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Disclosures on the Internet under Laws, Regulations and the Articles of Incorporation

92nd Fiscal Year (April 1, 2015 - March 31, 2016)

(i) Notes to the Consolidated Financial Statements

(ii) Notes to the Non-consolidated Financial Statements

Mitsubishi Steel Mfg. Co., Ltd.

This information is posted on the Company's website and thereby provided to its shareholders pursuant to the provisions of laws, regulations and Article 14 of the Articles of Incorporation.

Notes to the Consolidated Financial Statements

(April 1, 2015 - March 31, 2016)

(Notes on Significant Information Regarding the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 14

Names of major consolidated subsidiaries: MSSC CANADA INC.
MSSC US INC.
MSM NINGBO SPRING CO., LTD.
MSM CEBU, INC.
MSM (THAILAND) CO., LTD.
Mitsubishi Steel Muroran Inc.
Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.
Ryokoh Express Co., Ltd.

(2) Names of major non-consolidated subsidiaries: Marunaka Sangyo Co., Ltd., Ryoki Engineering Co., Ltd.

The non-consolidated subsidiaries are excluded from the scope of consolidation due to both being small in size and not having a significant impact on the Consolidated Financial Statements in terms of the total amount of total assets, net sales, profit (amount proportionate to equity interest), retained earnings (amount proportionate to equity interest), etc.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries accounted for under the equity method: 0

(2) Number of affiliates accounted for under the equity method: 4

Name of affiliates accounted for under the equity method:
Hokkai Iron & Coke Corporation
CROFT PROPERTIES HOLDINGS, INC.
Stumpp Schuele & Somappa Auto Suspension Systems Pvt. Ltd.
PT. JATIM TAMAN STEEL MFG.

(3) Non-consolidated subsidiaries and affiliate not accounted for under the equity method:

Name of major non-consolidated subsidiaries:

Marunaka Sangyo Co., Ltd., Ryoki Engineering Co., Ltd.

Name of major affiliate: Dai-ichi Heat Muroran Co., Ltd.

The non-consolidated subsidiaries and affiliate are excluded from the scope of application of the equity method as their impact on net income, retained earnings, etc. is not only miniscule individually but is also insignificant as a whole.

3. Accounting policies

(1) Valuation standards and methods of principal assets

(i) Securities

Available-for-sale securities:

For which market value is available:

The present market value is recorded based on the market prices, etc., on the last day of the period. (Valuation differences are incorporated into net assets in full. Selling prices were computed based on the moving-average method.)

For which market value is not available:

Stated at cost mainly using the moving-average method.

(ii) Inventories

Stated at cost based mainly on the periodic average method (method in which book values are lowered based on declines in profitability).

(2) Depreciation and amortization methods of principal depreciable assets

(i) Property, plant and equipment (excluding leased assets):

The Company depreciates property, plant and equipment (excluding leased assets) using mainly the declining-balance method.

The range of useful lives of main property, plant and equipment is as follows:

Buildings and structures

8 - 33 years

Machinery, equipment and vehicles

4- 14 years

(ii) Intangible assets (excluding leased assets)

The Company amortizes intangible assets (excluding leased assets) using the straight-line method.

(iii) Leased assets

Leased assets associated with finance leases in which ownership of the leased assets is not transferred to the lessee

The straight-line method is used assuming the lease period equals the estimated useful life and the residual value at the end of the lease term is nil.

(3) Accounting standards for principal provisions and allowances

(i) Allowance for doubtful accounts

In order to provide for potential credit losses due to accounts receivable being difficult to collect, loans receivable, etc., allowances of the estimated unrecoverable amounts are reported based on historical loan loss rates for general claims, and on an individual basis for specific receivables including doubtful receivables.

(ii) Provision for directors' retirement benefits

With respect to some consolidated subsidiaries, in order to provide for the payment of retirement benefits for directors, an allowance in the amount to be paid at the end of the fiscal year is reported as required by internal rules.

(4) Method of amortization and amortization period of goodwill and negative goodwill

Goodwill and negative goodwill are amortized over seven years from the time of accrual using the straight-line method. The difference in investment amounts arising upon the application of the equity method is amortized over eight or nine years from the time of accrual using the straight-line method.

(5) Other significant information for the preparation of Consolidated Financial Statements

(i) Hedge accounting method

Deferral hedge accounting is used. In addition, special treatment is applied to interest rate swap contracts that meet the requirements for special treatment.

(ii) Accounting method for retirement benefits

In order to provide for the payment of employee retirement benefits, the Company reports the amount of the retirement benefit obligations less pension assets at the end of the consolidated fiscal year under review as net defined benefit liability (or net defined benefit asset if the amount of pension assets exceeds the amount of retirement benefit obligations).

In the calculation of retirement benefit obligations, the benefit formula has been used to attribute expected benefits to periods until the end of the consolidated fiscal year under review.

Prior service costs are expensed using the straight-line method based on a certain number of years (mainly 12 years) within the average remaining service years of the employees when incurred in each fiscal year.

Actuarial differences are expensed from the following fiscal year as incurred using the straight-line method based on a certain number of years (mainly 12 years) within the average remaining services years of the employees when incurred in each fiscal year.

Unrecognized actuarial differences and unrecognized prior service costs have been recorded under remeasurements of defined benefit plans under accumulated other comprehensive income in net assets upon adjustment of tax effects.

In some of the Company's subsidiaries in North America, non-pension post-retirement health benefits are treated similarly to retirement benefits, i.e. their total amounts are estimated and allocated on the basis of the employee's years of service, and due to their similar nature to retirement benefits, have been included in net defined benefit liability.

(iii) Standards for the recognition of net sales of completed construction contracts and cost of sales of completed construction contracts

Construction contracts in progress for which the outcome of the progress made by the end of the fiscal year under review is deemed certain are subject to the percentage-of-completion method, and other construction contracts are subject to the completed-contract method.

The percentage of completion as of the end of the current fiscal year of contacts subject to the percentage-of-completion method is estimated on a cost-to-cost basis.

(iv) Accounting for consumption tax

In terms of accounting for consumption tax and local consumption tax, amounts are shown exclusive of such taxes.

(Notes on Changes in Accounting Policies)

"Accounting Standard for Business Combinations" (Accounting Standard Board of Japan - ASBJ - Statement No.21 of September 13, 2013; hereinafter referred to as "Business Combinations Accounting Standard"), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 of September 13, 2013; hereinafter referred to as the "Consolidated Accounting Standard"), and "Accounting Standard for Business Divestitures" (ASBJ Statement No.7 of September 13, 2013; hereinafter referred to as Business Divestitures Standard") are applied, effective the fiscal year ended March 31, 2016. Accordingly, the method of recording was changed so that the difference due to change in the Company's equity of subsidiaries which continued to be controlled is recorded as capital surplus, and that acquisition related expenses are recorded in the consolidated fiscal year when they were incurred. Moreover, regarding business combinations implemented from the beginning of the consolidated fiscal year under review and after, the method is changed to reflect, in the consolidated financial statements of the consolidated fiscal year to which the date of business combination belongs, the review of the allocated amount of the acquisition cost due to the finalization of provisional accounting. Furthermore, presentation of profit, etc. is changed, while presentation of minority interest is changed to that of non-controlling interests. In order to reflect such changes, the consolidated financial statements of the previous consolidated fiscal year are revised.

For application of the Business Combinations Accounting Standard, etc., transitional treatments stipulated in Item 58-2 (4) of the Business Combinations Accounting Standard, Item 44-5 (4) of the Consolidated Accounting Standard, and Item 57-4 (4) of the Business Divestitures Standard are followed, being applied from the beginning of the consolidated fiscal year under review onward. As a result, there are minimal impacts on operating income, ordinary income, and income before income tax of the fiscal year under review, and on capital surplus at the end of the fiscal year under review. There is a minimal impact on the balance of capital surplus at the end of the period in the Consolidated Statement of Changes in Equity for the consolidated fiscal year under review. Moreover, impact on per-share information is minimal.

(Notes to the Consolidated Balance Sheet)

1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral

Buildings and structures	34 million yen
Machinery, equipment and vehicles	17
Land	1,084
Total	1,136

Secured liabilities

Short-term loans payable	200 million yen

The above liabilities are liabilities related to revolving mortgage with the maximum amount of 760 million yen.

2. Accumulated depreciation of property, plant and equipment:

75,565 million yen

3. Obligatory repurchase amount in notes receivable securitization:

266 million yen

(Note to the Consolidated Statement of Income)

1. Impairment loss

The Group recorded impairment loss for the following asset groups:

Use	Type	Location (Subsidiary's name)	Amount
Facility for manufacturing springs for construction machinery	Machinery, equipment and vehicles	Ningbo City, Zhejiang Province, China (MSM NINGBO SPRING CO., LTD.)	423 million yen

(Background)

The Group recorded an impairment loss of 423 million yen under extraordinary losses because the initially expected revenues for some products are not likely any more, as operations of some specific manufacturing facilities were lowered due to changes in business conditions in China.

(Method of grouping)

For the minimum unit for generating cash flows, the Group classifies one office for divisions, and one property in principle for idle assets and assets with a significantly low utilization rate.

(Method for calculating recoverable amounts, etc.)

Recoverable amounts of asset groups are measured by utility value.

Utility value is calculated by discounting future cash flows by 11%.

2. Amortization of goodwill

Amortization of goodwill recorded under extraordinary losses shows that goodwill was amortized with the impairment of consolidated subsidiary's shares in accordance to the provisions of Item 32 of the "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (Japanese Institute of Certified Public Accountants: Accounting Practice Committee Report No.7 on November 28, 2014)

(Notes to the Consolidated Statement of Changes in Equity)

1. Type and total number of shares outstanding at end of consolidated fiscal year under review:

   Common shares 156,556,683 shares

2. Dividends

   (1) Dividend payments

Date of resolution	Total dividends	Cash dividends per share	Effective date	Record date
Ordinary general meeting of shareholders held on June 19, 2015	538 million yen	3.5 yen	June 22, 2015	March 31, 2015
Board of Directors meeting held on October 29, 2015	384 million yen	2.5 yen	November 26, 2015	September 30, 2015

   (2) Dividends whose record date is in the current fiscal year and whose effective date is in the following fiscal year

   At the ordinary general meeting of shareholders to be held on June 17, 2016, the following proposal on dividends will be submitted.

Total dividends	538 million yen
Cash dividends per share	3.50 yen
Effective date	June 20, 2016
Record date	March 31, 2016

   The source of dividends shall be retained earnings.

(Notes on Financial Instruments)

1. Information regarding status of financial instruments

   The Group limits its fund management activities to short-term deposits, etc., and raises funds by borrowings from financial institutions such as banks.

   The Group seeks to reduce credit risks of customers concerning notes and accounts receivable – trade in accordance with the Credit Management Rules. Investment securities mainly consist of shares, and the market prices of listed shares are identified on a quarterly basis.

   Borrowings are used for operating funds (mainly short term) and capital investment funds (long term). With respect to the risk of interest rate fluctuations for some long-term loans payable, the Group performs interest rate swap transactions to fix interest expenses.

   Derivative transactions are performed within the bounds of real demand in accordance with the Derivative Transaction Management Rules.

2. Information regarding market value, etc. of financial instruments

The Consolidated Balance Sheet amount and market value at the end of the consolidated fiscal year under review and the difference between the two are as follows. Financial instruments whose market value is deemed to be extremely difficult to identify are not included in the table below (see Note 2).

(Millions of yen)

	Consolidated Balance Sheet amount*	Market value *	Difference
(1) Cash and deposits	12,266	12,266	-
(2) Notes and accounts receivable - trade	21,441	21,441	-
(3) Securities	17,500	17,500	-
(4) Investment securities Available-for-sale securities:	11,205	11,205	-
(5) Notes and accounts payable - trade	(10,926)	(10,926)	-
(6) Short-term loans payable	(8,637)	(8,637)	-
(7) Long-term loans payable	(17,356)	(16,803)	552
(8) Derivative transactions	-	-	-

(*) * Those recorded in Liabilities are shown in parentheses.

(Note 1) Calculation method of market value of financial instruments and information regarding securities and derivative transactions

(1) Cash and deposits and (2) Notes and accounts receivable – trade

As these items are settled in a short period of time, their market value is approximately the same as their carrying amount; therefore, they are stated at the carrying amount.

(3) Securities

As these are negotiable deposits and settled in a short period of time, their market value is approximately the same as their carrying amount; therefore, they are stated at the carrying amount.

(4) Investment securities

The market value of shares is based on the exchange price.

(5) Notes and accounts payable-trade and (6) Short-term loans payable

As these items are settled in a short period of time, their market value is approximately the same as their carrying amount; therefore, they are stated at the carrying amount.

(7) Long-term loans payable (including current portion of long-term loans payable)

The calculation method of the market value of long-term loans payable involves discounting the sum of the principal and interest divided into certain periods by the interest rate that is expected to be applied if a similar new loan is taken out. Long-term loans payable with variable interest rates are subject to special treatment for interest rate swaps (see (8) below), and the calculation method involves discounting the sum of the principal and interest processed integrally with such swaps by a reasonably-estimated interest rate that would be applied if a similar loan were taken out.

(8) Derivative transactions

Those subject to special treatment for interest rate swaps are processed integrally with the hedged long-term loans payable, so their market value is included in the market value of such long-term loans payable (see (7) above).

(Note 2) Unlisted shares (Consolidated Balance Sheet amount: 8,915 million yen) are not included in "(4) Investment securities Available-for-sale securities" since it is deemed extremely difficult to determine their market value because there is no quoted market price and it is impossible to estimate future cash flows.

(Notes on Per Share Information)

1. Net assets per share: ¥378.59
2. Profit per share: ¥16.16

Notes to the Non-consolidated Financial Statements

(April 1, 2015 - March 31, 2016)

(Notes on Information Regarding Significant Accounting Standards)

1. Valuation standards and methods of assets

(1) Valuation standards and methods of securities

(i) Shares of subsidiaries and shares of affiliates

Stated at cost using the moving-average method.

(ii) Available-for-sale securities:

For which market value is available:

The present market value is recorded based on the market prices, etc., on the last day of the period. (Valuation differences are incorporated into net assets in full. Selling prices were computed based on the moving-average method.)

For which market value is not available:

Stated at cost using the moving-average method.

(2) Valuation standards and methods of inventories

Finished goods, semi-finished goods, works in process, raw materials and supplies

Stated at cost based on the periodic average method (method in which book values are lowered based on declines in profitability).

2. Depreciation and amortization methods of depreciable assets

(i) Property, plant and equipment (excluding leased assets)

The Company depreciates property, plant and equipment using the declining-balance method; however, the straight-line method is used for some buildings (excluding facilities attached to buildings).

The range of useful lives of main property, plant and equipment is as follows:

Buildings	8 - 31 years
Machinery and equipment:	8 - 14 years

(ii) Intangible assets (excluding leased assets)

The Company amortizes intangible assets using the straight-line method. Software used in-house is amortized by the straight-line method over its useful life assuming in-house use (5 years).

(iii) Leased assets

Leased assets associated with finance leases in which ownership of the leased assets is not transferred to the lessee

The straight-line method is used assuming the lease period equals the estimated useful life and the residual value at the end of the lease term is nil.

3. Accounting standards for provisions and allowances

(i) Allowance for doubtful accounts

In order to provide for potential credit losses due to accounts receivable being difficult to collect, loans receivable, etc., allowances of the estimated unrecoverable amounts are reported based on historical loan loss rates for general claims, and on an individual basis for specific receivables including doubtful receivables.

(ii) Provision for retirement benefits

In order to provide for the payment of retirement benefits for employees, an allowance in the amount deemed to have accrued at the end of the fiscal year under review is recorded based on the projected amount of retirement benefit obligations and pension assets at the end of the fiscal year under review.

In the calculation of retirement benefit obligations, the benefit formula has been used to attribute expected benefits to periods until the end of the fiscal year under review.

Prior service costs are expensed using the straight-line method based on a certain number of years (12 years) within the average remaining service years of the employees at the time of accrual.

Actuarial differences are expensed from the fiscal year subsequent to the year of accrual using the straight-line method based on a certain number of years (12 years) within the average remaining service years of the employees at the time of accrual in each fiscal year.

(iii) Provision for loss on business of subsidiaries and associates

In order to prepare for loss on business of subsidiaries and associates, the amount of expected loss to be borne by the Company in excess of the amount of investment in them is provided.

4. Other basic and significant information regarding the preparation of Non-consolidated Financial Statements

(i) Hedge accounting method — Deferral hedge accounting is used. In addition, special treatment is applied to interest rate swap contracts that meet the requirements for special treatment.

(ii) Accounting for consumption tax

In terms of accounting for consumption tax and local consumption tax, amounts are shown exclusive of such taxes.

(Notes to the Non-consolidated Balance Sheet)

1. Assets pledged as collateral and secured liabilities

   Not applicable

2. Accumulated depreciation of property, plant and equipment:

   32,690 million yen

3. Contingent liabilities

Guarantees for borrowings of subsidiaries and affiliates:	2,120 million yen
Obligatory repurchase amount in notes receivable securitization:	266

4. Monetary claims and obligations to subsidiaries and affiliates

Short-term monetary claims:	1,485 million yen
Long-term monetary claims:	3,675
Short-term monetary obligations:	8,815

(Notes to the Non-consolidated Statement of Income)

1. Amount of transactions with subsidiaries and affiliates

Net sales	563 million yen
Purchases	31,567
Amount of non-business transactions	99

2. Amount of write-down of inventories held for ordinary sale purposes due to decline in profitability

Cost of sales	(10) million yen

(Notes to the Non-consolidated Statement of Changes in Equity)

1. Type and total number of treasury shares at end of fiscal year under review:

Common shares	2,696,298 shares

(Notes on Tax Effect Accounting)

1. Breakdown of major components of deferred tax assets and deferred tax liabilities

Deferred tax assets

Accrued expenses	235 million yen
Provision for retirement benefits	395
Long-term accounts payable - other (directors' retirement benefits)	6
Amount in excess of depreciation limit	186
Loss carried forward	872
Other	1,304
Deferred tax assets—Subtotal	3,000
Valuation allowance	(1,173)
Deferred tax assets—Total	1,827

Deferred tax liabilities

Valuation difference on available-for-sale securities	2,175 million yen
Reserve for advanced depreciation of non-current assets	628
Deferred tax liabilities—Total	2,804
Deferred tax liabilities—Net	976

2. Adjustment of amount of deferred tax assets and deferred tax liabilities due to change in tax rate of income taxes

Due to the enactment of the Act to Amend the Income Tax Act, etc. (Act No.15 of 2016) and the Act to Amend the Local Taxation Act, etc. (Act No.13 of 2016) in the Diet on March 29, 2016, the statutory effective tax rate used in the calculation of deferred tax assets and deferred tax liabilities for the fiscal year under review (limited to those to be eliminated on and after April 1, 2016) has been changed from 32.3% in the previous fiscal year to 30.8% with respect to those for which the estimated collection or payment period is from April 1, 2016 to March 31, 2018 and 30.6% with respect to those for which the estimated collection or payment period is on or after April 1, 2018.

As a result of such change in the tax rate, the amount of deferred tax assets and deferred tax liabilities at the end of the fiscal year under review decreased by 67 million yen and 155 million yen, respectively, and income taxes – deferred and valuation difference on available-for-sale securities increased by 33 million yen and 120 million yen, respectively.

(Notes on Transactions with Related Parties)

1. Subsidiaries and affiliates, etc.

Type	Company name	Percentage of voting rights held	Relationship with related party	Description of transaction	Transaction amount	Account	Closing balance
Subsidiary	Mitsubishi Steel Muroran Inc.	Directly owns 77.8%	Purchase of finished goods Subcontracting Debt guarantee Lending of funds Common officers	Purchase of special steel bars (Note 1) Receipt of subcontracting fee Guarantee for borrowings (Note 2) Lending of operating funds and equipment funds (Note 3)	(Millions of yen) Purchases 31,195 Fiduciary obligation fee 2,680 Guarantee amount 1,840 Amount of lending 1,700	Accounts payable - trade Accounts receivable - other Long-term loans receivable	(Millions of yen) 8,538 853 1,000
	MSSC US INC.	Directly owns 100.0%	Lending of funds Receipt of interest Common officers	Lending of operating funds and equipment funds (Note 3) Interest on loans receivable (Note 3)	Amount of lending 206 Interest income 81	Long-term loans receivable	2,615

(Notes) Terms of transactions, policies for determining terms of transactions, etc.

1. The price at which finished goods are purchased is determined on the basis of the price at which orders are received by the Company.
2. This is a guarantee for borrowings from banks; no guarantee commission is received.
3. For the lending of funds, the interest rate is determined based on the market interest rate, and the terms of repayment are determined according to the purpose of the funds. No collateral is received.
4. The amount of transactions does not include consumption tax. The closing balance includes consumption tax.
5. For loans receivable from subsidiaries, allowance for doubtful accounts totaling 576 million yen is recorded. Also, reversal of allowance for doubtful accounts totaling 422 million yen is recorded in the fiscal year under review. Debt equity swap was conducted for loans receivable of 5,120 million yen, while allowance for doubtful accounts was reduced for the same amount.
6. In addition to the above, provision of 258 million yen for loss on business of subsidiaries and associates (balance at the end of the period) is recorded.

(Notes on Per Share Information)

1. Net assets per share: ¥296.23
2. Profit per share: ¥17.13