial Science, the University of Tokyo
	April 2009	Managing Director, Executive Vice President of the University of Tokyo
	June 2011	Director of JFE Holdings, Inc. (current post)
Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): Six	(Significant concurrent posts) Professor of Institute of Industrial Science, the University of Tokyo Head of Production Engineering Laboratory of NIDEC CORPORATION (part-time)	
Number of meetings of the Board of Directors attended (FY2016): 13/13		
<p>• 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 suitable to reappoint him as an Outside Director of the Company, a post responsible for reinforcing corporate governance.</p> <p>• Special matters:</p> <p>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.</p> <p>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.</p> <p>3. Mr. Maeda is currently chairperson of the Remuneration Committee and a member of the Nomination Committee, and the Company intends to reappoint him as a member of the Nomination Committee and Remuneration Committee following this General Meeting of Shareholders.</p>		

(Translation for reference only)

No. 7	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 68)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 4,800	April 1972	Joined Furukawa Electric Co., Ltd.
	June 2006	Senior Managing Director and Corporate Executive Vice President of Furukawa Electric Co., Ltd.
Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): Two	June 2008	President and Representative Director of Furukawa Electric Co., Ltd.
	April 2012	Chairman and Representative Director of Furukawa Electric Co., Ltd.
Number of meetings of the Board of Directors attended (FY2016): 13/13	June 2015	Director of JFE Holdings, Inc. (current post)
	April 2016	Chairman of Furukawa Electric Co., Ltd.
	April 2017	Director of Furukawa Electric Co., Ltd. (current post)
	(Significant concurrent posts) Director of Furukawa Electric Co., Ltd. Outside Director of FURUKAWA CO., LTD.	
<p>• 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 suitable to reappoint him as an Outside Director of the Company, a post responsible for reinforcing corporate governance.</p> <p>• Special matters:</p> <p>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.</p> <p>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.</p> <p>3. Mr. Yoshida is currently a Director of Furukawa Electric Co., Ltd. (hereinafter referred to as "Furukawa Electric"). In April 2013, he was in that position when the company was subject to the imposition of a fine by the Canadian authorities in relation to cartels regarding automobile wire harness transactions. In July 2013, the company and Furukawa Automotive Systems Inc., its subsidiary, were subject to the imposition of sanctions by 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 in December 2013, and relative to the same construction work ordered by Kansai Electric Power Company 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.</p> <p>4. Mr. Yoshida is currently chairperson of the Nomination Committee and a member of the Remuneration Committee. Following this General Meeting of Shareholders, Mr. Yoshida plans to leave the Remuneration Committee, but the Company intends to reappoint him as a member of the Nomination Committee.</p>		

(Translation for reference only)

No. 8	Masami Yamamoto	New appointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member
Date of birth: January 11, 1954 (Age 63)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 0	April 1976 Joined Fujitsu Limited January 2010 Corporate Senior Executive Vice President of Fujitsu Limited April 2010 President of Fujitsu Limited June 2010 President and Representative Director of Fujitsu Limited June 2015 Chairman and Representative Director of Fujitsu Limited (current post)	
	(Significant concurrent post) Chairman and Representative Director of Fujitsu Limited	
<p>• Reasons for nomination as a candidate for Outside Director:</p> <p>Mr. Yamamoto has been successful in managing Fujitsu Limited for many years, a company that engages in the total solutions business globally in ICT fields, and he has extensive experience and knowledge in corporate management, which he acquired through reforming conventional business structures and processes in the rapidly changing ICT industry. Based on his deep knowledge, outstanding judgment, his ability to provide valuable proposals and advice regarding the use of ICT, which is expected to become increasingly important for raising corporate value in the future, the Company has judged Mr. Yamamoto to be suitable as an Outside Director of the Company, a post responsible for reinforcing corporate governance.</p> <p>• Special matters:</p> <ol style="list-style-type: none"> 1. Mr. Yamamoto 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 is to register him as such with the Tokyo Stock Exchange etc. 2. To ensure that Mr. Yamamoto, if appointed as an Outside Director, can fully demonstrate his capability as expected in his role as an Outside Director, the Company will enter into an agreement with Mr. Yamamoto 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. 3. Mr. Yamamoto is Chairman and Representative Director of Fujitsu Limited, and the company was subject to a cease and desist order and an order for payment of a surcharge by the Japan Fair Trade Commission for conduct in violation of the Anti-Monopoly Act in relation to electric power stabilization communications equipment ordered by Tokyo Electric Power Company in July 2016, when Mr. Yamamoto was a Director of Fujitsu Limited. In addition, Fujitsu Limited was determined by the Japan Fair Trade Commission to have violated the Anti-Monopoly Act in relation to transactions for hybrid optical communications equipment and transmission line equipment ordered by Chubu Electric Power Co., Inc. in February 2017. Fujitsu Limited submitted a request to the Japan Fair Trade Commission for application of the surcharge reduction and exemption system in relation to these incidents and the request was granted, and consequently, Fujitsu Limited is not subject to the cease and desist order or the order for payment of a surcharge. Mr. Yamamoto was not directly involved in either of these incidents, and after becoming aware of these facts, he fulfilled his responsibilities by reinforcing measures related to legal compliance and taking comprehensive measures to prevent a reoccurrence. 4. If Mr. Yamamoto is appointed as Outside Director, the Company intends to appoint him as a member of the Nomination Committee and the Remuneration Committee. 		

(Translation for reference only)

Proposal 3: Election of two Audit & Supervisory Board Members

As the term of office of Audit & Supervisory Board Member Yasushi Kurokawa expires at the close of this General Meeting of Shareholders, the Company proposes to elect two Audit & Supervisory Board Members, including one Outside Audit & Supervisory Board Member.

The Company decided to increase the number of Outside Audit & Supervisory Board Members by one in order to enhance the neutrality and independence of the audit system and functions.

This resolution was adopted by the Board of Directors based on deliberations by and reports from the Nomination Committee. If the resolution is adopted as proposed, a majority of the members will be Outside Audit & Supervisory Board Members who satisfy the Company's Standards for Independence of Outside Directors/Audit & Supervisory Board Members.

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

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

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

Nobuya Hara		New appointment
Date of birth: December 11, 1961 (Age 55) Number of the Company's shares held: 3,238	Career summary, positions and responsibilities, and significant concurrent posts	
	April 1984	Joined Nippon Kokan Corporation
	April 2011	General Manager of Controller Department of JFE Steel Corporation
	April 2012	General Manager of Controller Department of JFE Steel Corporation and General Manager of Controller Department of JFE Holdings, Inc.
	April 2015	General Manager of Affiliated Business Department of JFE Steel Corporation
	April 2016	Audit & Supervisory Board Member of JFE Steel Corporation (current post)
(Significant concurrent post)		Audit & Supervisory Board Member of JFE Steel Corporation
<ul style="list-style-type: none"> • Reasons for nomination as a candidate for Audit & Supervisory Board Member Mr. Hara has abundant experience and knowledge of finance and accounting, which he has accumulated through work in corporate planning, accounting and finance at JFE Steel Corporation, the Group's core company, and through accounting work at the Company. He also has abundant experience and knowledge acquired through work in management of group companies at JFE Steel Corporation and while serving as an Audit & Supervisory Board Member of JFE Steel Corporation. The Company believes that based on his experience and knowledge, Mr. Hara will be able to conduct accurate and fair audits of the performance of duties by Directors, and has judged Mr. Hara to be suitable as an Audit & Supervisory Board Member of the Company. • Special matter: To ensure that Mr. Hara, 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. Hara 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)

Isao Saiki		New appointment Candidate for Outside Audit & Supervisory Board Member/Independent Director/Audit & Supervisory Board Member
Date of birth: August 11, 1961 (Age 55)	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 post) Partner Lawyer of Abe, Ikubo & Katayama Law Firm		
<p>• Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member</p> <p>Mr. Saiki has vast experience and impressive knowledge in corporate legal affairs and other matters as a lawyer. Moreover, he has served as Outside Audit & Supervisory Board Member for other listed companies, including the Company. He has been elected as the Company's Substitute Audit & Supervisory Board Member since June 2009 and appointed as Outside Audit & Supervisory Board Member in April 2014. Although he does not have past experience in corporate management other than having served as Outside Audit & Supervisory Board Member, the Company believes that Mr. Saiki is very capable of augmenting the audit operations of the Company in an independent manner and with a broad perspective, given his extensive experience and impressive knowledge, and has judged Mr. Saiki to be suitable as an Outside Audit & Supervisory Board Member of the Company.</p> <p>• Special matters:</p> <ol style="list-style-type: none"> 1. Mr. Saiki is a candidate for 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 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 is to register him as such with the Tokyo Stock Exchange etc. 2. 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. 		

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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 & supervisory board member of the Company, and by explaining that the person fulfills the

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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.

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Proposal 4: Continuation of the Policy Toward Large-scale Purchases of JFE Shares

The Company, at the meeting of the Board of Directors held on March 1, 2007, made the decision to adopt the “Policy Toward Large-scale Purchases of JFE Shares” (the “Current 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 Current Policy, has continued to operate the Current Policy. To ensure that the shareholders of JFE can, if a large-scale purchase of JFE shares is proposed, precisely evaluate the effects of the proposal on the corporate value of JFE and the common interest of shareholders, the Current Policy has been adopted for the purpose of providing promptly the shareholders with necessary and sufficient information, opinions and suggestions from both the large-scale purchaser and JFE’s Board of Directors, and giving necessary and enough time for the shareholders to review them. The Current Policy will expire at the close of this Ordinary General Meeting of Shareholders, and the continuation of the Current Policy shall remain subject to the approval of shareholders.

JFE did a review on the Current Policy, including the advisability of continuing with the Current Policy, in terms of its aim to raise corporate value and improve the common interests of the shareholders, while considering subsequent changes in conditions. This review, as well as recommendations from the Special Committee, led to the decision at the Board of Directors meeting held on April 27, 2017, to continue with the Current Policy after making partial changes (hereinafter, the “Policy” shall be used to refer to the policy toward large-scale purchases of JFE shares after the changes), premised on the approval by the majority of voting rights of all shareholders attending this Ordinary General Meeting of Shareholders.

Accordingly, JFE asks for understanding of the purpose of the Policy and seeks approval for continuation of the Policy, as outlined in “4. Details of the Policy” below. In the event that a majority of voting rights of all shareholders attending this Ordinary General Meeting of Shareholders do not approve this proposal, the Current Policy shall not remain in effect after it expires.

In addition to revisions including formal phrases and reorganization of sentences, the Policy has been amended from the Current Policy, in line with requests and other matters from capital markets, mainly in the following ways.

- [1] Types of large-scale purchases deemed, in principle, to result in irreparable damage or loss to the Company and severe damage of the corporate value of JFE or the common interests of the shareholders, were partially deleted, and the only relevant cases were limited to the four situations in which defensive measures were ruled by the Tokyo High Court to be acceptable as countermeasures in hostile takeovers and coercive two-tiered tender offers.
- [2] A mechanism was introduced that enables the shareholders to consider whether or not to implement countermeasures.
- [3] An upper limit was set on the period of time that JFE’s Board of Directors can request information on the large-scale purchase from the large-scale purchaser.

1. Basic policy regarding persons who control decisions on the Company’s financial and business policies
JFE believes that a change of control is an effective means of revitalizing corporate activities and economy, and JFE believes that when a large-scale purchase of JFE shares is commenced, the shareholders of JFE should, in principle, make decisions as to whether or not the large-scale

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purchase is acceptable.

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

2. Initiatives to ensure and enhance Company's corporate value and common interests of shareholders

1) Corporate vision and business overview

Since it was established, the JFE Group's basic management stance has been to endeavor to increase, in good faith, corporate value and the common interests of shareholders by committing to the corporate vision of contributing to society with the world's most innovative technology.

JFE Steel Corporation is one of the world's leading integrated steel producers. JFE Steel boasts strong international competitiveness earned from its manufacturing technology and product development capability in line with the world's highest standards. JFE Steel has contributed to society over many years by consistently producing steel products that offer both impressive functions and quality and cost-competitiveness with high energy efficiency and a low environmental load.

JFE Engineering Corporation consolidates and advances the technology it has built up over many years in the steel industry and shipbuilding industry, adapting to changing times by offering products and services based on cutting-edge technical capabilities. JFE Engineering operates in a wider range of business fields, including the environment and energy, electric power generation, and infrastructure construction. As such, JFE Engineering is expanding its engineering business, supporting people's daily lives and industry, in both Japan and overseas.

JFE Shoji Trade Corporation is the core trading entity of the JFE Group that trades both in Japan and overseas. JFE Shoji Trade primarily processes and sells the steel products produced by JFE Steel and buys raw materials and machineries. Therefore, JFE Shoji Trade is expanding its presence and networks around the world, particularly in Asia.

2) JFE's business characteristics and source of corporate value

In the long term, the JFE Group must secure and improve the source of its corporate value, built up through many years of management initiatives and ongoing investments, as described below, always taking into account the characteristics of its business. This will ensure that the Group can secure and improve sustainable corporate value and shareholders' common interests.

[1] Advanced technical capabilities (process technology and product development capabilities) and intellectual property that outstrip other companies

JFE must continue to make research and development investments over the long term in a wide range of fields, starting with basic research, in order to maintain and improve technical capabilities at a world-class level in the aforementioned fields. The Group's common development concept holds that the Group will always lead the industry and break into new fields by developing unique new products that predict customer needs, developing technology to efficiently produce high-quality products, developing products and manufacturing technology that contribute to environmental conservation, and pursuing development utilizing the Group's overall synergies. Under this concept, JFE proactively

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carries out research and development and continues to consistently provide society with high value-added, high-functioning and high-quality products.

[2] World-class production capacity and cost competitiveness

In the steel business in particular, massive facilities able to handle large amounts of material at high temperatures and the technology and skills needed to safely and steadily operate this facilities are essential for the production of steel. JFE must continue to strengthen its cost competitiveness while taking measures to address the environment, safety and disaster prevention on an ongoing basis. Capital investment amounts to several hundred billion yen every year for the Group overall and many of the facilities are expected to operate for decades, which means that the investment effect will not be merely short-term. Moreover, this business is also distinct in that stable operations require persistent, ongoing efforts, such as appropriate maintenance and repair of facilities. These business characteristics mean that management decisions about investments must be based on a long-term perspective.

[3] Highly skilled human capital resulting from long-term education and training and practical experience

The Group's diverse business can be steadily carried out based on the corporate vision and standards of business conduct and with highly skilled human resources able to fully understand and carry them out, as well as long-term training. The Company sets basic policy on human resource management that are shared by the Group and implements specific measures tailored to the actual conditions of operating companies within the Group.

[4] Long-term relationships based on trust with customers, shareholders, business partners, employees, local communities and all other stakeholders

The Group has a solid and stable customer base based on long-term relationships of trust built up with its customers. The Group has earned the trust and high regard of many customers both within Japan and overseas with its ability to quickly ascertain the needs of its diverse customers and its development of a manufacturing, sales, logistics and quality assurance system that can accurately and promptly meet these needs, as well as the creation of a mechanism for joint research and development with customers.

JFE must make it possible to reduce the environmental load and coexist with the local community through proactive and ongoing CSR activities, such as environmental conservation, safety and health management and social contributions, and must also strive to achieve sustainable growth by reducing risks for business continuity.

Maximizing these strengths underpinning the source of corporate value of the Company and steadily carrying out various measures from a long-term perspective solidifies its business foundation and contributes to higher corporate value and sustainable growth. This kind of management requires that the Company make appropriate decisions and allocate resources based on the deep understanding, knowledge and experiences related to the source of its corporate value. This includes sufficiently considering merits from a long-term perspective and consistently making the necessary investments despite short-term costs.

3) Initiatives to raise medium- and long-term corporate value

[1] Corporate vision and basic management stance

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Throughout its history thus far, the JFE Group has endeavored to continually improve corporate value and the common interests of shareholders for a long-term perspective by committing to the corporate vision of contributing to society with the world's most innovative technology and relying on an understanding of the source of its corporate value as noted above.

[2] Steady implementation of the Medium-Term Business Plan

In the first Medium-Term Business Plan (fiscal years 2003–2005), after the Group was founded, and the second Medium-Term Business Plan (fiscal years 2006–2008), the Group established a highly profitable corporate structure and worked steadily to improve the financial base for future growth by maximally exerting its purposes for incorporation. As a result, the Group recorded high levels of profitability.

The third Medium-Term Business Plan (fiscal years 2009–2011) coincided with a harsh business environment affected by the global financial crisis and the Great East Japan Earthquake and other factors, but the Group endeavored to build a resilient corporate 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 corporate structure for sustainable growth, and realigned its business portfolio by recapitalizing its trading business, restructuring its shipbuilding business, and divesting its semiconductor business. In the steel business, the Group streamlined its domestic manufacturing base through such measures as the replacement of facilities and invested in overseas businesses, mainly in Asia. In the engineering business, the Group captured domestic demand, primarily for reconstruction and disaster recovery and 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 through acquisitions and other measures.

The JFE Group issued its fifth Medium-Term Business Plan as a strategic operating guideline for the period from fiscal 2015 to fiscal 2017, and has been steadily implementing the plan to achieve its targets. This plan is based on the following five measures and adopts a medium- to long-term strategy to enhance sustainable growth and raise corporate value.

1. Strengthen the domestic manufacturing base
2. Enhance corporate value through technological advantages
3. Increase overseas businesses profitability
4. Secure and nurture diverse human resources
5. Establish corporate structure for sustainable growth

In this way, since its founding the Group has systematically endeavored to improve corporate value and achieve sustainable growth based on medium- and long-term strategies. In this harsh business environment, the Group will steadily implement the fifth Medium-Term Business Plan to beat out the global competition, and will continue to improve corporate value and the common interests of shareholders.

[3] CSR initiatives

Recognizing its corporate responsibilities as a member of society, the JFE Group views corporate social responsibility (CSR) as central to its management as it endeavors to build a better society, and endeavors to further reinforce these initiatives.

In October 2005, the Company established the JFE Group CSR Council (chaired by the

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president) and developed a system for supervising and guiding the Group's CSR initiatives in wide range of areas, including compliance, the environment, human resources and labor, safety and disaster prevention and social contributions. Similar initiatives are also underway at operating companies.

Given the characteristics of the Group's diverse businesses, as described above, these CSR activities are extremely important in minimizing the risk to sustainable growth. The Group hopes that this kind of ongoing initiative will result in the implementation of measures that benefit all stakeholders and ensure that the Group continues to earn the public's trust.

[4] Initiatives to reinforce corporate governance functions

JFE Holdings, Inc. aims to continually improve corporate value and the common interests of shareholders by ensuring that management is transparent and fair, and to this end it has strengthened its governance system.

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 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. In June 2007, two Outside Directors were appointed, and the term of office for Directors was shortened from two years to one year to clarify responsibility for management while flexibly building optimal management.

Moreover, in October 2015, the Company established the Nomination Committee and the Remuneration Committee as advisory bodies to the Board of Directors to ensure the fairness, objectiveness and transparency of personnel affairs and remuneration for Directors and others.

In addition, as noted in Proposals 2 and 3, the Company proposes at this General Meeting of Shareholders to increase the number of Directors by three, including one Outside Director, with the aim of further augmenting the corporate governance system, and increase the number of Outside Audit & Supervisory Board Member by one to enhance the neutrality and independence of audit systems and functions.

The Company will continue its efforts to achieve sustainable growth as a company and to increase the corporate value for all stakeholders by ensuring fair, objective and transparent corporate governance.

[5] Capital policies and policies on profit distribution

JFE Holdings, Inc. strives to make sustainable improvements to shareholder value and retains adequate shareholders' equity needed to make growth investments in the business opportunities that come up around the world as well as respond appropriately to risks, in addition to renewing facilities at domestic and overseas manufacturing bases so that its profit base can be maintained and strengthened.

The Company believes that appropriating profits to shareholders is one of the top management priorities, and considers that its policy is to actively distribute dividends while ensuring a sustainable corporate structure for the Group overall. The current fifth Medium-Term Business Plan has set a basic policy of maintaining a dividend payout ratio of 25%–30%.

3. Objective of the Policy

Under Japan's current capital markets and legal system, a purchaser can take control of corporate management by acquiring a percentage of shares, and abusive corporate acquisitions are possible. This means that there is a possibility of a large-scale purchase that could cause clear damage to JFE's corporate value and the common interests of its shareholders.

As noted above, the Company has built a solid customer base based on world-class technology development skills and production capacity, a wealth of intellectual property, and long-term trusting relationships with customers and business partners. This is the end result of many years of ongoing investments and management initiatives.

Moreover, the Company has proactively worked on human resource training, the environment and safety, social contributions and corporate governance from a long-term perspective with the aim of raising sustainable corporate value for all stakeholders.

The resulting management resources that underpin the Company's corporate value are extremely important for competing companies in emerging markets and other regions, and there have been cases in which other companies have acquired corporate secrets in a fraudulent manner. There is still a possibility that companies would take advantage of their impressive financial power to attempt a hostile takeover and easily obtain these management resources.

The Company's long-term corporate value could be harmed overall in the event that a purchaser manages the Company for the purchaser's benefit to the detriment of the Company, for example by buying up Company shares and then demanding repurchase at an inflated price and/or acquiring important assets at an inexpensive price; a hostile takeover in which the company's assets are misappropriated or high value assets are disposed of to generate one-off profits; and the case where a purchaser implements an acquisition that may have the effect of forcing shareholders into selling shares, such as coercive two-tiered tender offers (i.e., acquisition of shares (including a tender offer) that may result in the second-stage acquisition terms which are less favorable than the first-stage acquisition terms or may instead cause the second-stage acquisition terms to be unclear).

The Company believes that the person who makes decisions on the Company's finance and business policies must have an adequate understanding of the source of its corporate value and be able to ensure and improve corporate value and the common interests of shareholders.

Given these considerations, the Company believes that both the large-scale purchaser and the Company's Board of Directors must promptly provide shareholders with the necessary information, opinions and suggestions, as well as enough time to consider these materials, so that shareholders can accurately assess the large-scale purchase and related proposals. However, current laws in Japan do not go far enough in ensuring that the information provided and time given to consider the information are adequate.

The Company believes that shareholders lose the opportunity to make appropriate decisions as a result of hostile takeovers or inappropriate purchases that are highly likely to damage corporate value, and thus a key responsibility for the Company is to prevent damage to long-term corporate value and shareholders' common interests. For these reasons, JFE would like authorization to continue with "4" below with the aim of ensuring that appropriate information is provided and enough time allowed to review the information.

4. Details of the Policy

1) Overview of the Policy

The Board of Directors has set rules on the large-scale purchase of Company shares (hereinafter

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referred to as the “Large-scale Purchase Rules”) and requires that before any large-scale purchase goes through, the large-scale purchaser must provide necessary and adequate information on this purchase. In addition, the Board of Directors ensures that there is enough time to assess and consider the large-scale purchase information, to negotiate with the large-scale purchaser and to present alternative plans to shareholders.

If the large-scale purchaser does not comply with the Large-scale Purchase Rules, the Board of Directors intends to take certain countermeasures. Moreover, in cases where it is clear that a large-scale purchase will cause irreparable damage or loss to JFE, or where a large-scale purchase will cause severe damage to the corporate value of JFE and the common interests of the shareholders, then the Board of Directors intends to take certain countermeasures even if the large-scale purchaser has complied with the Large-scale Purchase Rules. In certain cases prescribed in the Policy, the process for confirming the shareholder intent regarding whether to take countermeasures will be followed.

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

2) Definition of large-scale purchase

The Policy stipulates the Company’s response to cases in which Company shares are purchased for the purpose of obtaining a percentage of voting rights (Note 2) for a specific shareholder group (Note 1) amounting to 20% or more of all voting rights, or a purchase that would result in specific shareholder group holding 20% or more of the voting rights (this excludes any purchases authorized in advance by the Board of Directors; hereinafter, such actions shall be referred to as “Large-scale Purchase” and the person making the Large-scale Purchase shall be referred to as a “Large-scale Purchaser”). The detail of the Policy is described below. Moreover, the Special Committee will be operated in line with the Rules of the Special Committee (the overview is provided in Attachment 1 “Outline of the Rules of the Special Committee”) established by the Board of Directors. The names and career summaries of the current Special Committee members as of June 1, 2017 are provided in Attachment 2 “Names and Career Summaries of Members of Special Committee”).

3) Establishment of Large-scale Purchase Rules

JFE’s Board of Directors believes that a Large-scale Purchase which is conducted in compliance with the Large-scale Purchase Rules benefits both the corporate value of JFE and the common interests of JFE’s shareholders. The Large-scale Purchase Rules stipulate that the Large-scale Purchaser [1] provide the Board of Directors with necessary and adequate information in advance and [2] that the Large-Scale Purchase begin after a fixed evaluation period for the Board of Directors or, in the event that shareholder intent is confirmed, after the Board of Directors has made its decision in line with the outcome of this process.

(1) Submission of letter of intention

In the event that a Large-scale Purchaser attempts to make a Large-scale Purchase, the Large-scale Purchaser must submit a letter of intention in Japanese to the Company, following the Large-scale Purchase Rules, specifying the name of the Large-scale Purchaser, address,

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governing law of incorporation, name of its representative, contact details in Japan, and an outline of the proposed Large-scale Purchase.

(2) Provision of information on large-scale purchase

To ensure that the Large-scale Purchaser provides adequate information needed for Company shareholders to make decisions and for the Board of Directors to form an opinion (hereinafter referred to as “Large-scale Purchase Information”), within five business days of the receipt of the letter of intention, the Company will give the Large-scale Purchaser a list of information that the purchaser should submit initially.

The Large-scale Purchase Information shall be submitted to the Company’s Board of Directors in Japanese. Some of the materials are listed below.

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

The Company’s Board of Directors will request that the Large-scale Purchaser provide the Large-scale Purchase Information within 60 days (not including the first day) of the dispatch of the list of Large-scale Purchase Information, and this shall be the duration provided to the Large-scale Purchaser to provide the Large-scale Purchase Information (hereinafter referred to as the “Information Provision Period”). When the Information Provision Period has ended, the period in which the Board of Directors will assess, examine, negotiate, form an opinion and seek alternatives (hereinafter referred to as the “Assessment Period”) begins immediately. Nevertheless, in the event that the Large-scale Purchaser requests an extension for a logical reason, the Information Provision Period can be extended by a maximum of 30 days (not including the first day). If the Board of Directors determines that the information initially provided by the Large-scale Purchaser is insufficient for its purpose, it may request that additional information be provided during the Information Provision Period. At the same time, if the Board of Directors determines that the information initially provided by the Large-scale Purchaser is adequate for its purpose, the Large-scale Purchaser will be promptly notified that submission of Large-scale Purchase Information is complete (hereinafter referred to as the “Information Completion Notification”), even if the Information Provision Period is not yet over, and this shall be disclosed.

JFE’s Board of Directors will disclose the proposed Large-scale Purchase and all or part of the Large-scale Purchase Information submitted to the Board of Directors at such time as it deems appropriate, if such disclosure is considered necessary for the shareholders to make their decisions.

(3) Assessment, examination and negotiation by the Board of Directors

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The Company's Board of Directors believes that after the Large-scale Purchaser has been notified that the Information Completion Notification is submitted or after the Information Provision Period has ended, it should have a maximum of 60 days (if the purchase of Company shares is a tender offer paid in cash [Japanese yen]) or 90 days (in the case of other Large-scale Purchases) for the Assessment Period, depending on the difficulty of evaluating the purchase. Accordingly, the Large-scale Purchase can begin only after the Assessment Period has ended, with the exception of cases in which the process for confirming shareholder intent in 4. 4) (2) [3] below is followed. During the Assessment Period, the Board of Directors will meet with the Special Committee and respect its recommendation as much as possible while also hearing the advice of external experts as necessary. The Board of Directors will adequately assess and examine the Large-scale Purchase Information provided and disclose their opinion as that of the Board of Directors. Also, as mentioned above, the Board of Directors may negotiate with the Large-scale Purchaser in order to improve the terms of the proposed Large-scale Purchase or it may offer alternative plans to the shareholders, as necessary.

4) Action plans in response to the Large-scale Purchase

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

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

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

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

The purpose of the Large-scale Purchase Rules is to provide an opportunity for the shareholders of JFE to receive necessary information about the purchase of such number of JFE shares as may influence the management of JFE, as well as the opinions, and alternative plans from the incumbent Board of Directors, in order that they may determine whether or not such proposed purchase is acceptable, from the perspective of protecting the corporate value of JFE and the

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common interests of the shareholders. If a Large-scale Purchase is conducted in compliance with the Large-scale Purchase Rules, the Board of Directors does not intend, in principle, to prevent the Large-scale Purchase at its own discretion.

However, even if the Large-scale Purchaser complies with the Large-scale Purchase Rules, the Board of Directors can independently make a decision to invoke countermeasures to prevent a Large-scale Purchase, as described in 4. 4) (1), in a situation designated in [1] below. Moreover, in the situations described in [2] below, the Board of Directors can independently make a decision not to invoke countermeasures to prevent a Large-scale Purchase. In addition, in the event that the situations in [1] and [2] do not apply, the process to confirm shareholder intent should be followed to determine whether to take countermeasures to prevent Large-scale Purchases or not, following the process laid out in [3] below.

[1] Board of Directors' decision to invoke countermeasures

In the event that the Board of Directors concludes that a Large-scale Purchase would cause irreparable harm or loss to JFE, or that it would cause severe damage to the corporate value of JFE and the common interests of the shareholders and thus determines that invoking countermeasures would be appropriate, the Board of Directors can take countermeasures to prevent a Large-scale Purchase, as described in 4. 4) (1), without following the process for confirming shareholder intent described in 4. 4) (2) [3]. The Board of Directors will refer to advice from outside professionals, such as lawyers and financial advisers, and respect the recommendations of the Special Committee to the maximum extent possible in making decision of the invocation of countermeasures. In such a case, the Board of Directors will make an appropriate disclosure at an appropriate time. In principle, any one of the following will be deemed to constitute a case where it is clear that a Large-scale Purchase will cause irreparable damage or loss to JFE or where it will cause severe damage to the corporate value and the common interests of the shareholders:

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

instead cause the second-stage acquisition terms to be unclear).

[2] Board of Directors' decision not to invoke countermeasures

In the event that the Board of Directors' cautious and adequate review of the Large-scale Purchase, with maximum respect for the recommendations of the Special Committee, concludes that the Large-scale Purchase would not cause irreparable harm or loss to JFE and would not cause severe damage to the corporate value of JFE and the common interests of the shareholders and thus determines that invoking countermeasures would not be appropriate, the Board of Directors can decide not to invoke countermeasures, without following the process for confirming shareholder intent described in 4. 4) (2) [3]. If the Board of Directors decides not to take countermeasures, it will disclose this decision promptly.

[3] Use of process for confirming shareholder intent to determine whether to invoke countermeasures

In the event that the situation is not one in which the Board of Directors would decide to invoke countermeasures in line with 4. 4) (2) [1] above or decide not to invoke countermeasures in line with 4. 4) (2) [2] above, the process to confirm shareholder intent shall be followed to determine whether to take countermeasures to prevent Large-scale Purchases or not (hereinafter referred to as the "shareholder intent confirmation process"). In the event that the shareholder intent confirmation process is followed, the Board of Directors shall make this decision during the Assessment Period and promptly disclose this decision.

After deciding to follow the shareholder intent confirmation process, the Board of Directors decides whether to do so by holding a General Meeting for Confirmation of Shareholders' Intentions or holding a vote in writing, and then set a record date to finalize the shareholders who are eligible to exercise their voting rights in the shareholder intent confirmation process (hereinafter referred to as the "record date for voting"). Shareholders will be notified at least two weeks before the record date for voting. After the Assessment Period is complete, the shareholder intent confirmation process will be carried out as quickly as possible, taking into account the number of days needed for administrative purposes. The General Meeting for Confirmation of Shareholders' Intentions can be held at the same time as an Ordinary General Meeting of Shareholders or Extraordinary General Meeting of Shareholders.

Shareholders who are registered or recorded on the final shareholders' registry on the record date for voting designated by the Board of Directors will be able to exercise their voting rights either at the General Meeting for Confirmation of Shareholders' Intentions or by voting in writing. Each shareholder may vote once for each voting right for shares held. The decision over whether to take countermeasures or not made in the shareholder intent confirmation process is determined by a majority of votes cast by shareholders with voting rights who attend the General Meeting for Confirmation of Shareholders' Intentions or a majority of votes cast by shareholders with voting rights who vote in writing.

The Board of Directors will comply with the decision over whether to take countermeasures or not made in the shareholder intent confirmation process. The Company will promptly disclose the results of the shareholder intent confirmation process as soon as they are known.

When the shareholder intent confirmation process is taken, the Large-scale Purchaser cannot begin the Large-scale Purchase until the Board of Directors decides whether to take countermeasures or not, as determined in the shareholder intent confirmation process.

(3) Suspension of or changes to invocation of countermeasures

(Translation for reference only)

In the event that the Board of Directors determines that invoking countermeasures is not appropriate after a decision to take countermeasures has been made, for example when the Large-scale Purchaser in question withdraws or changes the Large-scale Purchase, the Board of Directors may suspend or change invocation of countermeasures, with maximum respect for the recommendation of the Special Committee.

In the event that the invocation of countermeasures is suspended or changed, information concerning this will be promptly disclosed, together with any matters deemed necessary by the Special Committee.

(4) Establishment of the Special Committee

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

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

5) Effective term of the Policy

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

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

If a resolution to abolish the Policy is approved by the General Meeting of Shareholders or JFE's Board of Directors passes a resolution to abolish the Policy, then the Policy will be abolished at that time even during the effective term of the Policy. In the event that laws regarding the Policy and financial instruments exchanges' rules and regulations are newly established or abolished and

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the Board of Directors deems it appropriate to reflect these establishment or abolishment of such laws, rules and regulations, or in the event that it is appropriate to correct wording due to spelling and grammar mistakes, the Board of Directors can amend the Policy, even during its effective period, while giving full respect to the recommendations of the Special Committee. Since the terms of office of the Directors of JFE shall be set for one year, any amendment or abolishment of the Policy will be determined by the Board of Directors composed of directors elected by the General Meeting of Shareholders every year.

5. Effect on JFE's shareholders and investors

Invoking countermeasures is not expected to result in economic losses or losses pertaining to rights for shareholders (excluding the Large-scale Purchaser), but in the event that the Company's Board of Directors decides to take specific countermeasures, these will be promptly disclosed in line with laws and regulations of financial instrument exchanges. In the event that stock acquisition rights are issued as a countermeasure, shareholders will have to follow certain procedures in order to acquire the stock acquisition rights. These requirements include registering in the final shareholders' registry on the record date for the issuance of stock acquisition rights decided separately by the Board of Directors and duly announced, as well as applying within the designated period, depending on the issuance method. In addition, in order to exercise stock acquisition rights and acquire stock, shareholders need to pay the exercise price within a certain prescribed period. JFE will announce the details of such procedures in accordance with relevant laws and financial instruments exchange regulations when the Board of Directors actually determines to issue stock acquisition rights.

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

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

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

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report, quarter report or the treasury stock purchase report of JFE, whichever has been submitted to the authorities most recently, may be referred to in deciding the total number of voting rights (defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Act) or total number of issued shares (defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act).

Attachment 1

Outline of the Rules of the Special Committee

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

(Translation for reference only)

Attachment 2

Names and Career Summaries of Members of Special Committee

The members of the Special Committee as of June 1, 2017 are Outside Directors Masao Yoshida and Masafumi Maeda and Outside Audit & Supervisory Board Member Hiroyuki Itami. Please refer to Proposal 2 for information on the career summaries of Masao Yoshida and Masafumi Maeda (page 11 for Masao Yoshida and page 10 for Masafumi Maeda). The career summary of Hiroyuki Itami is below. All of the members meet the requirements for Independent Director/Audit & Supervisory Board Member established by the Tokyo Stock Exchange, Inc., etc., and the Company's "Standards for Independence of Outside Directors/Audit & Supervisory Board Members."

Masafumi Maeda plans to leave the Special Committee on June 23, 2017, and his successor will be Isao Saiki. His career summary can be found in Proposal 3 (page 14). Isao Saiki is a candidate for Outside Audit & Supervisory Board Member who meets the requirements for Independent Director/Audit & Supervisory Board Member established by the Tokyo Stock Exchange, Inc., etc., and the Company's "Standards for Independence of Outside Directors/Audit & Supervisory Board Members."

Hiroyuki Itami

[Career Summary]

Born March 16, 1945

April 1985	Professor of Faculty of Commerce and Management of Hitotsubashi University
April 1994	Dean of Faculty of Commerce and Management of Hitotsubashi University
April 2008	Professor of Specialist Graduate School of Management of Science and Technology of Tokyo University of Science (currently Graduate School of Innovation Studies of Tokyo University of Science)
October 2008	Head of Graduate School of Innovation Studies of Tokyo University of Science
June 2010	Outside Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)

[Major Concurrent Post]

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

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Attachment 3

JFE Terms and Conditions of the Stock Acquisition Rights

I. Determination of Gratis Allotment of Stock Acquisition Rights

1. Terms and number of the Stock Acquisition Rights

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

2. Shareholders eligible for the allotment

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

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

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

II. Terms of the Stock Acquisition Rights

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

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

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

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

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

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

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

3. Exercise Period of the Stock Acquisition Rights

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

4. Conditions for the exercise of the Stock Acquisition Rights

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

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

The terms used above shall have the following meanings:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Restrictions on transfers of the Stock Acquisition Rights

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

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

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

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

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

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

7. Acquisition of the Stock Acquisition Rights by JFE

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

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all of Stock Acquisition Rights for no consideration.

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

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

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

9. Issuance of certificates representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

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

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

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

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

12. Notice to the holders of the Stock Acquisition Rights

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

(Translation for reference only)

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

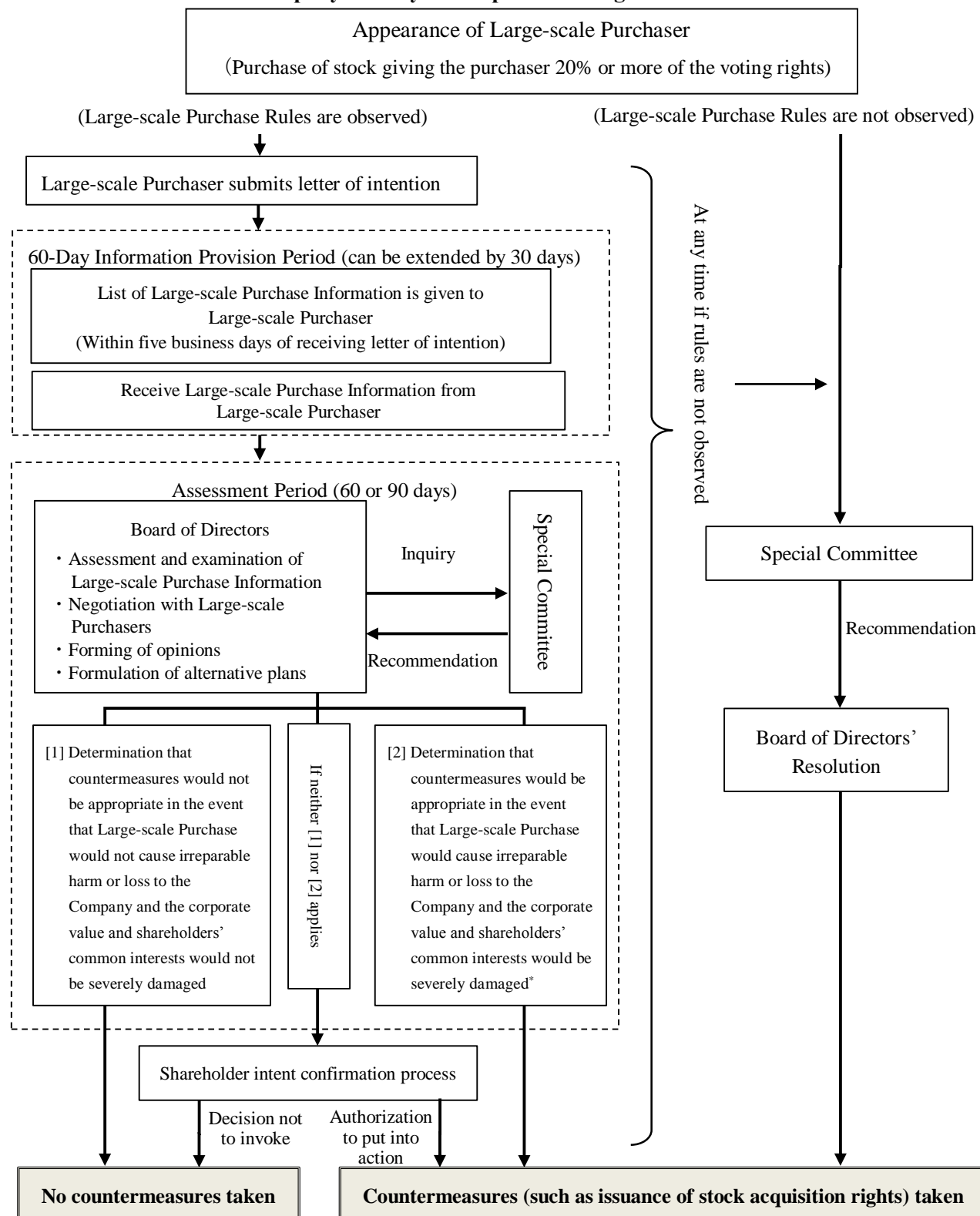
13. Revision due to amendment to laws and ordinances

The provisions of the laws and ordinances referred to above are based on the provisions that are effective as of June 1, 2017. If the meanings of the provisions or terms set forth in each item above require revision due to the enactment, amendment or abolishment of laws and ordinances after June 1, 2017, JFE's Board of Directors may alter the meanings of the provisions or terms set forth in each item above to the reasonable extent as required, taking into consideration the purposes of such enactment, amendment or abolishment.

(Translation for reference only)

Reference

Flow Chart for Company's Policy on Response to Large-scale Purchases



* This would correspond in principle to one of the four situations in which defensive measures were ruled by the Tokyo High Court to be acceptable as countermeasures in hostile takeovers and coercive two-tiered tender offers.

The above flow chart was prepared as a reference to make the Policy easier to understand. Please refer to page 22 in "4. Details of the Policy" for more details.

(Translation for reference only)

<Shareholder's Proposal (Proposal 5)>

This Proposal 5 has been submitted by one of our shareholders.

Among propositions submitted by a shareholder, only the proposition that meets the requirements under the law for discussion at the General Meeting of Shareholders is presented as the Proposal. The content and the reason for this Proposal are stated as was written by said shareholder, except that an agenda number has been added to this Proposal.

Proposal 5: Abolishment of Outside Directors due to its uselessness and dismissal of Outside Director Masao Yoshida

Content of this Proposal

The Outside Directors will be abolished due to its uselessness, and Outside Director Masao Yoshida will be dismissed.

Reasons for this Proposal

In the past, Uichiro Niwa of ITOCHU Corporation was an Outside Director with the aim of building a steel plant in Communist China, but it was completely meaningless. The presence of Mr. Yoshida is also harmful and no benefits as he opposes the research and development of the new material cellulose nanofibers, so I would like to propose his dismissal.

Board of Directors' opinion

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

(Reasons for the opposition)

Outside Directors are essential and beneficial for the Company.

The Company has worked to strengthen the corporate governance system with the aim of sustainable improvement of both corporate value and the common interests of the shareholders by ensuring the transparency and equitability of management. The importance of supervising the execution of operations is widely recognized, as evidenced by corporate governance codes applicable to listed companies that recommend the appointment of Independent Outside Directors. As such, we believe that Outside Directors must play important roles.

Masao Yoshida takes a positive stance on the development of composite materials, and there is no fact that he has opposed to the Group's research and development on cellulose nanofibers. In addition, since his appointment as Outside Director, Masao Yoshida has provided helpful advice in the Company's Board of Director's meetings based on his vast experience in management in the manufacturing industry, focusing on a broad range of material technologies, and his extensive knowledge of the promotion of global management. Thanks to his appropriate supervision of operations, he has contributed to the Company's sustainable growth and helped to maximize corporate value, and thus the Board of Directors believes that Mr. Yoshida is suited to the position of director.

As such, the Board of Directors opposes this proposal.

Business Report for the 15th Term

(From April 1, 2016 to March 31, 2017)

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.

During the 15th term, the Japanese economy saw recoveries in exports and corporate profits as well as an increase in capital investment and improvement in the employment environment, and overall, the economy underwent a moderate recovery. Overseas, moderate recoveries were observed in developed countries, particularly the United States, but deep uncertainty continued as a result of changes in economic policy that are starting to take effect in the United Kingdom and United States and the risk of a downturn in China's economy.

There were signs of a recovery in demand for steel both in Japan and overseas, but the market has yet to make a full-scale recovery because of the effects from excess steel supplies in Asia and sluggish energy-related demand. In addition, the business environment continues to experience extreme changes, including extreme fluctuations in raw material prices, particularly prices for coking coal.

Under these circumstances, the JFE Group reported year-on-year increases in consolidated ordinary income and in profit attributable to owners of parent for the 15th term as a result of reinforcement of the domestic profit base, including development of manufacturing bases and cost cutting, key measures under the fifth Medium-Term Business Plan; development of new products through the use of technological superiority; hiring and developing diverse human resources; and steady expansion of overseas business from a medium- to long-term perspective.

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

<Performance of JFE Steel Corporation>

Against a backdrop of recovering demand in Japan and overseas, JFE Steel Corporation's consolidated crude steel production increased year on year to 30.41 million tons. Improvements were made to steel prices, but because of exchange rate effects caused by the high value of the yen, consolidated net sales fell from the previous year to 2,349.1 billion yen. JFE Steel made ongoing efforts to improve profitability, but the effects of the rapid and sharp increase in coking coal prices since the autumn of 2016 have been considerable, and circumstances remain extremely adverse. Consolidated ordinary income increased to 40.5 billion yen, largely as a result of inventory asset valuation differences and other temporary factors that increased profits.

<Performance of JFE Engineering Corporation>

JFE Engineering Corporation 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 426.1 billion yen. Consolidated ordinary income stood at 26.6 billion yen. Both consolidated net sales and consolidated ordinary income achieved new record highs.

<Performance of JFE Shoji Trade Corporation>

JFE Shoji Trade Corporation reported consolidated net sales of 1,671 billion yen, down from the previous year, as a result of lower sales prices for steel products in Japan and overseas. The company steadily captured the brisk demand for steel, particularly in the automotive segment, while group companies in North America and overseas steel processing centers took measures to

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improve profits, and as a result, consolidated ordinary income was up year on year to 21.8 billion yen.

<Consolidated business results of the Group>

As a result of the above developments, on a consolidated basis including JFE Holdings, Inc.'s non-consolidated results, the Group saw consolidated net sales of 3,308.9 billion yen, consolidated operating income of 96.7 billion yen and consolidated ordinary income of 84.7 billion yen, sales declined despite an increase in profit year on year. Net extraordinary income was 20.7 billion yen, and the Group recorded consolidated profit before income taxes of 105.4 billion yen and profit attributable to owners of parent of 67.9 billion yen.

<Non-consolidated operating results>

During the 15th term, JFE Holdings, Inc. received total management fee income of 2.3 billion yen from three operating companies. JFE Holdings also received total dividend income of 8.2 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 8.5 billion yen and ordinary income of 8.5 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. In light of the adverse management environment, caused primarily by higher raw material prices, particularly in the steel business, JFE Holdings intends to propose at this General Meeting of Shareholders a year-end dividend of 30 yen per share.

[Tasks requiring attention]

With regard to the business environment of 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 the preparations for the 2020 Tokyo Olympic and Paralympic Games, and expansion is expected overseas as a result of development of social infrastructure and responses to the need to conserve energy and take environmental measures. However, adverse conditions will continue due to low crude oil and natural gas prices and extreme fluctuations in exchange rates and raw materials prices, particularly coking coal.

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 Medium-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>

JFE Steel aims to become a global steel supplier that steadily creates new value and grows with its customers. Under this policy, JFE Steel will continue investing management assets into the development of its manufacturing bases in order to raise cost competitiveness, increase

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manufacturing capabilities, and pursue a return on sales (ROS) of 10%, a target set in the Medium-Term Business Plan.

Specific measures include steady capital investment of 650 billion yen in domestic facilities, which is one initiative laid out in the fifth Medium-Term Business Plan. Specifically, with regard to the upstream processes that have significant impact on enhancing the competitiveness of steelmaking facilities, in addition to existing renovation work, JFE Steel is conducting construction on Battery B of the Chiba No. 6 Coke oven and plans to renovate the Fukuyama No. 3 sintering machine. Increasing the self-supply rates of coke and sintered ores will lead to the establishment of a system that can stabilize and ensure profits over the medium to long term. In addition, JFE Steel will accelerate development of new products and process technologies with an eye toward the future to enhance its technological superiority while proposing and carrying out sales strategies that are integrated with product development to propose products and services that customers find appealing.

At the same time, however, manufacturing costs are rising significantly in conjunction with the recent spike in raw material costs. JFE Steel will take additional measures to cut costs and persist in its efforts to improve sales prices while obtaining the understanding of customers.

In addition, JFE Steel will work to develop human resources and ensure the handing down of skills with an eye toward a large-scale generational change at manufacturing sites in order to maintain and bolster competitiveness into the future.

JFE Engineering will continue to steadily advance at high levels projects awarded in previous years, and will take measures to improve business performance even further as a company that creates and maintains the foundation of life.

In Japan, JFE Engineering plans to even more actively develop a business model that integrates all aspects of projects, from proposing solutions to operation. JFE Engineering implemented an organizational restructuring in April 2017 with the aim of integrating business headquarters and consolidating and reinforcing plant construction functions. Through these changes, efforts will be made to share expertise throughout organizations and to steadily achieve results and reinforce and expand profit foundations in the environmental and energy sectors, including waste-disposal plants and water-treatment plants and the infrastructure construction sector, including bridges and coastal structures.

Overseas, JFE Engineering will optimize the global engineering functions that it has established until now and achieve closer collaboration with domestic business divisions to reinforce sales capabilities and sales implementation abilities, expand the scope of business, and increase profits.

JFE Shoji Trade will further refine its functions as the core trading entity of the JFE Group while performing its role as an autonomous trading company to contribute to the maximization of overall group profits.

In Japan, demand for steel is expected to increase in the lead-up to the 2020 Tokyo Olympic and Paralympic Games, and JFE Shoji Trade will work to steadily capture this demand by providing services to customers that combine the functions of each JFE Shoji Group company. Looking toward the future, JFE Shoji Trade will reorganize and bolster logistics with the aim of achieving overall optimization throughout the JFE Group.

Overseas, JFE Shoji Trade will further synchronize its export strategy with JFE Steel to increase sales volume and will work speedily to expand “local production for local consumption” businesses that are closely linked to local regions and customers.

Measures are being carried out in each business in this manner, but the business environment for the steel business in particular continues to be more severe than the projections in the fifth Medium-Term Business Plan as a result of a substantial fluctuation in raw materials prices, particularly coking coal, since the autumn of 2016. To cope with such a business environment, the Group 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. 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

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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.

Appropriating 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%.

JFE Holdings adopted its Basic Policy on Corporate Governance in October 2015 for the purposes of achieving sustainable growth and raising corporate value over the medium to long term by JFE Holdings and the JFE Group while pursuing the best possible corporate governance and making further improvements so that we can put the Corporate Vision into practice. JFE Holdings established a Nomination Committee and Remuneration Committee and is implementing measures in accordance with the Basic Policy including innovations to further deepen deliberations by the Board of Directors. 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 15th term were as follows;

1) Production (Thousand tons)

Business	14th term FY2015	15th term FY2016	Change (%)
Steel business (crude steel output)	29,751	30,411	2.2

2) Order received (Millions of yen)

Business	14th term FY2015	15th term FY2016	Change (%)
Engineering business	509,471	424,498	(16.7)

3) Sales (Millions of yen)

Business	14th term FY2015	15th term FY2016	Change (%)
Steel business	2,445,173	2,349,129	(3.9)
Engineering business	397,577	426,136	7.2
Trading business	1,756,445	1,671,032	(4.9)
Eliminations or corporate	(1,167,455)	(1,137,305)	—
Total	3,431,740	3,308,992	(3.6)

(3) Capital expenditure

Total amount of capital expenditure of JFE Holdings, Inc. and its consolidated subsidiaries during the 15th term was 234.7 billion yen and the major expenditure was as follows;

1) Major facility completed during the 15th term

Steel Business

JFE Steel Corporation

East Japan Works (Chiba)

Renovation of Chiba No. 6 Coke oven
(Battery A)

West Japan Works (Kurashiki)

Renovation of Kurashiki No. 2 Coke oven

2) Major ongoing facility during the 15th term

Steel Business

JFE Steel Corporation

East Japan Works (Chiba)

Renovation of Chiba No. 6 Coke oven
(Battery B)

East Japan Works (Keihin)

Renovation of the Ohgishima thermal power
plant's No. 1 power generator

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 291.2 billion yen. The balance of loan payable and corporate bonds decreased by 3.9 billion yen year on year to 1,375.4 billion yen.

(5) Assets and operating results

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

Item	12th term FY2013	13th term FY2014	14th term FY2015	15th term FY2016
Net sales	3,666,859	3,850,355	3,431,740	3,308,992
Operating income	153,327	222,599	90,638	96,746
Ordinary income	173,676	231,001	64,239	84,735

(Translation for reference only)

Item	12th term FY2013	13th term FY2014	14th term FY2015	15th term FY2016
Profit attributable to owners of parent	102,382	139,357	33,657	67,939
Profit per share (yen)	177.44	241.60	58.36	117.81
Net assets	1,745,930	1,990,023	1,857,921	1,921,809
Total assets	4,241,700	4,639,412	4,234,884	4,336,069

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	12th term FY2013	13th term FY2014	14th term FY2015	15th term FY2016
Operating revenue	18,838	40,737	49,663	23,681
Operating income	3,773	25,831	36,440	8,585
Ordinary income	3,773	25,831	36,440	8,585
Profit	3,636	25,510	35,993	8,392
Profit per share (yen)	6.30	44.20	62.38	14.55
Net assets	1,052,874	1,054,582	1,055,382	1,058,157
Total assets	2,617,521	2,591,908	2,492,952	2,523,462

(6) Major lines of business (As of March 31, 2017)

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 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

(Translation for reference only)

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

(7) Major sales offices, works and overseas offices (As of March 31, 2017)

1) JFE Holdings, Inc.

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

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

3) Engineering business (JFE Engineering Corporation)

Head offices	Tokyo head office (Chiyoda, Tokyo) and Yokohama head office
Domestic sales offices	Hokkaido (Sapporo), Doto (Kushiro), Tomakomai, Tohoku (Sendai), Aomori (Hachinohe), Akita, Fukko Saisei (Fukushima), Chiba, Yokohama, Kawasaki, Niigata, Toyama, Nagano, Shizuoka, Nagoya, Osaka, Wakayama, Kobe, Shikoku (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
Research laboratory	Technical research centre (Yokohama)
Overseas offices	Shanghai, Beijing, Hong Kong, Manila, Hanoi, Ho Chi Minh, Bangkok, Singapore, Malaysia, Indonesia, Yangon, India, Saudi Arabia, Duisburg, Italy, U.S.A.

(Translation for reference only)

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 49 through 54).

(8) Employees (As of March 31, 2017)

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	44,395
Engineering business	9,166
Trading business	6,838
Corporate	40
Total	60,439

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	—	44.0	22.0

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, 2017)

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

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
[Steel business]				
JFE Steel Corporation	Chiyoda, Tokyo	Manufacture and sales of steel products	239,644	100.0
JFE Bars & Shapes Corporation	Minato, Tokyo	Manufacture and sales of steel shapes, steel bars and wire rod products	35,000	*100.0
JFE Chemical Corporation	Taito, Tokyo	Manufacture and sales of chemical products	6,000	*100.0
JFE Metal Products & Engineering Inc.	Minato, Tokyo	Manufacture, processing and sales of secondary steel products	5,000	*97.4

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
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 Plant Engineering Co., Ltd.	Taito, Tokyo	Manufacture and sales of machinery and equipment, contracting for electric works, telecommunications works, and equipment management and construction works	1,700	*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 Welded Pipe Manufacturing Co., Ltd.	Chuo, Tokyo	Manufacture and sales of electric resistance welded steel pipes	450	*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
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

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
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 108 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 Baumgarte Holding GmbH	Duisburg, Germany	Construction and maintenance of waste-to-energy plants, biomass power plants and waste heat recovery power plants	EUR 1,300 thou	*100.0
[Trading business]				
JFE Shoji Trade Corporation	Osaka	Domestic and export/import trade of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, chemical products, petroleum products, various equipment and materials, etc.	14,539	100.0
JFE Shoji Trade Steel Construction Materials Corporation	Chiyoda, Tokyo	Sales of construction material products and equipment and materials for civil engineering/construction; metallic processing business; civil engineering/construction works; various works	1,500	*100.0

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
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, 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
JFE Shoji Trade Thailand Ltd.	Bangkok, Thailand	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, various equipment and materials, etc.	THB 20 mil	*100.0
JFE Shoji Trade Shanghai Co., Ltd.	Shanghai, China	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, chemical products, etc.	CNY 3 mil	*100.0
Kelly Pipe Co., LLC	Santa Fe Springs, U.S.A.	Sales of steel pipe	—	*100.0

- Effective from the 15th term, JFE Shoji Trade Thailand Ltd. and JFE Shoji Trade Shanghai Co., Ltd. are included in the Significant Subsidiaries category.
- JFE Mechanical Co., Ltd. and JFE Electrical & Control Systems, Inc., which were listed for the prior fiscal year, merged on April 1, 2016, with JFE Mechanical as the surviving company, and the company name changed to JFE Plant Engineering Co., Ltd. on the same day.
- JFE Welded Pipe Manufacturing Co., Ltd. and Kawasaki Kokan Co., Ltd. merged on April 1, 2017, with JFE Welded Pipe Manufacturing as the surviving company.

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- Shares of JFE Electrical Steel Co., Ltd. held by JFE Steel were assumed by JFE Shoji Trade on April 1, 2017, through an absorption-type company split. The company name was changed to JFE Shoji Electrical Steel Co., Ltd. on the same day.
- Standardkessel Power Systems Holding GmbH, which was listed for the prior fiscal year, merged with Standardkessel Baumgarte Holding GmbH, a wholly owned subsidiary of the former company, on August 26, 2016, with Standardkessel Baumgarte Holding GmbH as the surviving company.
- JFE SHOJI STEEL MALAYSIA SDN. BHD. is a subsidiary due to the fact that the Company and its subsidiary are actually controlling the company.
- The consolidated subsidiaries totaled 315, including the companies stated above, during the 15th 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	*29.3
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 589,165 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
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

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Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
JSW Steel Ltd.	Mumbai, India	Manufacture and sales of steel products	INR 3,013 mil	*15.0
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
Osaka Kowaz Co., Ltd.	Osaka	Processing and sales of steel sheets	60	*30.7
[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 15th term, Osaka Kowaz Co., Ltd. has been included in the category Significant affiliates.
- JFE Steel Corporation sold all of its equity in Pancheng Yihong Pipe Co., Ltd. in May 2017.
- The equity method affiliates totaled 62, including the companies stated above, during the 15th term.

3) Matters regarding designated wholly owned subsidiaries (as of March 31, 2017)

Name	Address	Total book value (Millions of yen)	Total assets of the Company (Millions of yen)
JFE Steel Corporation	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo	723,997	2,523,462

(10) Major lenders (As of March 31, 2017)

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

Name	Loan balance (Millions of yen)
Mizuho Bank, Ltd.	288,927
Sumitomo Mitsui Banking Corporation	155,309
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	147,871

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2. JFE Holdings, Inc.'s Share (As of March 31, 2017)

(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	37,660,795)

(2) Total number of shareholders 228,025

(3) Major shareholders

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	34,817	6.0
Japan Trustee Services Bank, Ltd. (trust account)	30,390	5.3
Nippon Life Insurance Company	20,821	3.6
Mizuho Bank, Ltd.	13,403	2.3
The Dai-ichi Life Insurance Company, Limited	13,127	2.3
Japan Trustee Services Bank, Ltd. (trust account 5)	10,512	1.8
Tokio Marine & Nichido Fire Insurance Co., Ltd.	9,352	1.6
Japan Trustee Services Bank, Ltd. (trust account 9)	8,898	1.5
STATE STREET BANK WEST CLIENT - TREATY 505234	7,780	1.3
Japan Trustee Services Bank, Ltd. (trust account 1)	7,723	1.3

Note:

In addition to the above, the Company retains 37,660,795 treasury shares. The treasury shares are not included in the shareholding ratio calculation.

3. Subscription Rights to Shares

Not applicable

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4. Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2017)

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	Masafumi Maeda	Representative Director, JFE 21st Century Foundation (Public Interest Incorporated Foundation)
Director	Masao Yoshida	Professor, Institute of Industrial Science, the University of Tokyo Head of Production Engineering Laboratory, Nidec Corporation (Part-time)
Audit & Supervisory Board Member (Full-time)	Yasushi Kurokawa	Chairman of the Board, Furukawa Electric Co., Ltd. Outside Director, FURUKAWA CO., LTD.
Audit & Supervisory Board Member (Full-time)	Shotaro Tsumura	Audit & Supervisory Board Member, JFE Engineering Corporation
Audit & Supervisory Board Member	Hiroyuki Itami	Audit & Supervisory Board Member, JFE Shoji Trade Corporation
Audit & Supervisory Board Member	Shigeo Ohyagi	Audit & Supervisory Board Member, JFE Steel Corporation
		Professor, Graduate School of Innovation Studies, Tokyo University of Science
		Outside Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd.
		Chairman of the Board, Teijin Limited
		Outside Director, Recruit Holdings Co., Ltd.

Notes:

1. Masao Yoshida, Director of JFE Holdings, Inc. retired as Chairman of the Board of Furukawa Electric Co., Ltd. and became Director of Furukawa Electric Co., Ltd. as of April 1, 2017.
2. Both Masafumi Maeda and Masao Yoshida serve as Outside Directors of JFE Holdings, Inc.
3. Audit & Supervisory Board Member retired during the 15th term is as follows.

Position	Name	Retirement date
Audit & Supervisory Board Member (Full-time)	Sakio Sasamoto	June 23, 2016

4. Yasushi Kurokawa, Audit & Supervisory Board Member of JFE Holdings, Inc., retired as Audit & Supervisory Board Member of JFE Engineering Corporation and JFE Shoji Trade Corporation as of April 1, 2017, then became Audit & Supervisory Board Member of JFE Steel Corporation as of the same date.
5. Shotaro Tsumura, Audit & Supervisory Board Member of JFE Holdings, Inc., retired as Audit & Supervisory Board Member of JFE Steel Corporation as of April 1, 2017, then became Audit & Supervisory Board Member of JFE Engineering Corporation and JFE Shoji Trade Corporation as of the same date.
6. Hiroyuki Itami, Audit & Supervisory Board Member of JFE Holdings, Inc., retired as Professor, Graduate School of Innovation Studies, Tokyo University of Science as of March 31, 2017.
7. 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

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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.

8. Both Hiroyuki Itami and Shigeo Ohyagi serve as Outside Audit & Supervisory Board Members of JFE Holdings, Inc.
9. 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.

10. Corporate Officers as of March 31, 2017, are as follows.

Position	Name	Responsibility(ies)
President & CEO	Eiji Hayashida	Chief Executive Officer (CEO)
Executive Vice President	Shinichi Okada	Chief Financial Officer (CFO)
		Supervision of General Administration Dept., Investor Relations Dept., and Finance Dept.
Senior Vice President	Masashi Terahata	In charge of Corporate Planning Dept.
		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 15th term

	Staff size	Amount (thousands of yen)
Director	5	258,844
Audit & Supervisory Board Member	5	100,041

Notes:

1. The above includes one Audit & Supervisory Board Member retired during the 15th term.
2. The total amount of remuneration paid to four Outside Directors/Audit & Supervisory Board Members is 48,047 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 56.

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

2) Activities during the 15th term

- Masafumi Maeda, Director
Masafumi Maeda attended all of the 13 meetings of the Board of Directors. Having remarkable knowledge in metallic materials as well as experience in university

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management, he spoke appropriately at the meetings.

- Masao Yoshida, Director
Masao Yoshida attended all of the 13 meetings of the Board of Directors. 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 all of the 13 meetings of the Board of Directors and all 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 12 of the 13 meetings of the Board of Directors and attended 19 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.

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5. Accounting Auditor

- (1) Designation of Accounting Auditor: Ernst & Young ShinNihon LLC
- (2) Amount of remuneration for the Accounting Auditor pertaining to the 15th term
 - 1) Amount of remuneration paid by JFE Holdings, Inc. to the Accounting Auditor pertaining to the 15th 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: 595,213 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: 507,389 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 15th 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

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documents containing serious frauds were without such frauds.

- The operation of said accounting firm was recognized to be extremely negligent.

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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.
 - (4) Rules and other systems regarding loss risk management

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- (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 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 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

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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.
 - (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

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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 15th term.
 - (a) During the 15th term, the JFE Group Compliance Council held four meetings to discuss systems for reinforcing group information security, compliance with the Antimonopoly Act, quality assurance, and managing working hours, and confirmed the status of the improvement of systems at the Company and operating companies.
 - (b) During the 15th term, the JFE Group Environmental Committee held four meetings and confirmed the status of information disclosures regarding Group CSR and implementation of measures by operating companies to address various environmental issues.
 - (c) During the 15th 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 lawfulness and appropriateness of the Company's public disclosure of documents as legally mandated by the Financial Instruments and Exchange Act and other laws. The Committee shall make necessary confirmations and publicly discloses such documents.
 - (3) The Company established the JFE Group Information Security Committee as a deliberative and decision-making body regarding key issues of information security. The Committee shall make proposals on creation of systems and joint measures relating to information security.
 - (4) 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 prohibition of detrimental treatment of anyone who has reported and/or consulted on

- any violations. 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.
- (5) During the 15th term, the Company conducted a survey of JFE Holdings and operating company officers and employees concerning awareness of corporate ethics and other topics with the aim of confirming the dissemination and comprehensive implementation of the Group Corporate Vision, Corporate Values, and JFE Group Standards of Business Conduct.
 - (6) In light of the importance of confidential information and the risks in the event of data breach, during the 15th term, the Company reviewed shared Group rules on information control in order to identify information that should be subject to rigorous controls and to increase the effectiveness of information control.
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.

7. Basic Policy Regarding the Control of the Company

- (1) Basic policy regarding persons who control decisions on JFE Holdings' financial and business policies

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

With regard to the business environment of 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 the preparations for the 2020 Tokyo Olympic and Paralympic Games, and expansion is expected overseas as a result of development of social infrastructure and responses to the need to conserve energy and take environmental measures. However, adverse conditions will continue due to low crude oil and natural gas prices and extreme fluctuations in exchange rates and raw materials prices, particularly coking coal.

To cope with this business environment, the JFE Group issued its fifth Medium-Term

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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. Under this policy, JFE Steel will continue investing management assets into the development of its manufacturing bases in order to raise cost competitiveness, increase manufacturing capabilities, and pursue a return on sales (ROS) of 10%, a target set in the Medium-Term Business Plan.

Specific measures include steady capital investment of 650 billion yen in domestic facilities, which is one initiative laid out in the fifth Medium-Term Business Plan. Specifically, with regard to the upstream processes that have significant impact on enhancing the competitiveness of steelmaking facilities, in addition to existing renovation work, JFE Steel is conducting construction on Battery B of the Chiba No. 6 Coke oven and plans to renovate the Fukuyama No. 3 sintering machine. Increasing the self-supply rates of coke and sintered ores will lead to the establishment of a system that can stabilize and ensure profits over the medium to long term. In addition, JFE Steel will accelerate development of new products and process technologies with an eye toward the future to enhance its technological superiority while proposing and carrying out sales strategies that are integrated with product development to propose products and services that customers find appealing.

At the same time, however, manufacturing costs are rising significantly in conjunction with the recent spike in raw material costs. JFE Steel will take additional measures to cut costs and persist in its efforts to improve sales prices while obtaining the understanding of customers.

In addition, JFE Steel will work to develop human resources and ensure the handing down of skills with an eye toward a large-scale generational change at manufacturing sites in order to maintain and bolster competitiveness into the future.

In the engineering business, JFE Engineering will continue to steadily advance at high levels projects awarded in previous years, and will take measures to improve business performance even further as a company that creates and maintains the foundation of life.

In Japan, JFE Engineering plans to even more actively develop a business model that integrates all aspects of projects, from proposing solutions to operation. JFE Engineering implemented an organizational restructuring in April 2017 with the aim of integrating business headquarters and consolidating and reinforcing plant construction functions. Through these changes, efforts will be made to share expertise throughout organizations and to steadily achieve results and reinforce and expand profit foundations in the environmental and energy sectors, including waste-disposal plants and water-treatment plants and the infrastructure construction sector, including bridges and coastal structures.

Overseas, JFE Engineering will optimize the global engineering functions that it has established until now and achieve closer collaboration with domestic business divisions to reinforce sales capabilities and sales implementation abilities, expand the scope of business, and increase profits.

In the trading business, JFE Shoji Trade will further refine its functions as the core trading entity of the JFE Group while performing its role as an autonomous trading company to contribute to the maximization of overall group profits.

In Japan, demand for steel is expected to increase in the lead-up to the Tokyo Olympic and Paralympic Games, and JFE Shoji Trade will work to steadily capture this demand by providing services to customers that combine the functions of each JFE Shoji Group company. Looking toward the future, JFE Shoji Trade will reorganize and bolster logistics with the aim of achieving overall optimization throughout the JFE Group.

Overseas, JFE Shoji Trade will further synchronize its export strategy with JFE Steel to increase sales volume and will work speedily to expand “local production for local consumption” businesses that are closely linked to local regions and customers.

Measures are being carried out in each business in this manner, but the business environment for the steel business in particular continues to be more severe than the projections in the fifth Medium-Term Business Plan as a result of a substantial fluctuation in raw materials prices, particularly coking coal, since the autumn of 2016. 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.

Appropriating 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 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 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

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pursuing fair, objective and transparent corporate governance.

- With all the stakeholders

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

- (3) Initiatives to prevent decisions on financial and business policies from being controlled by non-qualified parties that are against the Group's basic policies
JFE Holdings, Inc., at the meeting of the Board of Directors held on March 1, 2007, made the decision to adopt the "Policy Toward Large-scale Purchases of JFE Shares" (the "Policy"), and given the approval of shareholders at the Ordinary General Meetings of Shareholders held in the same year and thereafter every two years, which is the effective term of the Policy, has continued to operate the Policy.

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

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

The Policy aims to guarantee that, following an action for a large-scale purchase, shareholders can accurately evaluate its impact on JFE Holdings, Inc.'s corporate value and the common interests of shareholders. The Policy provides shareholders with adequate and necessary information, including opinions and suggestions, and adequate and necessary time, to review such information once a large-scale purchase commences. Accordingly, the Policy compliant with the above basic policy does not intend to impair the common interests of the shareholders.

In addition, the continuation of the Policy, which was approved at the Ordinary General Meeting of Shareholders held the year before last, 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

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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.

The Policy provides that if a large-scale purchase of the Company's shares is begun, necessary and adequate information, opinions, proposals, and so on will be promptly provided to shareholders and necessary and adequate time to investigate that information will be secured to ensure that shareholders can make accurate assessments regarding the impact of the large-scale purchase on the corporate value and the common interests of shareholders. Consequently, the content of the Policy is based on the above basic policy and does not harm the common interests of shareholders.

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]

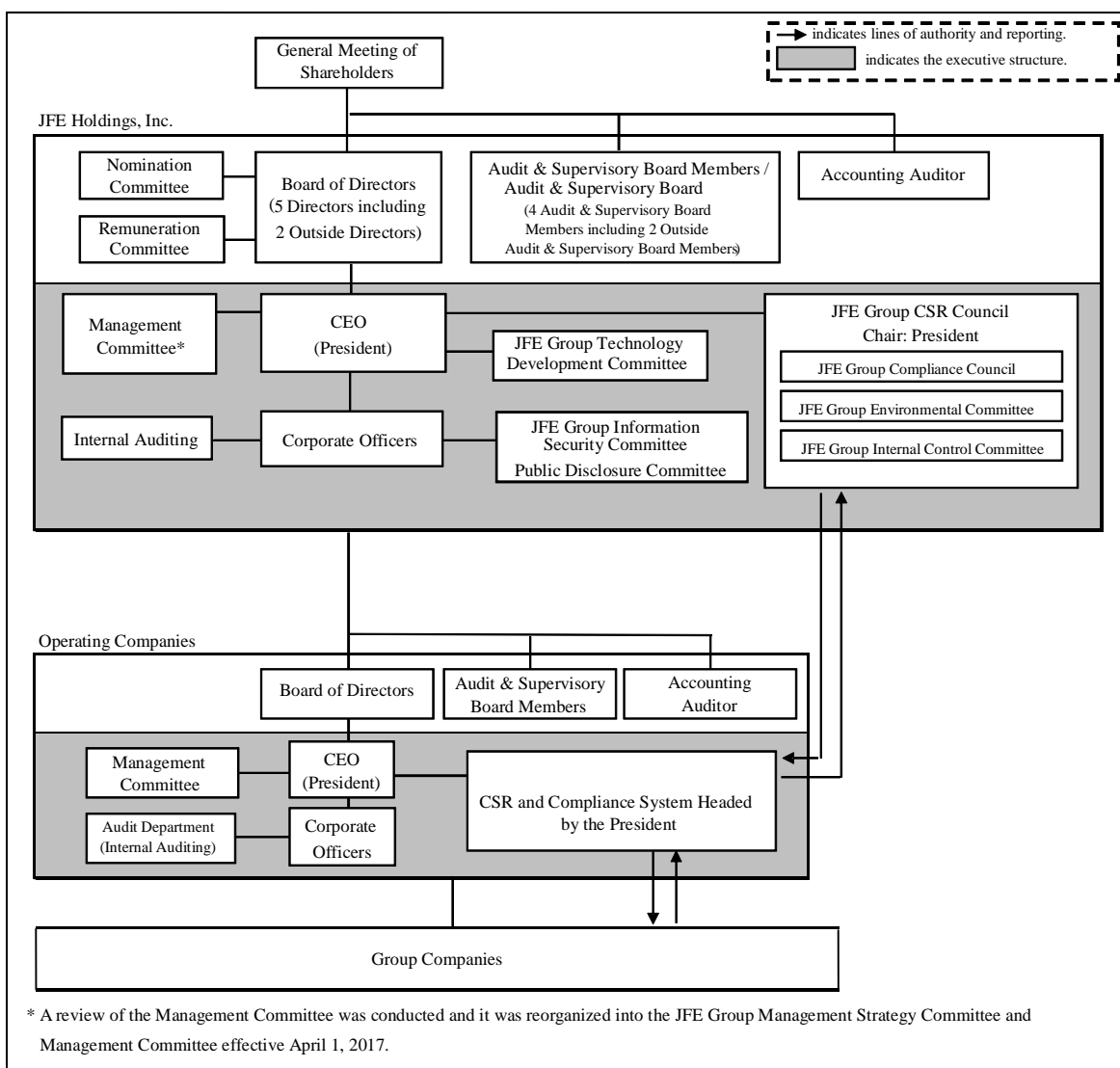
- The JFE Group has adopted a group system that treats the Company as the core pure holding company of the Group.
- The Company, the core of the Group’s integrated governance system, is responsible for Group-wide strategy, risk management, and public accountability.
- Each Operating Company has developed 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, 2017)



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.

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- 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 Council, 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 the fairness, objectiveness and transparency of 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 FY2016, the Nomination Committee was convened five times and the Remuneration Committee was convened twice.

The composition of each Committee is as follows.

Nomination Committee

As of March 31, 2017

Chairman	Masao Yoshida	Outside Director
Committee Member	Masafumi Maeda	Outside Director
Committee Member	Hiroyuki Itami	Outside Audit & Supervisory Board Member
Committee Member	Shigeo Ohyagi	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, 2017

Chairman	Masafumi Maeda	Outside Director
Committee Member	Masao Yoshida	Outside Director
Committee Member	Hiroyuki Itami	Outside Audit & Supervisory Board Member
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Eiji Hayashida	Board of Director
Committee Member	Koji Kakigi	Board of Director

The planned composition of each committee after the 15th Ordinary General Meeting of Shareholders is set forth below.

Nomination Committee

Committee Member	Masafumi Maeda	Outside Director
Committee Member	Masao Yoshida	Outside Director
Committee Member	Masami Yamamoto	Outside Director
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Eiji Hayashida	Board of Director
Committee Member	Koji Kakigi	Board of Director

(Translation for reference only)

Remuneration Committee

Committee Member	Masafumi Maeda	Outside Director
Committee Member	Masami Yamamoto	Outside Director
Committee Member	Hiroyuki Itami	Outside Audit & Supervisory Board Member
Committee Member	Shigeo Ohyagi	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, 2017

(Millions of yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	1,808,846	Current liabilities	1,039,458
Cash and deposits	69,936	Notes and accounts payable - trade	446,645
Notes and accounts receivable - trade	798,058	Short-term loans payable	204,379
Merchandise and finished goods	313,368	Commercial papers	8,000
Work in progress	50,834	Current portion of bonds	50,000
Raw materials and supplies	408,728	Other	330,433
Other	169,336	Non-current liabilities	1,374,801
Allowance for doubtful accounts	(1,416)	Bonds payable	75,000
Non-current assets	2,527,222	Long-term loans payable	1,038,089
Property, plant and equipment	1,650,879	Deferred tax liabilities for land revaluation	9,118
Buildings and structures	406,450	Net defined benefit liability	123,745
Machinery, equipment and vehicles	654,918	Other	128,848
Land	496,678		
Construction in progress	59,982		
Other	32,848		
Intangible assets	78,368		
Investments and other assets	797,975	Total liabilities	2,414,259
Investment securities	372,196	(NET ASSETS)	
Shares of subsidiaries and associates	349,864	Shareholders' equity	1,741,505
Net defined benefit asset	13,067	Capital stock	147,143
Other	65,800	Capital surplus	646,582
Allowance for doubtful accounts	(2,953)	Retained earnings	1,126,633
		Treasury shares	(178,853)
		Accumulated other comprehensive income	124,330
		Valuation difference on available-for-sale securities	112,545
		Deferred gains or losses on hedges	(544)
		Revaluation reserve for land	16,321
		Foreign currency translation adjustment	(3,596)
		Remeasurements of defined benefit plans	(395)
		Non-controlling interests	55,972
		Total net assets	1,921,809
Total assets	4,336,069	Total liabilities and net assets	4,336,069

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

(Translation for reference only)

Consolidated Statement of Income

From April 1, 2016 to March 31, 2017

(Millions of yen)

Items	Amount	
Net sales		3,308,992
Cost of sales		2,889,652
Gross profit		419,339
Selling, general and administrative expenses		322,593
Operating income		96,746
Non-operating income		
Interest income	1,474	
Dividend income	9,566	
Rent income	7,178	
Profit on inventories	5,521	
Share of profit of entities accounted for using equity method	12,006	
Other	10,053	45,800
Non-operating expenses		
Interest expenses	12,613	
Foreign exchange losses	6,039	
Loss on retirement of non-current assets	18,129	
Other	21,029	57,811
Ordinary income		84,735
Extraordinary income		
Gain on sales of investment securities	30,145	30,145
Extraordinary losses		
Impairment loss	9,408	9,408
Profit before income taxes		105,472
Income taxes - current	23,359	
Income taxes - deferred	9,487	32,846
Profit		72,625
Profit attributable to non-controlling interests		4,685
Profit attributable to owners of parent		67,939

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

(Translation for reference only)

_(Reference)

Consolidated Statement of Cash Flows

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

Items	Amount
I. Cash flows from operating activities	
Profit before income taxes	105,472
Depreciation	182,638
Increase (decrease) in allowance for doubtful accounts	(6,241)
Interest and dividend income	(11,041)
Interest expenses	12,613
Decrease (increase) in notes and accounts receivable - trade	(90,601)
Decrease (increase) in inventories	(17,070)
Increase (decrease) in notes and accounts payable - trade	16,262
Other, net	2,033
Subtotal	194,066
Interest and dividend income received	16,324
Interest expenses paid	(12,486)
Income taxes paid	(12,421)
Net cash provided by (used in) operating activities	185,481
II. Cash flows from investing activities	
Purchase of non-current assets	(226,327)
Proceeds from sales of non-current assets	1,992
Purchase of investment securities	(9,676)
Proceeds from sales of investment securities	69,900
Other, net	310
Net cash provided by (used in) investing activities	(163,799)
III. Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	(5,425)
Increase (decrease) in commercial papers	(28,000)
Proceeds from long-term loans payable	291,232
Repayment of long-term loans payable	(236,944)
Redemption of bonds	(20,000)
Purchase of treasury shares	(216)
Cash dividends paid by parent company	(5,795)
Other, net	(13,010)
Net cash provided by (used in) financing activities	(18,159)
Effect of exchange rate change on cash and cash equivalents	1,861
Net increase (decrease) in cash and cash equivalents	5,384
Cash and cash equivalents at April 1, 2016	63,873
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	125
Cash and cash equivalents at March 31, 2017	69,383

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

(Translation for reference only)

(Reference)

Segment Information

(From April 1, 2016 to March 31, 2017)

1. Overview of reportable segments

The Group organized under JFE Holdings executed commercial activities through three operating companies—JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation—in accordance with the characteristics of their respective businesses. Consolidated reporting segments, one for each operating company, were characterized by their constituent products and services.

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)	1,500,929	416,220	1,391,842	3,308,992	—	3,308,992
Intersegment sales or transfers	848,199	9,916	279,189	1,137,305	(1,137,305)	—
Total	2,349,129	426,136	1,671,032	4,446,298	(1,137,305)	3,308,992
Segment income	40,544	26,616	21,834	88,996	(4,260)	84,735
Segment assets	3,723,479	390,445	643,273	4,757,198	(421,129)	4,336,069
Others						
Depreciation	169,639	7,536	5,457	182,633	5	182,638
Amortization of goodwill	0	1,331	1,815	3,146	—	3,146
Interest income	1,334	71	405	1,811	(336)	1,474
Interest expenses	11,375	352	1,533	13,261	(647)	12,613
Equity method investment gain (loss)	13,539	970	1,225	15,735	(3,729)	12,006
Investment in equity method affiliates	268,161	8,351	10,454	286,968	56,661	343,630
Increase in property, plant, equipment, and intangible assets	217,443	10,820	6,502	234,766	1	234,768

(Translation for reference only)

Non-consolidated Balance Sheet

As of March 31, 2017

(Millions of yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	775,736	Current liabilities	380,684
Cash and deposits	10,672	Short-term loans payable	95,394
Operating accounts receivable	1,104	Commercial papers	8,000
Short-term loans receivable	738,855	Current portion of bonds	50,000
Deferred tax assets	1,133	Accounts payable - other	21,671
Other	23,969	Accrued expenses	1,425
		Income taxes payable	10
		Deposits received	203,910
		Other	271
Non-current assets	1,747,725	Non-current liabilities	1,084,620
Property, plant and equipment	1	Bonds payable	75,000
Tools, furniture and fixtures	1	Long-term loans payable	1,009,601
Construction in progress	0	Allowance for corporate officers' retirement benefits	19
Intangible assets	10		
Trademark right	9		
Software	0		
		Total liabilities	1,465,304
		(NET ASSETS)	
Investments and other assets	1,747,713	Shareholders' equity	1,058,348
Shares of subsidiaries and associates	962,099	Capital stock	147,143
Investments in capital	3	Capital surplus	772,574
Long-term loans receivable	785,491	Legal capital surplus	772,574
Long-term prepaid expenses	14	Retained earnings	221,931
Deferred tax assets	100	Other retained earnings	221,931
Other	5	Retained earnings brought forward	221,931
		Treasury shares	(83,301)
		Valuation and translation adjustments	(190)
		Deferred gains or losses on hedges	(190)
		Total net assets	1,058,157
Total assets	2,523,462	Total liabilities and net assets	2,523,462

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

(Translation for reference only)

Non-consolidated Statement of Income

From April 1, 2016 to March 31, 2017

(Millions of yen)

Items	Amount	
Operating revenue		
Dividend income	8,255	
Financial revenue	13,053	
Management fee income	2,372	23,681
Operating expenses		
Financial expenses	13,005	
General and administrative expenses	2,090	15,096
Operating income		8,585
Ordinary income		8,585
Profit before income taxes		8,585
Income taxes - current		(541)
Income taxes - deferred		734
Profit		8,392

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

The Report of the Accounting Auditor on the Consolidated Financial Statements

Report of Independent Accounting Auditor

May 10, 2017

Mr. Eiji Hayashida
Representative Director, President and CEO
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, 2016 to March 31, 2017.

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 audit opinion.

(Translation for reference only)

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, 2017 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 10, 2017

Mr. Eiji Hayashida
Representative Director, President and CEO
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 15th term from April 1, 2016 to March 31, 2017.

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

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

Auditor’s Responsibility

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

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

(Translation for reference only)

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, 2017 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.

The Audit Report of Audit & Supervisory Board

The Audit Report

Regarding the performance of duties by Directors for the 15th term from April 1, 2016 to March 31, 2017, 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, 2017.

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 15, 2017

Audit & Supervisory Board of JFE Holdings, Inc.

Audit & Supervisory Board Member (Full-time)	Yasushi Kurokawa
Audit & Supervisory Board Member (Full-time)	Shotaro Tsumura
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.