

January 31, 2013

Company Name: JFE Holdings, Inc. (Code: 5411 Tokyo, Osaka and Nagoya stock exchanges in Japan)
Representative: Hajime Bada, President and CEO
Contact: Gaku Takahashi, Manager, Public Relations Sec., General Administration Dept.
Tel: +81-3-3597-3842

To whom it may concern:

Notice Regarding Subordinated Loan Financing as well as Acquisition and Cancellation of the First Series of Unsecured Mandatorily Callable Subordinated Convertible Bonds

JFE Holdings, Inc. announces herewith its financing of 300 billion yen in total by subordinated loan (hereinafter the "Loan") as well as acquisition and cancellation of the first series of unsecured mandatorily callable subordinated convertible bonds (hereinafter the "Subordinated Convertible Bonds", and together with the financing by the Loan, the "Refinancing"), which have been approved by the company's board of directors held on January 31, 2013.

1. Purpose and background of the Refinancing

JFE Holdings issued the Subordinated Convertible Bonds on March 17, 2008 to procure funds for flexible strategic investments and loans contributing to the Company's profits and enhancement of shareholder value, and to ensure the maintenance and improvement of the Company's financial soundness and avoidance of equity dilution.

The Company will implement the Refinancing in accordance with the call option as set forth in the Subordinated Convertible Bonds.

The below-mentioned rating agents have recognized the equity equivalence of the Loan to the Subordinated Convertible Bonds. Therefore, JFE Holdings, Inc. will continue to maintain its financial soundness by the Loan financing without diluting its equity because the Loan does not include conversion rights into common shares.

2. Overview of the Loan

- | | |
|----------------------|---|
| (1) Loan amount: | 300 billion yen |
| (2) Execution Date: | January 31, 2013 |
| (3) Drawdown Date: | March 18, 2013 |
| (4) Due Date: | March 18, 2073 |
| (5) Rating agents | Moody's Investors Service, Inc., Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd. |
| (6) Main provisions: | The following provisions having equity equivalent nature will be set forth in the Loan Agreement as is the case for the Subordinated Convertible Bonds. |

- a) Replacement restrictions
The Company does not intend to make a prepayment of the Loan except to the extent that the Borrower raises funds by issuing common shares or by security issuance or loan borrowing which are approved by all rating agents as having equity credit equal to or higher than the equity credit of the obligations under the Loan Agreement as of the Drawdown Date, within the period of six months preceding the date of such prepayment.
- b) Constraints on interest payments (mandatory and optional deferrals of interest payment)
- c) Subordination provision (subordinated rights of the lenders to receive payments under liquidation, bankruptcy, reorganization or rehabilitation proceedings)
- d) Prohibition of changes disadvantageous to senior lenders
Terms of the Loan Agreement may not be changed in any respect whatsoever to the disadvantage of creditors of the Company, other than those with subordinated claims, and no agreement on any such change will affect in any way whatsoever any such person.

(7) Lenders: Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Trust & Banking Co., Ltd. and Century Tokyo Leasing Corporation

3. Overview of acquisition and cancellation of the Subordinated Convertible Bonds

- Date of acquisition: March 18, 2013
- Amount of acquisition : 300 billion yen (aggregate face value of bonds)
- Price of acquisition: 100 yen per face value of 100 yen
- Reason for acquisition: pursuant to the call option (Paragraph 17.(11) of the Terms and Conditions of the Subordinated Convertible Bonds) of the Subordinated Convertible Bonds

Note: All Subordinated Convertible Bonds will be cancelled on the date of acquisition.

##