

(Translation for reference only)

(Security Code: 5411)

June 5, 2019

## **Notice of the 17th Ordinary General Meeting of Shareholders**

Dear Shareholders:

JFE Holdings, Inc. (“JFE” or the “Company”) hereby would like to inform you that the 17th 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 20, 2019 (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 20, 2019 (Thursday) in accordance with the instructions contained in the “Guide to Exercising Your Voting Rights via Electronic Media (including the Internet)” shown on page 5.

Yours faithfully,  
Koji Kakigi  
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 21, 2019, 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 17th term (from April 1, 2018 to March 31, 2019)
  2. Non-consolidated Financial Statements for the 17th term (from April 1, 2018 to March 31, 2019)

**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 one Audit & Supervisory Board Member

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

<Shareholder's Proposal (Proposal 5)>

Proposal 5: Dismissal of Representative Director Eiji Hayashida

**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.

(Translation for reference only)

- 
- \*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 among the documents to be attached to this written notice to the Meeting, “Systems to Ensure the Propriety of Business Operations and the Status of Operation of Such System” in the business report, “Consolidated Statement of Changes in Equity” and “Notes to the Consolidated Financial Statements” in the consolidated financial statements, and “Non-consolidated Statement of Changes in Equity” and “Notes to the Non-consolidated Financial Statements” in 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 documents attached to this written notice to the Meeting are a portion of the consolidated financial statements and non-consolidated financial statements subject to audit when the Accounting Auditor prepared its audit reports and a portion of the business report, consolidated financial statements, and non-consolidated financial statements subject to audit when the Audit & Supervisory Board Members prepared their audit report.
  - \*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: <https://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 21, 2019  
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 20, 2019 (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 20, 2019 (Thursday)

(Translation for reference only)

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

### **By Smartphone (Smart Exercise)**

- (1) Please scan the QR code on the bottom right of the enclosed Voting Rights Exercise Form using a smartphone, access “Smart Exercise,” and enter your votes in accordance with the instructions on the screen. (Shareholders are not required to input an ID or password.)
- (2) The exercise of voting rights by “Smart Exercise” is only possible once.

### **By Personal Computer, etc.**

- (1) Please access the website for exercising voting rights (URL below), enter the code and password, which are printed on 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.

<https://soukai.mizuho-tb.co.jp/>

- (2) 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.
- (3) 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.
- (4) 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.

### **Notes:**

- (1) Voting rights can be exercised until 24:00 on June 20, 2019 (Thursday) and you are required to complete the entire process by this time. We recommend exercising your voting rights well ahead of the deadline.
- (2) If you would like to revise the content of votes after exercising voting rights via “Smart Exercise,” please revise your votes by following the instructions in the above “By Personal Computer, etc.”
- (3) If you have exercised your voting rights both by mailing the Voting Rights Exercise Form and via the Internet, the voting rights exercised via the Internet shall be deemed valid. If you have exercised your voting rights more than once via the Internet, the voting rights exercised last shall be deemed valid.
- (4) Internet connection fees or charges shall be borne by each shareholder.
- (5) The operation of exercising voting rights via the Internet has been confirmed on general devices for connecting to the Internet, but depending on your devices and the status thereof, there may be cases when you are unable to use them to exercise voting rights via the Internet.

### **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 “Smart Exercise” and the website for exercising voting rights  
Toll free number: 0120-768-524  
Hours: 9:00 to 21:00, weekdays
- (2) For inquiries about stock procedures other than the above (1)  
Toll free number: 0120-288-324  
Hours: 9:00 to 17:00, weekdays

(Translation for reference only)

**<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)

No.	Name (Age)	Current Positions and Responsibilities in the Company	Main Concurrent Positions	Number of Meetings of the Board of Directors Attended (FY2018)
1	<Reappointment> Koji Kakigi (Age 66)	Representative Director, President and CEO (Chief Executive Officer)	—	12/12 (100%)
2	<New appointment> Yoshihisa Kitano (Age 61)	—	Representative Director, President and CEO of JFE Steel Corporation	—
3	<New appointment> Masashi Terahata (Age 59)	Executive Vice President and CFO (Chief Financial Officer) Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept. and Finance Dept.	Director of JFE Steel Corporation	—
4	<Reappointment> Naosuke Oda (Age 66)	Director	Representative Director, President and CEO of JFE Shoji Trade Corporation	12/12 (100%)
5	<Reappointment> Hajime Oshita (Age 61)	Director	Representative Director, President and CEO of JFE Engineering Corporation	12/12 (100%)
6	<Reappointment> Masao Yoshida (Age 70) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	Outside Director	Special Advisor of Furukawa Electric Co., Ltd.	12/12 (100%)
7	<Reappointment> Masami Yamamoto (Age 65) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	Outside Director	Chairman and Director of Fujitsu Limited	12/12 (100%)
8	<Reappointment> Nobumasa Kemori (Age 68) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	Outside Director	Executive Advisor of Sumitomo Metal Mining Co., Ltd.	9/9 (100%)

Notes: 1. The age of each candidate is given as of the date of this General Meeting of Shareholders.  
2. Mr. Nobumasa Kemori was newly elected as Directors at previous year's Ordinary General Meeting of Shareholders (held on June 21, 2018), therefore the number of meetings of the Board of Directors held during FY 2018 differs.



(Translation for reference only)

No. 1	Koji Kakigi	Reappointment Nomination Committee Member Remuneration Committee Member
Date of birth: May 3, 1953 (Age 66)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 35,500	April 1977	Joined Kawasaki Steel Corporation
Number of years of service as Director (at the close of this General Meeting of Shareholders): Four	April 2007	Vice President of JFE Steel Corporation
Number of meetings of the Board of Directors attended (FY2018): 12/12 (100%)	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
	June 2015	Representative Director of JFE Holdings, Inc.
	April 2019	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: 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 relations 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. 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. Kakigi to be suitable as a Director of the Company.</p>		

No. 2	Yoshihisa Kitano	New appointment
Date of birth: February 20, 1958 (Age 61)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 9,004	April 1982	Joined Kawasaki Steel Corporation
	April 2011	Vice President of JFE Steel Corporation
	April 2014	Senior Vice President of JFE Steel Corporation
	April 2018	Representative Director and Executive Vice President of JFE Steel Corporation
	April 2019	Representative Director, President and CEO of JFE Steel Corporation (current post)
		(Significant concurrent post)
		Representative Director, President and CEO of JFE Steel Corporation
<p>• Reasons for nomination as a candidate for Director: Mr. Kitano has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in operations in steel making technology and production control departments, and execution of duties as Corporate Officer such as supervision of steel works and overseas business, corporate planning, and IT 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 promoting the growth strategy with leading-edge technologies and strengthening manufacturing capabilities. For these reasons, the Company has judged Mr. Kitano to be suitable as a Director of the Company.</p>		

(Translation for reference only)

No. 3	Masashi Terahata	New appointment
Date of birth: October 31, 1959 (Age 59)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 8,700	April 1982	Joined Kawasaki Steel Corporation
	April 2012	Vice President of JFE Holdings, Inc. Vice President of JFE Steel Corporation
	April 2015	Senior Vice President of JFE Holdings, Inc. Senior Vice President of JFE Steel Corporation
	April 2016	Director of JFE Shoji Trade Corporation
	March 2018	Retired as Senior Vice President of JFE Holdings, Inc.
	April 2018	Retired as Director of JFE Shoji Trade Corporation Representative Director and Executive Vice President of JFE Steel Corporation
	April 2019	Executive Vice President of JFE Holdings, Inc. (current post) Director of JFE Steel Corporation (current post)
	(Significant concurrent posts) Director of JFE Steel Corporation Representative Director of JFE 21st Century Foundation (Public Interest Incorporated Foundation)	
	(Duties as Corporate Officer) CFO (Chief Financial Officer) Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept. and Finance Dept.	
<p>• Reasons for nomination as a candidate for Director:</p> <p>Mr. Terahata has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in operations such as general administration and legal departments in the Company as well as operations in human resources and labor relations departments, and execution of duties as Corporate Officer in management divisions such as accounting, finance and procurement departments in JFE Steel Corporation, the Group's core company. He also has abundant experience and knowledge as a corporate manager through his experience as Representative Director and Executive Vice President of JFE Steel Corporation, and currently, as Executive Vice President of the Company, he is working on sustainable growth and an increase in corporate value of the Group, while implementing management control of JFE Steel Corporation as its part-time Director. For these reasons, the Company has judged Mr. Terahata to be suitable as a Director of the Company.</p>		

No. 4	Naosuke Oda	Reappointment
Date of birth: June 3, 1953 (Age 66)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 15,300	April 1977	Joined NKK Corporation
	April 2007	Vice President of JFE Steel Corporation
Number of years of service as Director (at the close of this General Meeting of Shareholders): Two	April 2010	Senior Vice President of JFE Steel Corporation
	April 2012	Representative Director and Executive Vice President of JFE Steel Corporation
Number of meetings of the Board of Directors attended (FY2018): 12/12 (100%)	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)
	June 2017	Director of JFE Holdings, Inc. (current post)
	(Significant concurrent post) Representative Director, President and CEO of JFE Shoji Trade Corporation	
<p>• Reasons for nomination as a candidate for Director:</p> <p>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, and execution of duties as Corporate office such as supervision of sales divisions in JFE Steel Corporation, the Group's core company. 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. Currently, as Representative Director, President and CEO of JFE Shoji Trade Corporation, the Group's core company, he is making aggressive efforts such as reinforcing the domestic earnings base, and expanding overseas business. For these reasons, the Company has judged Mr. Oda to be suitable as a Director of the Company.</p>		

(Translation for reference only)

No. 5	Hajime Oshita	Reappointment
Date of birth: September 11, 1957 (Age 61)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 9,500	April 1982	Joined NKK Corporation
	April 2012	Vice President of JFE Engineering Corporation
Number of years of service as Director (at the close of this General Meeting of Shareholders): Two	April 2014	Senior Vice President of JFE Engineering Corporation
	April 2015	Director and Senior Vice President of JFE Engineering Corporation
Number of meetings of the Board of Directors attended (FY2018): 12/12 (100%)	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)
	June 2017	Director of JFE Holdings, Inc. (current post)
	(Significant concurrent post) Representative Director, President and CEO of JFE Engineering Corporation	
<p>• 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 execution of a wide range of duties as Corporate Officer such as supervision of domestic and overseas business in 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. Currently, as Representative Director, President and CEO of JFE Engineering Corporation., he is making aggressive efforts such as reinforcing the domestic earnings base, and expanding overseas business. For these reasons, the Company has judged Mr. Oshita to be suitable as a Director of the Company.</p>		

(Translation for reference only)

No. 6	Masao Yoshida	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member Nomination Committee Member
Date of birth: February 5, 1949 (Age 70)  Number of the Company's shares held: 8,500  Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): Four  Number of meetings of the Board of Directors attended (FY2018): 12/12 100%)	Career summary, positions and responsibilities, and significant concurrent posts	<p>April 1972      Joined Furukawa Electric Co., Ltd.</p> <p>June 2006      Senior Managing Director and Corporate Executive Vice President of Furukawa Electric Co., Ltd.</p> <p>June 2008      President and Representative Director of Furukawa Electric Co., Ltd.</p> <p>April 2012      Chairman and Representative Director of Furukawa Electric Co., Ltd.</p> <p>June 2015      Director of JFE Holdings, Inc. (current post)</p> <p>April 2016      Chairman and Director of Furukawa Electric Co., Ltd.</p> <p>April 2017      Director of Furukawa Electric Co., Ltd.</p> <p>June 2017      Retired as Director of Furukawa Electric Co., Ltd. Senior Advisor of Furukawa Electric Co., Ltd.</p> <p>July 2018      Special Advisor of Furukawa Electric Co., Ltd. (current post)</p> <p>(Significant concurrent posts)</p> <p>Special Advisor of Furukawa Electric Co., Ltd.</p> <p>Outside Director of FURUKAWA CO., LTD.</p> <p>External Director of Tokyo Century Corporation</p>
<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> <ol style="list-style-type: none"> <li>1. Mr. Yoshida is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit &amp; Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit &amp; Supervisory Board Members" stipulated by the Company and the Company has designated him as Independent Director/Audit &amp; 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, in FY2018, transactions between Furukawa Electric Co., Ltd., where Mr. Yoshida served as Director until June 2017, and the Company and its operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation) did not exceed 1% of the annual consolidated net sales (revenue) of either the Company or Furukawa Electric Co., Ltd. Accordingly, Furukawa Electric Co., Ltd. does not fall under the category of a person for whom the Company or its operating company is a major business partner, or a person who is a major business partner of the Company or its operating company.</li> <li>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.</li> <li>3. Mr. Yoshida was a Director of Furukawa Electric Co., Ltd. until June 2017. In August 2014, during his tenure of that position, Furukawa Electric Co., Ltd. received an order to pay a fine for violation of the Anti-Monopoly Law of the People's Republic of China concerning a cartel related to transactions of automobile parts in China. Mr. Yoshida was not directly involved in this incident. After recognizing this fact, under the recognition that compliance is the basis of all business activities, he had 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.</li> </ol>		

(Translation for reference only)

No. 7	Masami Yamamoto	<b>Reappointment</b> <b>Candidate for Outside Director</b> <b>Independent Director/Audit &amp; Supervisory Board Member</b> <b>Chairperson of Nomination Committee</b> <b>Remuneration Committee Member</b>														
Date of birth: January 11, 1954 (Age 65)  Number of the Company's shares held: 3,800  Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): Two  Number of meetings of the Board of Directors attended (FY2018): 12/12 (100%)	<b>Career summary, positions and responsibilities, and significant concurrent posts</b> <table border="0"> <tr> <td>April 1976</td> <td>Joined Fujitsu Limited</td> </tr> <tr> <td>January 2010</td> <td>Corporate Senior Executive Vice President of Fujitsu Limited</td> </tr> <tr> <td>April 2010</td> <td>President of Fujitsu Limited</td> </tr> <tr> <td>June 2010</td> <td>President and Representative Director of Fujitsu Limited</td> </tr> <tr> <td>June 2015</td> <td>Chairman and Representative Director of Fujitsu Limited</td> </tr> <tr> <td>June 2017</td> <td>Chairman and Director of Fujitsu Limited (current post)</td> </tr> <tr> <td></td> <td>Director of JFE Holdings, Inc. (current post)</td> </tr> </table> (Significant concurrent post) Chairman and Director of Fujitsu Limited		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	June 2017	Chairman and Director of Fujitsu Limited (current post)		Director of JFE Holdings, Inc. (current post)
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															
June 2017	Chairman and Director of Fujitsu Limited (current post)															
	Director of JFE Holdings, Inc. (current post)															
<p>• Reasons for nomination as a candidate for Outside Director:          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 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> <ol style="list-style-type: none"> <li>1. Mr. Yamamoto is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit &amp; Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit &amp; Supervisory Board Members" stipulated by the Company and the Company has designated him as Independent Director/Audit &amp; 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, in FY2018, transactions between Fujitsu Limited, where Mr. Yamamoto serves as Chairman and Director, and the Company and its operating companies did not exceed 1% of the annual consolidated net sales (revenue) of either the Company or Fujitsu Limited. Accordingly, Fujitsu Limited does not fall under the category of a person for whom the Company or its operating company is a major business partner, or a person who is a major business partner of the Company or its operating company.</li> <li>2. To ensure that Mr. Yamamoto can fully demonstrate his capability as expected in his role as an Outside Director, the Company has executed 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. If Mr. Yamamoto is reappointed, the Company intends to continue the liability limitation agreement described hereto with him.</li> <li>3. Mr. Yamamoto is Chairman and 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.</li> </ol>																

(Translation for reference only)

No. 8	Nobumasa Kemori	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member Chairperson of Remuneration Committee
Date of birth: April 12, 1951 (Age 68)  Number of the Company's shares held: 1,500  Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): One  Number of meetings of the Board of Directors attended (FY2018): 9/9 (100%)	<b>Career summary, positions and responsibilities, and significant concurrent posts</b> September 1980      Joined Sumitomo Metal Mining Co., Ltd. June 2006      Director, Managing Executive Officer and General Manager of Non-Ferrous Metals Div. of Sumitomo Metal Mining Co., Ltd. June 2007      Representative Director and President of Sumitomo Metal Mining Co., Ltd. June 2013      Representative Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd. June 2016      Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd. June 2017      Retired as Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd. Executive Advisor of Sumitomo Metal Mining Co., Ltd. (current post) June 2018      Director of JFE Holdings, Inc. (current post)  (Significant concurrent post) Executive Advisor of Sumitomo Metal Mining Co., Ltd. Outside Director of NAGASE & CO., LTD.	
<p>• Reasons for nomination as a candidate for Outside Director: Mr. Kemori has been successful in managing Sumitomo Metal Mining Co., Ltd., which engages in a broad range of businesses in non-ferrous metal resource development, smelting, materials production, etc., for many years, and has remarkable knowledge in metallic materials, in addition to broad experience in corporate management, including leading the construction of an overseas plant for nickel smelting, a mainstay business of Sumitomo Metal Mining Co., Ltd., and a development project for a large copper mine. 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> <ol style="list-style-type: none"> <li>1. Mr. Kemori is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit &amp; Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit &amp; Supervisory Board Members" stipulated by the Company and the Company has designated him as Independent Director/Audit &amp; 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, in FY2018, transactions between Sumitomo Metal Mining Co., Ltd., where Mr. Kemori served as Director until June 2017, and the Company and its operating companies did not exceed 1% of the annual consolidated net sales (revenue) of either the Company or Sumitomo Metal Mining Co., Ltd. Accordingly, Sumitomo Metal Mining Co., Ltd. does not fall under the category of a person for whom the Company or its operating company is a major business partner, or a person who is a major business partner of the Company or its operating company.</li> <li>2. To ensure that Mr. Kemori can fully demonstrate his capability as expected in his role as an Outside Director, the Company has executed an agreement with Mr. Kemori 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. Kemori is reappointed, the Company intends to continue the liability limitation agreement described hereto with him.</li> </ol>		

(Translation for reference only)

**Proposal 3: Election of one Audit & Supervisory Board Member**

As Audit & Supervisory Board Member Shotaro Tsumura will retire at the close of this General Meeting of Shareholders, the Company proposes to elect one Audit & Supervisory Board Member.

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

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

Kumiko Baba		New appointment
Date of birth: October 10, 1965 (Age 53)	Career summary and positions, and significant concurrent posts	
Number of the Company's shares held: 500	April 1989	Joined Toshiba Corporation
	April 2014	Joined JFE Engineering Corporation
	April 2018	Vice President of JFE Engineering Corporation
	March 2019	Retired as Vice President of JFE Engineering Corporation
	April 2019	Full-time Advisor of JFE Holdings, Inc. (current post) Audit & Supervisory Board Member of JFE Engineering Corporation (current post) Audit & Supervisory Board Member of JFE Shoji Trade Corporation (current post)
(Significant concurrent post) Audit & Supervisory Board Member of JFE Engineering Corporation Audit & Supervisory Board Member of JFE Shoji Trade Corporation		
<ul style="list-style-type: none"> <li>• Reasons for nomination as a candidate for Audit &amp; Supervisory Board Member Ms. Baba had engaged in operations such as contract negotiation with overseas parties and business alliances and launches of new business in Toshiba Corporation. Since joining JFE Engineering Corporation, the Group's core company, she executed duties as Corporate Officer in the company in addition to supervision of overseas businesses and accounting and finance related operations and thus she has abundant experience and knowledge about finance and accounting. Given her experience and knowledge, the Company believes that Ms. Baba is capable of implementing audits of execution of duties of Directors appropriately and fairly, and has judged Ms. Baba to be suitable as an Audit &amp; Supervisory Board Member of the Company.</li> <li>• Special matters: <ol style="list-style-type: none"> <li>1. There is no conflict of special interests between Ms. Baba and the Company.</li> <li>2. To ensure that Ms. Baba, if appointed as an Audit &amp; Supervisory Board Member, can fully demonstrate her capability as expected in her role as an Audit &amp; Supervisory Board Member, the Company will enter into an agreement with Ms. Baba in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Audit &amp; Supervisory Board Members' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations.</li> </ol> </li> </ul>		

(Translation for reference only)

(Reference)

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

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

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

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



(Translation for reference only)

requirements for an independent outside director/audit & supervisory board member.

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

(Translation for reference only)

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

The Company, at the meeting of the Company's Board of Directors held on March 1, 2007, made the decision to adopt the "Policy Toward Large-scale Purchases of JFE Shares" (the "Former 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 Former Policy, has continued to operate the Former Policy. To ensure that the shareholders of the Company 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 Former 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. Continuation of the Former Policy, in which a process for confirming shareholder intent was adopted and other changes, was made in response to requests from capital markets were approved at the 15th Ordinary General Meetings of Shareholders held on June 23, 2017 (hereinafter, the "Current Policy" shall be used to refer to the current policy). 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.

The Company 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 May 14, 2019, 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, the Company 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 Policy shall not continue after the Current Policy expires.

The Policy has been amended from the Current Policy, in line with matters such as further requests from capital markets, mainly in the following ways.

- [1] Invocation of countermeasures without a process for confirming shareholder intent shall be limited to cases where a large-scale purchaser fails to follow rules prescribed in the Policy or there arises the so called four situations in which defensive measures were ruled by the Tokyo High Court to be acceptable as countermeasures in hostile takeovers (hereinafter referred to the "Four Situations").
- [2] Countermeasures shall be limited to a gratis allotment of stock acquisition rights.

\*\*\*

1. Basic policy regarding persons who control decisions on the Company's financial and business policies

The Company believes that a change of control is an effective means of revitalizing corporate activities and economy, and the Company believes that when a large-scale purchase of JFE shares is commenced, the shareholders of JFE should, in principle, make decisions as to whether

(Translation for reference only)

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, the Company 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 the Company's corporate value and the common interests of shareholders from a long-term perspective 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

(Translation for reference only)

manufacturing technology that contribute to environmental conservation, and pursuing development utilizing the Group's overall synergies. Under this concept, JFE proactively 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 in regions where the offices are located, such as environmental conservation and safety and health management, 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

(Translation for reference only)

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

The Group has formulated the Medium-Term Business Plan every three years since its foundation as a guideline for business operations to create and strengthen its corporate structure towards sustainable growth. These efforts include revision of our business portfolio such as trade and ship building business, investments for developing the domestic manufacturing base in the steel business, and investments including overseas M&A in each business and as such, through which we have strived to enhance corporate value over the medium to long term.

The current sixth Medium-Term Business Plan (fiscal years 2018–2020) strategically addresses growth areas by making maximal use of leading-edge technological capabilities, advanced IT, Group coordination and diverse workforce. By increasing the Group's value over the medium/long term and contributing to sustainable societies, the JFE Group aims to achieve its corporate vision of “contributing to society with the world's most innovative technology.” Particularly, regarding our financial and profitability targets, we introduced the system of period average for the first time as a standard measure in order to aim at achieving the targets steadily over 3 years instead of a single year, so that goals are set from more medium- to long-term perspectives rather than focusing on short-term performance. In addition, we introduced medium- to long-term performance-linked remuneration for Directors, etc., of the Company and operating companies in fiscal 2018 with the purpose of raising awareness of contributing to enhancing corporate value over the medium to long term.

In order to survive in global competition, we will steadily implement the sixth Medium-Term Business Plan and continue to work toward increasing corporate value and the common interests of shareholders.

[2] ESG initiatives

International efforts are underway to implement global frameworks for a more sustainable future, such as the United Nations adopting Sustainable Development Goals (SDGs) and the Paris Agreement to combat climate change coming into effect. Given the nature of the business of the Group, in order to realize sustainable business operations, it is essential for the Group to make efforts to preserve the global environment and coexist and co-prosper with society. We believe that accurately assessing and swiftly responding to these external environment is one of the most important management issues of the Group.

To this end, the Group decided to promote “continuous efforts in ESG issues” as one of its key measures under the sixth Medium-Term Business Plan as a guideline for business operations. We aim to contribute to sustainable growth of the Group, increase its corporate value, and realize a sustainable society by newly setting key performance indicators (KPIs) for CSR priorities (materiality) for each operating company and infallibly following the PDCA cycle.

Regarding efforts for the environment (E), we position preservation of the global environment as one of the most important issues and actively promote environmental load reduction measures such as reduction of CO<sub>2</sub> emissions in the steel making process and recycling of water and energy resources, as well as by developing environmentally friendly products and process technologies and providing resource circulation solutions.

Regarding efforts for society (S), the Company believes that providing products and services with excellent functions and quality contributes to creation of an enriched society

(Translation for reference only)

and securing and training human resources supporting these initiatives is an important issue. We will create an environment where diverse human resources can fully demonstrate their abilities, by promoting work style reform and business operation reform, developing human resources, passing on skills and technologies, and promoting diversity. We also believe that respect for human rights is a foundation of all business operations and to further clarify the Company's efforts, we established the JFE Group Human Rights Basic Policy in April 2018 which shall be observed by all Group companies and their officers and employees.

Regarding improvement of governance (G), we have made efforts such as establishment of the Basic Policy on Corporate Governance, the Nomination Committee, and the Remuneration Committee, revisions to the structure of the Board of Directors and Audit & Supervisory Board based on evaluations of their effectiveness and the results of those evaluations, introduction of medium- to long-term performance-linked stock remuneration system for executives, and decisions on basic policy on selection and dismissal of the Company's president and process thereof. In the future, we will work on improving transparency and fairness of the Group business further by utilizing the above system more effectively and strengthening interactive communication with various stakeholders and impartial transmission of information.

### [3] Capital policies and policies on profit distribution

The Company 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.

In addition, 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 strengthening a sustainable corporate structure for the Group overall. The current sixth Medium-Term Business Plan has set a basic policy of maintaining a dividend payout ratio of about 30%.

### 3. Objective of the Policy

In order to maintain and improve corporate value of the Company and shareholders' common interests continuously, it is necessary for the Company to fully understand the source of its corporate value and conduct management from a long-term perspective.

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 overseas market including emerging countries and Japan and there have been cases in which corporate secrets of other companies were acquired in a fraudulent manner. We think 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.

(Translation for reference only)

The Company believes that a change of control is an effective means to revitalize corporate activities and economy, and the Company believes that when a large-scale purchase is commenced, it should be shareholders of the Company, in principle, to make decisions as to whether or not the large-scale purchase is acceptable. The Company believes that shareholders must be promptly provided with the necessary information, opinions and suggestions, and further given enough time to consider these materials so that they can assess the large-scale purchase.

However, the current capital market nor laws in Japan goes far enough necessarily to ensure the information provided and time given to consider the information are adequate. Large-scale purchases may be implemented without being subject to regulations of tender offers, and even in a tender offer, the minimum tender offer period that the purchaser can set is only 20 business days (in this case, even if a subject company requests the extension of period, the extended tender offer period is 30 business days). Therefore, shareholders may be required to make a decision as to whether or not to accept the tender offer based on limited information within an extremely short period. Under this legal system, shareholders may lose the opportunity to make an appropriate decision based on necessary and adequate information, opinions, and suggestions regarding such large-scale purchase, and as a result we cannot deny the possibility that the Company's long-term corporate value and common interests of shareholders including minority shareholders would be damaged.

Under this circumstances, the Company believes that it is our responsibility as a corporate entity to prevent such an improper large-scale purchase to cause our shareholders to lose an opportunity to make an appropriate decision and damage the Company's long-term corporate value and shareholders' common interests. To this end, the Former Policy was introduced with its sole purpose to set minimum rules to provide shareholders with adequate information and enough time. Therefore, if this intention is properly understood, we are confident that trust from shareholders will not be undermined due to continuance of the Policy.

In addition, the Policy prescribes that for all cases, excluding cases where rules are violated or the Four Situations are applicable, the process of confirming shareholder intent is required in order to invoke countermeasures, and the Company's Board of Directors shall take action according to the decision. Therefore, anyone in a management position cannot arbitrarily misuse the Policy for self-protection and there is no risk of weakening self-discipline of the management.

The Policy does not aim to prevent leakage of sensitive technologies and intellectual properties from the Group or increase a tender offer price. The only purpose is to secure a minimum environment in which shareholders can make an appropriate decision. Therefore, if Japan's legal system improves in the future, a system is established in which necessary information and adequate time are ensured, and the above concerns are eliminated, the Company will abolish the Policy.

#### 4. Details of the Policy

##### 1) Overview of the Policy

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

Excluding the case where it is clear that the large-scale purchase will not cause unrecoverable

(Translation for reference only)

damages to the Company and not harm the corporate value and shareholders' common interests significantly, the Company will invoke countermeasures if implementation of stock acquisition rights as the countermeasures is approved after confirming shareholder intent of such. However, only if the large-scale purchaser does not follow the above mentioned Large-scale Purchase Rules, or even though it follows, if the requirement prescribed in 4.4) (2) [3] is met (the Four Situations), the Board of Directors will invoke countermeasures as a policy without implementing the process for confirming shareholder intent.

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, are made in a transparent, objective, fair, and reasonable manner, a Special Committee was established which is 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 is 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 Special Committee members as of June 5, 2019 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, 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



(Translation for reference only)

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

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.

(Translation for reference only)

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) [2] 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 toward the Large-scale Purchaser to protect the corporate value of JFE and the common interests of the shareholders through a gratis allotment of stock acquisition rights. 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. 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 implement a gratis allotment of 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.

The Company 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. The Company 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, the Company 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 common interests of the shareholders. The Board of Directors will make a decision not to invoke countermeasures to prevent a Large-scale Purchase, in a situation designated in [1] below. In other situations (except for [3] below), 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 [2] below.

(Translation for reference only)

[1] 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 [2]. If the Board of Directors decides not to take countermeasures, it will disclose this decision promptly.

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

If the Board of Directors does not decide not to invoke countermeasures in line with [1] above, the process to confirm shareholder intent shall be followed, excluding in the case of [3] below 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] Board of Directors' decision to invoke countermeasures

In the event that the Board of Directors concludes that a Large-scale Purchase would cause obvious harm to the corporate value of JFE and the common interests of the shareholders through actions as described in (a) to (d) below and thus determines that invoking

(Translation for reference only)

countermeasures would be appropriate, the Board of Directors can take countermeasures to prevent the Large-scale Purchase, as described in 4. 4) (1), without following the shareholder intent confirmation process described in [2] above. 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.

- (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.

### (3) Suspension of or changes to invocation of countermeasures

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

(Translation for reference only)

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 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. The Company 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, the Company may cancel the allotment or acquire those

(Translation for reference only)

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 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).

(Translation for reference only)

## **Attachment 1**

### Outline of the Rules of the Special Committee

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

(Translation for reference only)

## **Attachment 2**

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

The members of the Special Committee as of June 5, 2019 are Outside Directors Masao Yoshida and Nobumasa Kemori and Outside Audit & Supervisory Board Member Isao Saiki. Please refer to Proposal 2 for information on the career summaries of Masao Yoshida and Nobumasa Kemori (page 12 for Masao Yoshida and page 14 for Nobumasa Kemori). The career summary of Isao Saiki 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."

#### **Isao Saiki** [Career Summary]

Born August 11, 1961

April 1989      Registered as attorney at law  
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.  
June 2017      Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)

[Major Concurrent Post]

Partner Lawyer of Abe, Ikubo & Katayama Law Firm



(Translation for reference only)

### **Attachment 3**

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

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

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

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

###### 2. Shareholders eligible for the allotment

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

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

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

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

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

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

(Translation for reference only)

discarded.

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

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

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

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

## 3. Exercise Period of the Stock Acquisition Rights

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

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

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

(i) A party which makes a purchase of JFE shares with the intent to hold 20% or more in the voting rights ratio together with other members of the group of shareholders to which it belongs (excluding any party to which JFE’s Board of Directors has given its consent in advance of the purchase);

(ii) A party which makes a purchase of JFE shares, resulting in the voting rights ratio of the group of shareholders to which it belongs, being 20% or more (excluding any party to which JFE’s Board of Directors has given its consent in advance of the purchase) (the parties set out in

(i) and (ii) above shall collectively be hereinafter referred to as a “Large-scale Purchaser”) and;

(iii) Any Affiliated Party of any party falling under (i) or (ii) above.

The terms used above shall have the following meanings:

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

(Translation for reference only)

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 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

(Translation for reference only)

securities is later determined by JFE's Board of Directors not to be contrary to the corporate value and the common interests of the shareholders. If JFE's Board of Directors determines that an acquisition or holding is not contrary to the corporate value and the common interests of the shareholders under certain conditions, such recognition is effective to the extent that these conditions are satisfied.)

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

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

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

(Translation for reference only)

(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 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

(Translation for reference only)

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.

(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

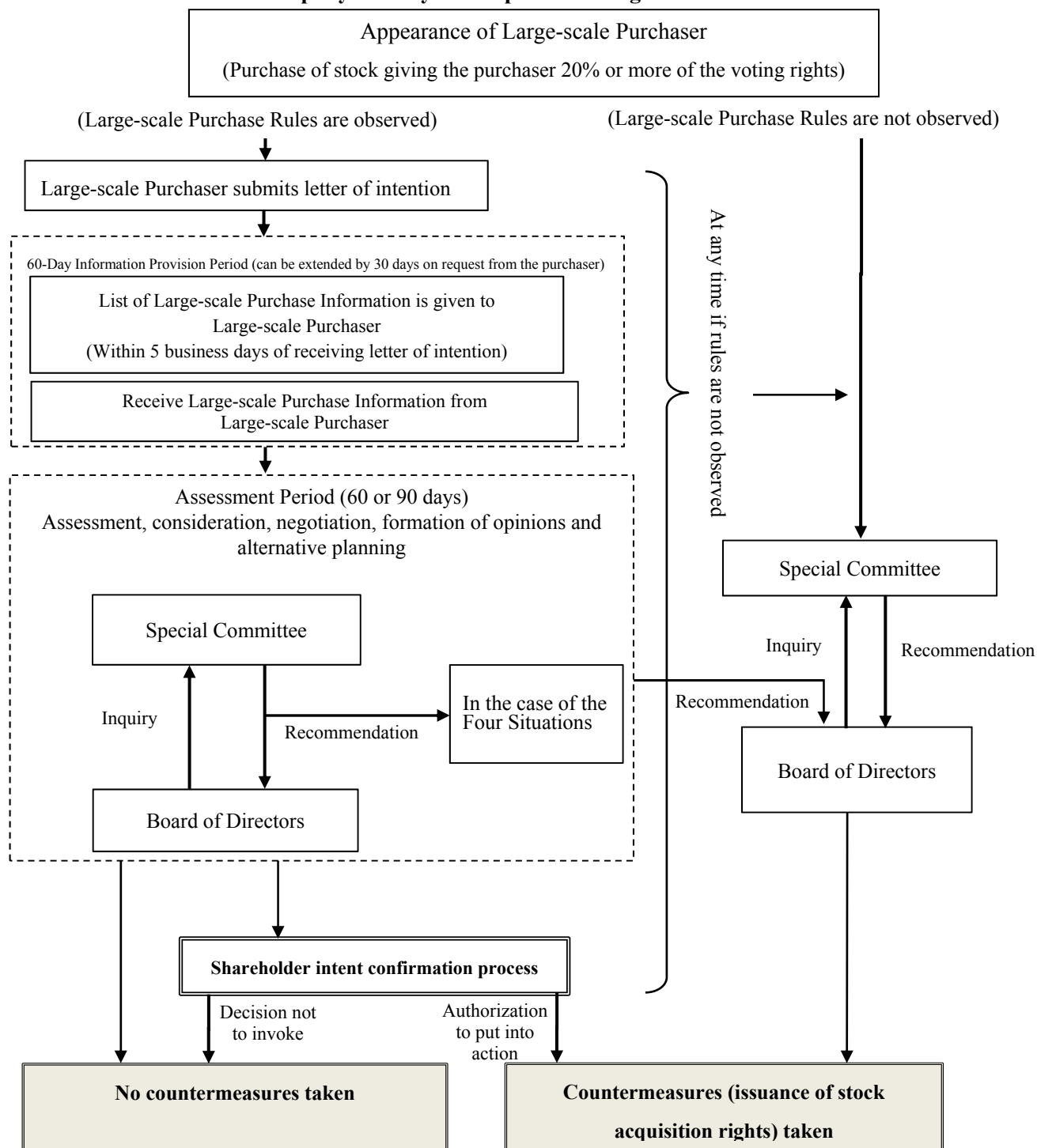
(Translation for reference only)

effective as of June 5, 2019. 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 5, 2019, 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**



The above flow chart was prepared as a reference to make the Policy easier to understand. Please refer to page 23 in “4. Details of the Policy” for more details.



(Translation for reference only)

### **About Shareholder's Proposal**

The Companies Act provides shareholders the right to make proposals if certain requirements are satisfied. Companies are required to state this type of proposal regardless of its content, excluding cases in violation of laws, regulations and the Article of Incorporation, etc.

### **<Shareholder's Proposal (Proposal 5)>**

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

The content for this Proposal is as it was written on the document by the said shareholder, and such content is presented under the subject which was not written on the document.

The reason for this Proposal written in the document consists of the many numbers of characters which exceed the maximum number the Company specifies beforehand pursuant to laws and regulations. Therefore, an excerpt from the conclusion section is presented as a summary after underlined parts were added.

### **Proposal 5: Dismissal of Representative Director Eiji Hayashida**

Content of this Proposal

Dismissal of Representative Director Eiji Hayashida

Reasons for this Proposal (summary)

Without indicating any legal basis or logical reason at the general meeting of shareholders the time for explanation of intentions was limited to three minutes and after that time elapsed the microphone was taken away though the proposer tried to continue explaining he was ordered to leave the venue and was continuously and unreasonably threatened and in a show of incompetence questions on the shareholder's proposal were never answered. Furthermore by meaninglessly carrying out a company-sponsored funeral for former Chairman Emoto and damaging the company's assets Mr. Hayashida shows no intention of contributing to shareholders and no respect for the law giving rise to concern over expecting corporate compliance from and leaving management in the hands of Mr. Hayashida and I therefore propose his dismissal

Board of Directors' opinion

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

(Reasons for the opposition)

Director Eiji Hayashida worked on sustainable growth of the Group and increase of corporate value as a Representative Director, President and CEO of the Company until the end of March this year. Even after retirement as a Representative Director, President and CEO, he, as a Director of the Company, has executed his duties faithfully in accordance with laws, regulations and the Articles of Incorporation. The Board of Directors of the Company believes there is no reason for his dismissal.

As such, the Board of Directors opposes this proposal.

### Translator's note

*Some parts of the translation above may be incomplete or ambiguous, as there are no punctuations in the original Japanese text and numerous instances where the subject of the action is not explicitly stated.*

(Translation for reference only)

(Translation for reference only)

[Appendixes]

## **Business Report for the 17th Term**

(From April 1, 2018 to March 31, 2019)

### 1. Overview of the Corporate Group

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

[Performance of the Group]

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

In the 17th term, the Japanese economy recovered moderately overall, supported by increases in exports and capital investment, but signs of weakness in production and other areas have recently appeared. Overseas, the global economy recovered modestly as a whole and in the United States in particular, but the outlook has grown increasingly uncertain amid rising global trade tensions due to protectionism, the risk of an economic downturn in China and other emerging economies, developments surrounding the UK's exit from the EU, and so on.

Both business income and profit attributable to owners of the parent company increased year over year as the JFE Group carried out the key measures set out under its sixth Medium-Term Business Plan: pursue growth with leading-edge technologies, expand the profit base in Japan and strengthen manufacturing capabilities, advance overseas business and expand the overseas profit base, and strengthen business structure for sustainable growth.

The JFE Group adopted International Financial Reporting Standards (IFRS) from the 17th term, in place of the generally accepted accounting principles in Japan (JGAAP).

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

<Performance of JFE Steel Corporation>

JFE Steel Corporation's consolidated annual crude steel production was 27.88 million tons, down from the previous fiscal year owing to operating issues affecting blast furnace operations, natural disasters, and other factors. Revenue increased to 2,830.6 billion yen, reflecting higher steel sales prices and despite lower sales volumes. Although the business continued working to raise steel selling prices and improve earnings, segment profit was down to 161.3 billion yen owing to the impact of operating issues and a sharp increase in costs due to rising prices of metals and other auxiliary raw materials, materials costs, distribution costs, and the like.

<Performance of JFE Engineering Corporation>

JFE Engineering Corporation's revenue increased sharply to a record high of 485.8 billion yen, reflecting aggressive efforts to win orders for environmental, energy, and infrastructure building projects in Japan and overseas, as well as the smooth execution of project orders already received. Segment profit rose to 20.1 billion yen.

<Performance of JFE Shoji Trade Corporation>

Despite a decline in crude steel production volume, JFE Shoji Trade Corporation's revenue increased to 1,125.8 billion yen, driven by efforts to capture solid demand from the automotive field and Greater Tokyo area redevelopment projects as well as better unit sales prices both in Japan and abroad. Segment profit increased to 35.7 billion yen on increased revenue and expanding profitability at Group companies abroad, particularly in the United States.

---

Notes:

1. Figures for the previous term (16th term) were also reclassified in accordance with IFRS for comparison analysis.
2. In conjunction with the adoption of IFRS, business profit has replaced ordinary income as

(Translation for reference only)

an indicator of consolidated earnings of JFE. Business profit is profit before tax excluding financial income and one-time items of materially significant value. Also, segment profit has replaced ordinary income as an indicator of each segment. Segment profit is profit including financial income in business profit.

<Consolidated business results of the Group>

Although Japan Marine United Corporation, which is accounted for using the equity method, recorded a significant deficit in the last term, recorded profit in this term.

On a consolidated basis incorporating earnings of the parent entity, both revenue and profits were up, with revenue of 3,873.6 billion yen and business income of 232.0 billion yen. Impairment losses also were booked, resulting in profit before tax of 209.3 billion yen and profit attributable to owners of the parent company of 163.5 billion yen.

<Non-consolidated operating results>

During the 17th term, JFE Holdings, Inc. received total management fee income of 2.8 billion yen from three operating companies. JFE Holdings also received total dividend income of 103.9 billion yen from the said three operating companies.

As a result, on a non-consolidated basis, JFE Holdings recorded operating income of 104.2 billion yen and ordinary income of 104.2 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. JFE Holdings intends to propose at this General Meeting of Shareholders a year-end dividend of 50 yen per share. As a result, the annual dividends, including the interim dividend of 45 yen per share, will be 95 yen per share.

Note:

JFE Holdings uses traditional JGAAP for its non-consolidated operating results.

[Tasks requiring attention]

In Japan, the business environment surrounding the JFE Group recovered moderately, supported by increases in exports and capital expenditure, but concern hangs over that a rise in consumption taxes, slower exports, and other factors would put a damper on the growth rate. Overseas, a modest recovery was seen particularly in the United States. However, the speed of growth has decelerated mainly in China, which needs close attention to be paid.

Under these circumstances, the JFE Group has been steadily implementing Group-wide measures under the sixth Medium-Term Business Plan (fiscal years 2018–2020). Regarding the measure “Pursue growth by meeting social needs with leading-edge technologies,” research and technological development for that purpose have progressed nearly as planned.

Regarding “Continue to expand domestic profit base and strengthen manufacturing capabilities,” mainly in the steel business, we have steadily implemented investments with the highest priority given to realize stable operation and replace facilities and strategic investments for sales expansion and production increases.

Regarding “Advance overseas business and expand overseas profit base,” we have been working for expanding the profit base from investment projects initiated under the fifth Medium-Term Business Plan. In addition, we have implemented business investments in priority areas such as automobiles, infrastructure materials and energy, and strategic regions such as Southeast Asia as planned.

Furthermore, to “Strengthen business structure for sustainable growth,” we have expanded initiatives for ESG issues. Specifically, by promoting activities for achieving targets of key performance indicators (KPIs), improving disclosed information through issuance of an Integrated Report, and by announcing a long-term vision and messages relating to the environment, we will contribute to solving social issues.

In conjunction with the adoption of IFRS, performance and profitability targets for the Medium-Term Business Plan and their figures were reclassified.

(Translation for reference only)

Performance and Profitability Targets for Sixth Medium-term Business Plan

	(Old) JGAAP		(New) IFRS	
The Company (consolidated)	Consolidated ordinary income	280 billion yen / year	Business profit	290 billion yen / year
	Profit attributable to owners of parent	200 billion yen / year	Profit attributable to owners of parent	200 billion yen / year
	Debt/EBITDA ratio	Around 3x	Debt/EBITDA ratio	Around 3x
Operating company (consolidated)	Consolidated ordinary income		Segment profit	
	Steel business	220 billion yen / year	Steel business	220 billion yen / year
	Engineering business	30 billion yen / year	Engineering business	30 billion yen / year
	Trading business	35 billion yen / year	Trading business	35 billion yen / year
Capital expenditure	Group-wide Total Capex	About 1 trillion yen / 3 years	Group-wide Total Capex	About 1.2 trillion yen / 3 years
	Steel business Domestic Capex	About 850 billion yen / 3 years	Steel business Domestic Capex	About 1 trillion yen / 3 years

Notes:

1. Debt under IFRS represents interest-bearing liabilities outstanding, which is bonds payable, borrowings, and lease obligations under the JGAAP and EBITDA refers to the combined amount of business profit, depreciation, and amortization.
2. Differences between target values of capital expenditures recorded resulted from, in association with the adoption of IFRS, reclassification of supplies to be used over one year to non-current assets, recording of leased facilities as non-current assets, and change in the scope of consolidation.

<Measures to be taken by operating companies>

■ JFE Steel Corporation aims to constantly create new value and build a global supply chain for steel that grows in step with customers.

As an urgent issue, JFE Steel is striving to prevent recurrence of operational issues in blast furnaces. During the 17th term, operational issues occurred in three blast furnaces in the East Japan Works and West Japan Works. Repair work and countermeasures have already been completed and all blast furnaces have recovered to normal operation. Following the issue, JFE Steel organized a team for responding to blast furnace issues. It will steadily implement permanent countermeasures including response to emergencies, review of facilities inspection standards, and introduction of facilities for detecting early and addressing abnormalities. As such, JFE Steel will strive to prevent recurrence of issues.

On top of these measures, to grow sustainably in the future, JFE Steel will increase its capability and optimize performance through construction of continuous-casting machines and sintering machines, particularly for upstream processes that are important for stronger competitive power in steel works. For these measures, the main investments will be made in the West Japan Works, which is our core steel works.

Also, JFE Steel will develop products and provide solutions, centering on priority areas, and promote growth strategies with leading edge technologies. For example, in the automobile area, to keep pace with technological innovations such as lighter vehicles and the shift to EVs, JFE Steel will accelerate and evolve its technology development by focusing on high-tensile steel. Furthermore, JFE Steel will introduce advanced IT (data science, robotics, etc.) such as AI and IoT to apply to technology development as stated above and actively use such IT technologies for operation and safety management of steel works and other various fields.

Regarding overseas business, JFE Steel Group aims to expand profitability with a focus on fields where efforts have been made to expand global production suited to the degree of maturity of each

(Translation for reference only)

region and market. In Asia's high-growth economies, in addition to pursuing traditional vertical specialization, JFE Steel will make greater use of upstream facilities through alliances with overseas steel companies, etc.

■ JFE Engineering Corporation will promote a business model that is integrated from solutions proposals to operations, as a company that "Creates" and further "Underpins" the foundations for life.

In Japan, to aim for further growth, JFE Engineering will strengthen and expand projects encompassing operations and maintenance activities, recycling and power generation businesses, in addition to existing engineering, procurement and construction activities.

Overseas, the company will steadily implement projects under order by making full use of global engineering structures reinforced aggressively in recent years and promote expansion of business scale and strengthening of earnings power.

In addition, by using information resources such as operational data accumulated through the operation business and AI and IoT technologies, JFE Engineering will further aim to improve product function and provide new products and services ahead of competitors.

■ JFE Shoji Trade Corporation will aim to improve proposal and transmission capabilities as a core trade company of the JFE Group and become a company with strong presence while sustainably growing with customers. While maintaining and increasing earnings from trading operations by expanding steel product sales volume, JFE Shoji Trade will strive to expand business profit through steel material processing, etc. To steadily capture demand in growing overseas markets, JFE Shoji Trade will strengthen operations under a four-region structure (Japan, Americas, China and ASEAN) as the main strategic regions and aim to create a stable profit base which is less exposed to changes in the environment.

In Japan, JFE Shoji Trade will work to strengthen its processing and distribution centers to capture demand and its corporate structure through operational reorganizations, etc.

Overseas, JFE Shoji Trade will strive to expand steel product sales volume further by making full use of the resources of the JFE Group. Also, while strengthening the functions of secondary and tertiary processing which is closer to the finished product, JFE Shoji Trade will create new business models through alliances with superior partners and expand business outside of the Group.

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, etc. (including joint operations) during the 17th term were as follows. Revenue of joint operations included in Sales is an amount corresponding to equity of the JFE Group.

1) Production (Thousand tons)

Business	16th term FY2017	17th term FY2018	Change (%)
Steel business (crude steel output)	30,060	27,881	(7.2)

2) Order received (Millions of yen)

Business	16th term FY2017	17th term FY2018	Change (%)
Engineering business	488,728	482,819	(1.2)

Note:

Prepared in accordance with International Financial Reporting Standards (IFRS)

3) Sales (Millions of yen)

Business	16th term FY2017	17th term FY2018	Change (%)
Steel business	2,735,777	2,830,649	3.5
Engineering business	401,519	485,815	21.0
Trading business	999,368	1,125,861	12.7
Eliminations or corporate	(509,417)	(568,663)	—
Total	3,627,248	3,873,662	6.8

Note:

Prepared in accordance with International Financial Reporting Standards (IFRS)

(3) Capital expenditure

Total amount of capital expenditure of JFE Holdings, Inc. and its consolidated subsidiaries, etc. (including joint operations) during the 17th term was 329.5 billion yen and the major expenditure was as follows. Amount of capital expenditure of joint operations included in the amount above is an amount corresponding to equity of the JFE Group.

1) Major facility completed during the 17th term

Steel Business

JFE Steel Corporation

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

2) Major ongoing facility during the 17th term

Steel Business

JFE Steel Corporation

East Japan Works (Keihin)

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

West Japan Works (Kurashiki)

Construction of continuous-casting machine

West Japan Works (Fukuyama)

Construction of No. 3 sintering machine

West Japan Works (Fukuyama)

Construction of Ferro coke pilot plant

West Japan Works (Fukuyama)

Renovation of No. 3 Coke oven (Battery A and B)

Corporate

Renewal of steelworks systems (Phase 1 and 2)

(Translation for reference only)

(4) Fund procurement

JFE Holdings, Inc. and its consolidated subsidiaries, etc. (including joint operations) raised necessary funds through long-term loans and issuance of straight bonds. The total amount is 243.4 billion yen. The balance of interest-bearing liabilities (bonds payable, borrowings, and lease obligations) increased by 132.6 billion yen year on year to 1,523.8 billion yen. The amount for joint operations included in the amount above is an amount corresponding to equity of the JFE Group.

(5) Assets and operating results

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

JGAAP

(Millions of yen)

Item	14th term FY2015	15th term FY2016	16th term FY2017	17th term FY2018
Net sales	3,431,740	3,308,992	3,678,612	
Operating income	90,638	96,746	246,669	
Ordinary income	64,239	84,735	216,339	
Profit attributable to owners of parent	33,657	67,939	144,638	
Profit per share (yen)	58.36	117.81	250.86	
Net assets	1,857,921	1,921,809	2,009,911	
Total assets	4,234,884	4,336,069	4,440,910	

Note:

JFE Holdings has begun applying the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan [ASBJ] Statement No. 28, February 16, 2018) at the beginning of the 17th term. This accounting standard is retrospectively applied to the amounts of net assets and total assets for the 16th term.

International Financial Reporting Standards (IFRS)

(Millions of yen)

Item	14th term FY2015	15th term FY2016	16th term FY2017	17th term FY2018
Revenue			3,627,248	3,873,662
Business profit			218,378	232,070
Profit attributable to owners of parent			97,635	163,509
Basic earnings per share (yen)			169.34	283.81
Total equity			1,922,065	1,991,759
Total assets			4,487,173	4,709,201

Note:

The JFE Group adopted the International Financial Reporting Standards (IFRS) from the 17th term, in place of JGAAP.

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

JGAAP

(Millions of yen)

Item	14th term FY2015	15th term FY2016	16th term FY2017	17th term FY2018
Operating revenue	49,663	23,681	34,572	116,518
Operating income	36,440	8,585	18,010	104,233
Ordinary income	36,440	8,585	18,010	104,233
Profit	35,993	8,392	(42,180)	104,128
Profit per share (yen)	62.38	14.55	(73.14)	180.69
Net assets	1,055,382	1,058,157	981,063	1,028,332
Total assets	2,492,952	2,523,462	2,366,306	2,479,150

(6) Major lines of business (As of March 31, 2019)



(Translation for reference only)

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

- (7) Major sales offices, works and overseas offices (As of March 31, 2019)

- 1) JFE Holdings, Inc.

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

(Translation for reference only)

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	Sendai 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, Shizuoka, Nagoya, Osaka, Wakayama, Kobe, Shikoku (Takamatsu), Kurashiki, Chugoku (Hiroshima), Fukuyama, 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 Center (Yokohama)
Overseas offices	Beijing, Manila, Hanoi, Ho Chi Minh, Bangkok, Singapore, Malaysia, Indonesia, Yangon, India, Saudi Arabia, Duisburg, U.S.A.

4) Trading business (JFE Shoji Trade Corporation)

Head office	Head office (Chiyoda, Tokyo)
Domestic sales offices	Osaka, 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 51 through 54).

(Translation for reference only)

(8) Employees (As of March 31, 2019)

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

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

	Number of employees
JFE Holdings, Inc.	41
Steel business (JFE Steel Corporation and its consolidated subsidiaries)	44,975
Engineering business (JFE Engineering Corporation and its consolidated subsidiaries)	9,569
Trading business (JFE Shoji Trade Corporation and its consolidated subsidiaries)	7,498
Total	62,083

2) Employees of JFE Holdings, Inc. and operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation)

	Number of employees	Year-on-year increase	Average age (years old)	Average years of service
JFE Holdings, Inc.	41	(Increase by 1)	44.2	22.2
JFE Steel Corporation	15,677	(Increase by 99)	38.7	16.3
JFE Engineering Corporation	3,847	(Increase by 95)	43.5	13.6
JFE Shoji Trade Corporation	974	(Increase by 19)	38.2	12.1

Note:

For those dispatched from operating companies to JFE Holdings, Inc., the aggregated years of service for the respective companies are adapted to the calculation of the Average years of service.

(Translation for reference only)

(9) Significant subsidiaries and affiliates (As of March 31, 2019)

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 and reinforcing steel bars	30,000	*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
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.	Minato, 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 Steel Australia Resources Pty Ltd.	Brisbane, Australia	Investments in coal mines and the iron ore mining business in Australia	AUD 460 mil	*100.0

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
Philippine Sinter Corporation	Manila, Philippines	Manufacture and sales of sintered ore	PHP 1,881 mil	*100.0
JFE Steel Galvanizing (Thailand) Ltd.	Rayong, Thailand	Manufacture and sales of hot-dip galvanized steel products	THB 4,362 mil	*100.0
[Engineering business]				
JFE Engineering Corporation	Chiyoda, Tokyo	Engineering business	10,000	100.0
JFE Kankyo Corporation	Yokohama	Total recycling business	650	*100.0
[Trading business]				
JFE Shoji Trade Corporation	Chiyoda, Tokyo	Domestic and export/import trade of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, chemical products, petroleum products, various equipment and materials, etc.	14,539	100.0
JFE Shoji Trade Steel Construction Materials Corporation	Chiyoda, Tokyo	Sales of construction material products and equipment and materials for civil engineering/construction; metallic processing business; civil engineering/construction works; various works	1,500	*100.0
JFE Shoji 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 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
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
Kelly Pipe Co., LLC	Santa Fe Springs, U.S.A.	Sales of steel pipe	—	*100.0

- Criteria for listing significant subsidiaries were revised in the 17th term.
- JFE Kankyo Corporation merged with Tokyo Waterfront Recycle Power Corporation on April 1, 2019, with JFE Kankyo Corporation as the surviving company, and changed its trade name to J&T Recycling Corporation.
- The consolidated subsidiaries totaled 313, including the companies stated above, during the 17th term.

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

(Translation for reference only)

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	Thermal power generation business	5,000	*50.0
Shinagawa Refractories Co., Ltd.	Chiyoda, Tokyo	Manufacture and sales of various refractories, and contracting for furnace construction works	3,300	*34.1
Nippon Chuzo K.K.	Kawasaki	Manufacture and sales of cast steel products, etc.	2,627	*34.0
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	Yokohama	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
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
California Steel Industries, Inc.	Fontana, U.S.A	Manufacture and sales of steel products	USD 40 mil	*50.0
JSW Steel Ltd.	Mumbai, India	Manufacture and sales of steel products	INR 3,010 mil	*15.0
[Engineering business]				
JP Steel Plantech Co.	Yokohama	Design, manufacture and installation of ironmaking machinery, etc.	1,995	*34.0
[Trading business]				
Hanwa Kozai Co., Ltd.	Osaka	Processing and sales of stainless products	1,076	*47.9
[Other business]				
Japan Marine United Corporation	Yokohama	Design, manufacture, sales, installation, repair and maintenance of ships, naval vessels and marine structures, etc.	25,000	45.9

- Criteria for listing significant affiliates were revised in the 17th term.
- The equity method affiliates (including joint operations) totaled 67, including the companies stated above, during the 17th term.

(Translation for reference only)

3) Matters regarding designated wholly owned subsidiaries (as of March 31, 2019)

Name	Address	Total book value (Millions of yen)	Total assets of the Company (Millions of yen)
JFE Steel Corporation	2-3 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo	721,736	2,479,150

(10) Major lenders (As of March 31, 2019)

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

Name	Loan balance (Millions of yen)
Mizuho Bank, Ltd.	287,642
Sumitomo Mitsui Banking Corporation	149,415
MUFG Bank, Ltd.	144,891
Development Bank of Japan Inc.	63,031

(Translation for reference only)

## 2. JFE Holdings, Inc.'s Share (As of March 31, 2019)

(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)	37,807,870)

(2) Total number of shareholders 218,589

(3) Major shareholders

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	41,770	7.2
Japan Trustee Services Bank, Ltd. (trust account)	32,487	5.6
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)	10,479	1.8
Tokio Marine & Nichido Fire Insurance Co., Ltd.	8,613	1.5
STATE STREET BANK WEST CLIENT - TREATY 505234	8,075	1.4
JPMorgan Securities Japan Co., Ltd.	8,066	1.4
JP MORGAN CHASE BANK 385151	7,984	1.4

Note:

In addition to the above, JFE Holdings, Inc. retains 37,807,870 treasury shares. The treasury shares are not included in the shareholding ratio calculation.

## 3. Subscription Rights to Shares

Not applicable



(Translation for reference only)

#### 4. Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2019)

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 Representative Director, JFE 21st Century Foundation (Public Interest Incorporated Foundation)
Director	Naosuke Oda	Representative Director, President and CEO, JFE Shoji Trade Corporation
Director	Hajime Oshita	Representative Director, President and CEO, JFE Engineering Corporation
Director	Masao Yoshida	Special Advisor, Furukawa Electric Co., Ltd. Outside Director, FURUKAWA CO., LTD. External Director, Tokyo Century Corporation
Director Director	Masami Yamamoto Nobumasa Kemori	Chairman and Director, Fujitsu Limited Executive Advisor of Sumitomo Metal Mining Co., Ltd. Outside Director of NAGASE & CO., LTD.
Audit & Supervisory Board Member (Full-time)	Shotaro Tsumura	Audit & Supervisory Board Member, JFE Engineering Corporation Audit & Supervisory Board Member, JFE Shoji Trade Corporation
Audit & Supervisory Board Member (Full-time)	Nobuya Hara	Audit & Supervisory Board Member, JFE Steel Corporation
Audit & Supervisory Board Member	Shigeo Ohyagi	Advisor, Teijin Limited Outside Director, KDDI CORPORATION Outside Member of the Board of Directors, MUFG Bank, Ltd.
Audit & Supervisory Board Member	Isao Saiki	Partner Lawyer of Abe, Ikubo & Katayama Law Firm
Audit & Supervisory Board Member	Tsuyoshi Numagami	Board Member and Executive Vice President of HITOTSUBASHI UNIVERSITY

Notes:

1. Position of Directors as of April 1, 2019 has changed as follows.

Name	Position after change	Position before change
Koji Kakigi	Representative Director, President and CEO	Representative Director
Eiji Hayashida	Director	Representative Director, President and CEO
Shinichi Okada	Director	Representative Director

2. Eiji Hayashida, Director of JFE Holdings, Inc., retired as Chairman of the Board of Directors of JFE 21st Century Foundation (Public Interest Incorporated Foundation) as of March 31, 2019.
3. Koji Kakigi, Director of JFE Holdings, Inc., retired as Representative Director, President and CEO of JFE Steel Corporation as of April 1, 2019 and became Chairman of the Board of Directors of JFE 21st Century Foundation (Public Interest Incorporated Foundation) as of

(Translation for reference only)

April 1, 2019.

4. Shinichi Okada, Director of JFE Holdings, Inc., retired as Director of JFE Steel Corporation as of April 1, 2019 and retired as Representative Director of JFE 21st Century Foundation (Public Interest Incorporated Foundation) as of March 31, 2019.
5. Masao Yoshida, Masami Yamamoto and Nobumasa Kemori serve as Outside Directors of JFE Holdings, Inc.
6. Directors and Audit & Supervisory Board Members retired during the 17th term are as follows.

Position	Name	Retirement date
Director	Masafumi Maeda	June 21, 2018
Audit & Supervisory Board Member	Hiroyuki Itami	June 21, 2018

7. Shotaro Tsumura, Audit & Supervisory Board Member of JFE Holdings, Inc., retired as Audit & Supervisory Board Member of JFE Engineering Corporation and retired as Audit & Supervisory Board Member of JFE Shoji Trade Corporation as of April 1, 2019.
8. Shigeo Ohyagi, Audit & Supervisory Board Member of JFE Holdings, Inc., retired as Outside Director of Recruit Holdings Co., Ltd. as of June 19, 2018 and retired as Senior Advisor and Member of the Board of Teijin Limited and became Advisor of Teijin Limited as of June 20, 2018. Then he became Outside Director of KDDI CORPORATION as of June 20, 2018 and became Outside Member of the Board of Directors of MUFG Bank, Ltd. as of June 27, 2018.
9. Nobuya Hara, Audit & Supervisory Board Member of JFE Holdings, Inc., has extensive knowledge of and insight into finance and accounting, which he accumulated through work in corporate planning, accounting and finance at JFE Steel Corporation, and through accounting work at JFE Holdings, Inc.  
Tsuyoshi Numagami, Audit & Supervisory Board Member of JFE Holdings, Inc., has been engaged in extensive research on overall corporate management, including business strategy, and has extensive knowledge of and insight into finance and accounting based on his expertise.
10. Shigeo Ohyagi, Isao Saiki and Tsuyoshi Numagami serve as Outside Audit & Supervisory Board Members of JFE Holdings, Inc.
11. Directors Masao Yoshida, Masami Yamamoto and Nobumasa Kemori and Audit & Supervisory Board Members Shigeo Ohyagi, Isao Saiki and Tsuyoshi Numagami 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 JFE Holdings, Inc. JFE Holdings, Inc. designated these six 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.
12. Corporate Officers as of March 31, 2019, are as follows.

Position	Name	Responsibility(ies)
President	Eiji Hayashida	Chief Executive Officer (CEO)
Executive Vice President	Shinichi Okada	Chief Financial Officer (CFO) Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept., and Finance Dept.
Vice President	Hiroyuki Fujiwara	In charge of General Administration Dept. and Corporate Planning Dept.
Vice President	Toshihiro Tanaka	In charge of Investor Relations Dept., and Finance Dept.

(Translation for reference only)

13. Position and responsibilities of Corporate Officers as of April 1, 2019 have changed as follows.

Position	Name	Responsibility(ies)
President	Koji Kakigi	Chief Executive Officer (CEO)
Executive Vice President	Masashi Terahata	Chief Financial Officer (CFO) Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept., and Finance Dept.
Senior Vice President	Hiroyuki Fujiwara	In charge of General Administration Dept. and Corporate Planning Dept.
Senior Vice President	Toshihiro Tanaka	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 JFE Holdings, Inc. 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 Directors and Audit & Supervisory Board Members during the 17th term

	Staff size	Amount (thousands of yen)
Director	9	336,712
Audit & Supervisory Board Member	6	113,302

Notes:

- The above includes one Director and one Audit & Supervisory Board Member retired during the 17th term.
- The total amount of remuneration paid to eight Outside Directors/Audit & Supervisory Board Members is 73,847 thousand yen.
- The amount of remuneration includes 47,050 thousand yen as the total amount of Directors' bonuses recorded as expenses for the 17th term and 28,182 thousand yen as stock remuneration for Directors.

- (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 17th term

- Masao Yoshida, Director  
Masao Yoshida attended all of the 12 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.
- Masami Yamamoto, Director  
Masami Yamamoto attended all of the 12 meetings of the Board of Directors. Having a wealth of knowledge related to ICT and a broad knowledge in corporate management in a global setting, he spoke appropriately at the meetings.
- Nobumasa Kemori, Director

(Translation for reference only)

Nobumasa Kemori attended all of the 9 meetings of the Board of Directors held since his appointment on June 21, 2018. Having experience in a broad range of businesses and corporate management and deep academic knowledge about metallic materials, he spoke appropriately at the meetings.

- Shigeo Ohyagi, Audit & Supervisory Board Member  
Shigeo Ohyagi attended all of the 12 meetings of the Board of Directors and attended 18 of the 19 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.
- Isao Saiki, Audit & Supervisory Board Member  
Isao Saiki attended all of the 12 meetings of the Board of Directors and all of the 19 meetings of the Audit & Supervisory Board. Having a wealth of experience and impressive knowledge in corporate legal affairs and other matters as a lawyer, he spoke appropriately at the meetings.
- Tsuyoshi Numagami, Audit & Supervisory Board Member  
Tsuyoshi Numagami attended all of the 9 meetings of the Board of Directors and all of the 13 meetings of the Audit & Supervisory Board held since his appointment on June 21, 2018. Having deep academic knowledge about a management strategy and ideal organization of companies and experience in university management, he spoke appropriately at the meetings.

(Translation for reference only)

## 5. Accounting Auditor

- (1) Designation of Accounting Auditor: Ernst & Young ShinNihon LLC
- (2) Amount of remuneration for the Accounting Auditor pertaining to the 17th term
  - 1) Amount of remuneration paid by JFE Holdings, Inc. to the Accounting Auditor pertaining to the 17th term: 13,792 thousand yen
  - 2) Total amount of money and other financial profits paid by JFE Holdings, Inc. and its subsidiaries to the Accounting Auditor: 596,136 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: 541,574 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 17th term and the adequacy of the amount of remuneration for the Accounting Auditor, and, as a result, agreed upon the amount of remuneration to be paid to the Accounting Auditor.
- (3) Non-audit work  
JFE Holdings, Inc. 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.

(Translation for reference only)

## 6. 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

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 from a long-term perspective by committing to the corporate vision of contributing to society with the world's most innovative technology.

JFE Holdings, a pure holding company at the core of the Group's integrated governance system, guides Group-wide strategy, risk management and public accountability. Under the policy that one-third or more of Directors should be Independent Outside Directors for the purpose of realizing highly transparent management, three of eight Directors are Independent Outside Directors. Also, three of five Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. JFE Holdings, Inc. has endeavored to strengthen governance through, for example, formulation of the Basic Policy on Corporate Governance, establishment of the Nomination Committee and the Remuneration Committee, evaluation of effectiveness of the Board of Directors, and introduction of medium- to long-term performance-linked stock remuneration system for executives.

Under JFE Holdings, Inc., three operating companies, namely, JFE Steel Corporation which is a world-leading integrated steel manufacturer, JFE Engineering Corporation, and JFE Shoji Trade Corporation conduct optimal business operations in accordance with the characteristics of their respective businesses to strengthen competitiveness and expand earnings power. JFE Holdings, Inc. believes that an increase in its corporate value and sustainable growth are supported by steady implementation of various measures based on a long-term perspective including development of technologies for preservation of the global environment and by fully utilizing the source of our corporate value accumulated through long-term management efforts and ongoing investments, such as world-leading manufacturing capabilities in the steel industry, cost competitiveness, development utilizing Group-wide synergy, and excellent human capital. JFE Holdings, Inc. will also steadily implement measures to strengthen domestic manufacturing capabilities, advance overseas businesses, and promote ESG initiatives as set forth in the "JFE Group's sixth Medium-Term Business Plan" announced in April 2018.

Furthermore, the JFE Group makes diverse efforts to obtain the support and cooperation of each and every stakeholder including customers, shareholders, business partners, employees and 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 "Former 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

(Translation for reference only)

of the Former Policy, has continued to operate the Former Policy. At the Ordinary General Meeting of Shareholders held on June 23, 2017, JFE Holdings, Inc. received shareholders' approval for the continuation of the Policy with certain amendments (hereinafter, the "Policy" shall be used to refer to the policy toward large-scale purchases of JFE shares after the changes).

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. In certain cases prescribed in the Policy, the process for confirming the shareholder intent regarding whether to take countermeasures will be followed.

- (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 provides that if a large-scale purchase of the JFE Holdings, Inc.'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. In addition, the Special Committee, which consists of three members who are Outside Directors and Outside Audit & Supervisory Board Members, as an organization independent from JFE Holdings, Inc.'s Board of Directors, was established 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. Furthermore, in certain cases prescribed in the Policy, the intent of shareholders may be confirmed by following the process for confirming the shareholder intent regarding whether to take countermeasures, and the continuation of the Policy was approved at the Ordinary General Meeting of Shareholders held in 2017.

Consequently, the content of the Policy is based on the above basic policy and does not harm the common interests of shareholders nor intend to improperly protect any executive positions of JFE Holdings, Inc.

---

Note:

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

(Translation for reference only)

### **(Reference) Corporate Governance Initiatives**

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

- 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.
- 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.

(Translation for reference only)

- 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 adequate 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 FY2018, the Nomination Committee was convened six times and the Remuneration Committee was convened three times.

The composition of each Committee is as follows.

#### Nomination Committee

As of March 31, 2019

Chairman	Masami Yamamoto	Outside Director
Committee Member	Masao Yoshida	Outside Director
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Tsuyoshi Numagami	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, 2019

Chairman	Nobumasa Kemori	Outside Director
Committee Member	Masami Yamamoto	Outside Director
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Isao Saiki	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 17th Ordinary General Meeting of Shareholders is set forth below.

#### Nomination Committee

Committee Member	Masao Yoshida	Outside Director
Committee Member	Masami Yamamoto	Outside Director
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Tsuyoshi Numagami	Outside Audit & Supervisory Board Member
Committee Member	Koji Kakigi	Board of Director
Committee Member	Yoshihisa Kitano	Board of Director

(Translation for reference only)

Remuneration Committee

Committee Member	Masami Yamamoto	Outside Director
Committee Member	Nobumasa Kemori	Outside Director
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Isao Saiki	Outside Audit & Supervisory Board Member
Committee Member	Koji Kakigi	Board of Director
Committee Member	Masashi Terahata	Board of Director

(Translation for reference only)

**Consolidated Financial Statements**  
**<International Financial Reporting Standards (IFRS)>**

**Consolidated Statement of Financial Position**

As of March 31, 2019

(Millions of yen)

Items	Amount	Items	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>1,988,658</b>	<b>Current liabilities</b>	<b>1,325,938</b>
Cash and cash equivalents	82,288	Trade and other payables	584,939
Trade and other receivables	754,679	Bonds payable, borrowings, and lease obligations	329,400
Contract assets	124,039	Contract liabilities	59,060
Inventories	917,812	Income taxes payable, etc.	16,399
Income taxes receivable	19,076	Provisions	14,336
Other financial assets	4,471	Other financial liabilities	99,097
Other current assets	86,290	Other current liabilities	222,705
<b>Non-current assets</b>	<b>2,720,543</b>	<b>Non-current liabilities</b>	<b>1,391,503</b>
Property, plant and equipment	1,835,229	Bonds payable, borrowings, and lease obligations	1,194,478
Goodwill	4,445	Retirement benefit liability	133,999
Intangible assets	82,567	Provisions	30,438
Investment property	59,425	Deferred tax liabilities	3,550
Investments accounted for using equity method	315,064	Other financial liabilities	17,140
Retirement benefit asset	16,380	Other non-current liabilities	11,895
Deferred tax assets	36,609	<b>Total liabilities</b>	<b>2,717,442</b>
Other financial assets	360,133	<b>(EQUITY)</b>	
Other non-current assets	10,686	<b>Equity attributable to owners of parent</b>	<b>1,926,337</b>
		Share capital	147,143
		Capital surplus	646,793
		Retained earnings	1,241,420
		Treasury shares	(180,670)
		Other components of equity	71,650
		<b>Non-controlling interests</b>	<b>65,422</b>
		<b>Total equity</b>	<b>1,991,759</b>
<b>Total assets</b>	<b>4,709,201</b>	<b>Total liabilities and equity</b>	<b>4,709,201</b>

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

(Translation for reference only)

**Consolidated Statement of Profit or Loss**

From April 1, 2018 to March 31, 2019

(Millions of yen)

Items	Amount
<b>Revenue</b>	<b>3,873,662</b>
Cost of sales	(3,328,475)
<b>Gross profit</b>	<b>545,186</b>
Selling, general and administrative expenses	(357,323)
Share of profit of entities accounted for using equity method	42,685
Other income	30,877
Other expenses	(29,355)
<b>Business profit</b>	<b>232,070</b>
Impairment losses	(10,252)
<b>Operating profit</b>	<b>221,818</b>
Finance income	2,083
Finance costs	(14,588)
<b>Profit before tax</b>	<b>209,313</b>
Income tax expense	(39,488)
<b>Profit</b>	<b>169,825</b>
<b>Profit attributable to</b>	
Owners of parent	163,509
Non-controlling interests	6,315
<b>Profit</b>	<b>169,825</b>

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

(Translation for reference only)

(Reference)

### Consolidated Statement of Cash Flow

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Items	Amount
I. Cash flows from operating activities	
Profit before tax	209,313
Depreciation and amortization	196,243
Changes in allowance	(23)
Interest and dividend income	(10,627)
Interest expenses	13,648
Decrease (increase) in trade and other receivables	2,533
Decrease (increase) in inventories	(82,525)
Increase (decrease) in trade and other payables	19,691
Other	(669)
Subtotal	347,585
Interest and dividends received	19,014
Interest paid	(12,606)
Income taxes paid	(85,741)
Cash flows from operating activities	268,251
II. Cash flows from investing activities	
Purchase of property, plant and equipment, intangible assets, and investment property	(312,578)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	488
Purchase of investments	(8,394)
Proceeds from sale of investments	6,889
Other	243
Cash flows from investing activities	(313,351)
III. Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	18,752
Increase (decrease) in commercial papers	77,000
Proceeds from long-term borrowings	213,499
Repayments of long-term borrowings	(200,487)
Proceeds from issuance of bonds	30,000
Redemption of bonds	(15,000)
Payments for purchase of treasury shares	(1,627)
Dividends paid to owners of parent	(54,640)
Other	(15,614)
Cash flows from financing activities	51,882
Effect of exchange rate change on cash and cash equivalents	388
Net increase (decrease) in cash and cash equivalents	7,170
Cash and cash equivalents at beginning of period	75,117
Cash and cash equivalents at end of period	82,288

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



(Translation for reference only)

(Reference)

## Segment Information

(From April 1, 2018 to March 31, 2019)

### 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. Information about reportable segment

The Group assesses segment performance on the basis of segment profit. Segment profit is profit before tax excluding one-time items of a materially significant value.

Intersegment transactions are based on market prices and the like.

	Reportable segment				Adjustments	Amount recorded on consolidated financial statements
	Steel	Engineering	Trading	Total		
Revenue						
Revenue from external customers	2,441,696	471,673	960,292	3,873,662	-	3,873,662
Intersegment revenue	388,953	14,142	165,568	568,663	(568,663)	-
Total	2,830,649	485,815	1,125,861	4,442,326	(568,663)	3,873,662
Segment profit	161,383	20,104	35,761	217,250	2,315	219,566
Impairment losses						(10,252)
Profit before tax						209,313
Segment assets	3,951,109	416,079	756,258	5,123,448	(414,246)	4,709,201
Other items						
Depreciation and amortization	182,343	7,878	6,020	196,241	2	196,243
Impairment losses	(9,736)	(470)	(44)	(10,252)	-	(10,252)
Finance income	1,451	141	717	2,311	(228)	2,083
Finance costs	(11,399)	(701)	(2,885)	(14,986)	398	(14,588)
Share of profit of entities accounted for using equity method	38,777	1,351	1,075	41,205	1,480	42,685
Investments accounted for using equity method	268,568	10,415	13,814	292,798	22,265	315,064
Capital expenditures	306,285	11,648	11,571	329,504	1	329,505

(Translation for reference only)

**Non-consolidated Financial Statements <JGAAP>**

**Non-consolidated Balance Sheet**

As of March 31, 2019

(Millions of yen)

Items	Amount	Items	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>474,527</b>	<b>Current liabilities</b>	<b>348,941</b>
Cash and deposits	5,678	Short-term loans payable	100,546
Operating accounts receivable	939	Commercial papers	83,000
Short-term loans receivable	438,598	Accounts payable - other	9,963
Other	29,310	Accrued expenses	1,304
		Income taxes payable	20
		Deposits received	154,105
<b>Non-current assets</b>	<b>2,004,623</b>	<b>Non-current liabilities</b>	<b>1,101,876</b>
<b>Property, plant and equipment</b>	<b>1</b>	Bonds payable	110,000
Tools, furniture and fixtures	1	Long-term loans payable	990,749
		Provision for share-based remuneration for directors and corporate officers	31
		Allowance for corporate officers' retirement benefits	19
		Other	1,076
<b>Intangible assets</b>	<b>7</b>		
Trademark right	7	<b>Total liabilities</b>	<b>1,450,817</b>
		<b>(NET ASSETS)</b>	
		<b>Shareholders' equity</b>	<b>1,029,068</b>
		<b>Capital stock</b>	<b>147,143</b>
		<b>Capital surplus</b>	<b>772,574</b>
		Legal capital surplus	772,574
		<b>Retained earnings</b>	<b>194,489</b>
		Other retained earnings	194,489
		Retained earnings brought forward	194,489
		<b>Treasury shares</b>	<b>(85,138)</b>
		<b>Valuation and translation adjustments</b>	<b>(735)</b>
		Deferred gains or losses on hedges	(735)
		<b>Total net assets</b>	<b>1,028,332</b>
<b>Total assets</b>	<b>2,479,150</b>	<b>Total liabilities and net assets</b>	<b>2,479,150</b>

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

(Translation for reference only)

**Non-consolidated Statement of Income**

From April 1, 2018 to March 31, 2019

(Millions of yen)

Items	Amount	
Operating revenue		
Dividend income	103,928	
Financial revenue	9,721	
Management fee income	2,869	116,518
Operating expenses		
Financial expenses	9,794	
General and administrative expenses	2,490	12,285
<b>Operating income</b>		<b>104,233</b>
<b>Ordinary income</b>		<b>104,233</b>
<b>Profit before income taxes</b>		<b>104,233</b>
Income taxes - current		107
Income taxes - deferred		(3)
<b>Profit</b>		<b>104,128</b>

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

## Independent Auditor's Report

May 20, 2019

Mr. Koji Kakigi  
Representative Director, President and CEO  
JFE Holdings, Inc.

Ernst & Young ShinNihon LLC

Yasuharu Nakajima  
Certified Public Accountant  
Designated and Engagement Partner

Yusuke Nakamura  
Certified Public Accountant  
Designated and Engagement Partner

Yoshihiro Shibata  
Certified Public Accountant  
Designated and Engagement Partner

Takashi Inayoshi  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, 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, 2018 to March 31, 2019.

### 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 provisions of the latter part of Article 120, paragraph 1 of the Regulation on Corporate Accounting which permits companies to omit some disclosure items required under the Designated International Accounting Standards in preparing consolidated financial statements 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 these consolidated financial statements based on our audit. 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. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by

(Translation for reference only)

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.

#### Opinion

In our opinion, the consolidated financial statements referred to above, which were prepared with some disclosure items required under the Designated International Accounting Standards omitted in accordance with provisions of the latter part of Article 120, paragraph 1 of the Regulation on Corporate Accounting, 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, 2019.

#### Conflicts of Interest

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

## Independent Auditor's Report

May 20, 2019

Mr. Koji Kakigi  
Representative Director, President and CEO  
JFE Holdings, Inc.

Ernst & Young ShinNihon LLC

Yasuharu Nakajima  
Certified Public Accountant  
Designated and Engagement Partner

Yusuke Nakamura  
Certified Public Accountant  
Designated and Engagement Partner

Yoshihiro Shibata  
Certified Public Accountant  
Designated and Engagement Partner

Takashi Inayoshi  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of JFE Holdings, Inc. (the "Company") applicable to the 17th term from April 1, 2018 to March 31, 2019.

**Management's Responsibility for the 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 these financial statements and the related supplementary schedules based on our audit. 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 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 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 financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. 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 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

(Translation for reference only)

audit opinion.

**Opinion**

In our opinion, the 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, 2019 in conformity with accounting principles generally accepted in Japan.

**Conflicts of Interest**

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

(Translation for reference only)

## The Audit Report of Audit & Supervisory Board

### The Audit Report

Regarding the performance of duties by Directors for the 17th term from April 1, 2018 to March 31, 2019, 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 Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements), as well as the non-consolidated financial



(Translation for reference only)

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, 2019.

## 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 21, 2019

Audit & Supervisory Board of JFE Holdings, Inc.

Audit & Supervisory Board Member (Full-time)	Shotaro Tsumura
Audit & Supervisory Board Member (Full-time)	Nobuya Hara
Outside Audit & Supervisory Board Member	Shigeo Ohyagi
Outside Audit & Supervisory Board Member	Isao Saiki
Outside Audit & Supervisory Board Member	Tsuyoshi Numagami

*(English Translation of the Japanese original)*

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