

For Immediate Release:

April 20, 2012
JFE Holdings, Inc.

JFE Group's Fourth Medium-Term Business Plan

This is an overview of the JFE Group's fourth medium-term business plan, which establishes strategic operating guidelines for the period from April 1, 2012 to March 31, 2015.

I. Basic Policies

In the last medium term, the Group worked to strengthen its business structure and enhance corporate value for the medium to long term in the face of a harsh business environment due to factors including the global financial crisis and Great East Japan Earthquake.

In this fourth medium-term business plan, beginning in 2012, JFE's 10th anniversary, the Group will return to the starting point to establish a corporate structure for sustainable growth by strengthening its domestic profit base and developing innovative technologies and groundbreaking products. It also will strive for new growth in the global market by building up resources mainly in emerging countries expected to achieve high growth over the medium to long term. Through such efforts, JFE aims to achieve consolidated net sales of 4 trillion yen and an ordinary income to net sales ratio of 10% in fiscal 2014, the final year of this business plan.

II. Main Measures

1. Group-wide Measures

1) Restructure Domestic Profit Base

JFE will strive to expand its business fields and strengthen competitiveness through business alliances and M&A, and also thorough cost cutting to develop a more viable domestic manufacturing base. The Group will also strengthen profitability to secure cost advantages and to support investment overseas in markets with growth potential.

2) Enhance Corporate Value through Technological Advantages

JFE will develop innovative technologies with an eye on the horizon 10 years from now in order to enhance its corporate value by leveraging its technological advantages. In new product development, customer needs will be met more promptly and precisely by rapidly developing groundbreaking products. JFE also aims to develop process technologies that lead to deeper cost reductions and both fundamental and applied technologies that lead to a stronger JFE brand. Advanced technologies for energy and resource conservation will be upgraded further. JFE will strive to become a supplier of cutting-edge, global technologies and products in the environmental and energy fields, where demand is expected to increase.

3) Continue Large-scale Investment for Growth and Cost Reductions

The JFE Group will continue to invest on a large scale to steadily implement its operational strategies. Total investment between fiscal years 2012 and 2014 is targeted to reach one trillion yen.

4) Expand Presence in Global Markets

JFE will penetrate global markets more widely, focusing particularly on markets with growth potential, by expanding its overseas bases and maximizing the synergistic effects of leveraging JFE Shoji Trade Corporation's network, aiming to provide products and services that meet the needs of local customers. Overseas production of steel will be strengthened and engineering-related global sales and technology activities will be expanded. Also, business expansion will be pursued by deepening relationships with alliance partners, while current business will be strengthened through M&A targeted at companies overseas.

To implement such measures, JFE will focus on significantly increasing its ratio of overseas investment to total investment, raising it to approximately 50% under the fourth medium-term business plan, compared with 25% actual under the previous plan.

5) Establish Corporate Structure for Sustainable Growth

a. Strengthen CSR and Corporate Governance

The JFE Group will continue its diligent efforts to achieve full compliance. Also, it will pursue efficient, effective operations and fair, objective and transparent corporate governance.

b. Strengthen Environmental Management

JFE, targeting key global environmental issues such as the prevention of global warming as a key business priority, will work proactively to help reduce environmental loads and protect the environment. The company will also contribute to more sustainable societies by applying advanced environmental engineering technologies.

c. Diversify Human Resources on a Global Scale

As the JFE Group broadens its global presence, it will expand its annual recruitment schedule, as well as potential candidates, to ensure the hiring of diverse people. Also, more opportunities for experience in overseas locations will be provided to enhance human resource development.

d. Improve Financial Position and Return Profits to Shareholders

The JFE Group, while investing in new growth initiatives, will continue to work toward improved earnings and cash flow to ensure financial strength deserving of A-grade ratings by international credit rating agencies.

The JFE Group, which believes that returning profits to shareholders is one of its most important missions, will maintain a dividend payout ratio of 25%.

2. Basic policies and measures for operating companies

1) JFE Steel Corporation (steel business)

JFE Steel aims to solidify its reputation as the world's leading global steel supplier and become a company that can be truly proud of its global status. In addition to focusing on high-end steel, JFE Steel will capture emerging market sectors with growth potential by engaging in technical cooperation and strategic alliances, as well as by enhancing product value, to become the company chosen by customers. In terms of business scale, JFE plans to grow to 40 million tons in the coming five years and then eventually 50 million tons.

a. Strategies to expand sales by meeting customer needs

JFE Steel will pursue increased sales by leveraging its technological advantages to develop products that meet customer needs. The company will also strive to deliver consistent services and support, ranging from sales and product design to manufacturing, distribution and quality assurance.

b. World-leading technologies and cost competitiveness

In addition to thoroughly strengthening the cost competitiveness of upstream operations, JFE Steel will raise productivity to establish production frameworks capable of responding more flexibly to demand fluctuations. Closer collaboration with JFE Shoji Trade Corporation is expected to lead to enhanced efficiency and lower costs of domestic distribution.

c. Accelerate expansion into overseas markets

A strategic priority will be placed on shifting from the current export-driven business model to one that combines exports and local production, including by aggressively expanding production capabilities overseas. In Vietnam, the feasibility of building and operating an integrated steelworks will be studied.

d. More competitive procurement of raw materials

JFE Steel will increase its iron ore and coking coal self-sufficiency ratio to 30%, and will develop the capability to adjust procurement volume on a timely basis in response to fluctuating production.

2) JFE Engineering Corporation (engineering business)

JFE Engineering will further solidify its business foundation, mainly in the environmental and energy fields, aiming to become a leader in these areas.

a. Expand overseas business

For specialty operations, including waste-to-energy plants, waste heat recovery boilers and wastewater treatment plants, relevant domestic sales and technical functions will be shifted to overseas bases, primarily in Europe and Asia. Global business will be expanded by responding to regional diversities. The target ratio of overseas to total orders is more than 10% in fiscal 2014, compared with 5% actual in fiscal 2011.

b. Develop and promptly launch new products

JFE Engineering aims to win more orders for new technologies such as ballast water

treatment plants and “Cycle Tree” multi-level mechanical bicycle parking system, and in renewable energy fields including geothermal power generation. The target ratio of new to total product orders is 8% in fiscal 2014, or four times greater than the 2% actual in fiscal 2011. The company will strive to achieve these goals aggressively through M&A, mostly in the environmental field.

3) Universal Shipbuilding (shipbuilding business)

a. Achieving the synergistic effects of integration with IHIMU

To compete with major Korean shipbuilding companies, Universal Shipbuilding will establish a comprehensive industry-leading position by promptly actuating the synergistic effects of its integration with IHI Marine United (IHIMU) in October 2012.

b. Expanding the product portfolio and improving productivity

Product development capabilities will be enhanced to expand the company’s product portfolio and shorten development periods. To substantially reduce costs, productivity will be improved by aggregating ship types in shipyards and by strengthening capabilities to purchase materials and machinery.

c. Developing next-generation environmentally friendly ships

The company will focus on developing next-generation, environmentally friendly ships that offer world-leading fuel efficiency.

#

For further information, please contact:

Public Relations Sec., General Administration Dept.
JFE Holdings, Inc.
Tel: +81-3-3597-3842