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Securities Code: 5632
June 1, 2017

To Our Shareholders

2-22, Harumi 3-chome, Chuo-ku, Tokyo
Mitsubishi Steel Mfg. Co., Ltd.
Motoyuki Sato, President

Notice of Convocation of the 93rd Ordinary General Meeting of Shareholders

You are cordially invited to attend the 93rd Ordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and follow the instructions set forth on pages 3 and 4, and exercise your voting rights by 5:40 p.m. on Thursday, June 22, 2017.

1. Date and Time: Friday, June 23, 2017 at 10:00 a.m.

2. Venue: 2F (Heian), Hotel Mariners' Court Tokyo
4-7-28 Harumi, Chuo-ku, Tokyo

3. Agenda of the Meeting:

Matters to be reported:

(1) Business Report and Consolidated Financial Statements for the 93rd Fiscal Year (from April 1, 2016 to March 31, 2017), results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
(2) Report of Non-consolidated Financial Statements for the 93rd Fiscal Year (from April 1, 2016 to March 31, 2017)

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Share Consolidation
Proposal No. 3: Election of Nine Directors
Proposal No. 4: Election of One Corporate Auditor
Proposal No. 5: Determination of the Amount and Details Concerning Performance-linked Stock Compensation Plan for Directors

- The following matters are posted on the Company's website pursuant to the provisions of laws, regulations and Article 14 of the Company's Articles of Incorporation.

  (i) Notes to the Consolidated Financial Statements

  (ii) Notes to the Non-consolidated Financial Statements

  The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor and Corporate Auditors consist of the documents included in the Appendix to this Notice of Convocation of the General Meeting of Shareholders, as well as the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements posted on the Company's website.

- If any amendments are made to the Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements and/or Reference Documents for the General Meeting of Shareholders, such amendments will be posted on the Company's website.

- After the close of the General Meeting of Shareholders, we plan to hold a meeting in a separate room to give a presentation to our shareholders on the businesses and products of the Company.

[Company's website] http://www.mitsubishisteel.co.jp/

Exercise of Voting Rights

If attending the Ordinary General Meeting of Shareholders

Please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.

Date and Time: **Friday, June 23, 2017 at 10:00 a.m.**

Venue: 2F (Heian), Hotel Mariners' Court Tokyo

* Please refer to the venue map for the Ordinary General Meeting of Shareholders at the end of this document.

If you are unable to attend the Ordinary General Meeting of Shareholders

Exercise in writing of voting rights

Please indicate your approval or disapproval of each of the proposals in the enclosed Voting Right Exercise Form and return it by mail. If neither approval nor disapproval of each proposal is indicated on the Voting Right Exercise Form, the Company will deem that you have indicated your approval of the proposal.

Deadline **Not later than 5:40 p.m. on Thursday, June 22, 2017**

Exercise of Voting Rights via the Internet

Please use a personal computer, smartphone or cell phone to access the Voting Right Exercise Site designated by the Company, and indicate your approval or disapproval for each agenda item. For details, please refer to the following "Method of Exercise of Voting Rights via the Internet"

Deadline **5:40 p.m. on Thursday, June 22, 2017**

Method of Exercise of Voting Rights via the Internet

Please access http://www.evote.jp/, enter the Login ID and Temporary Password noted on the enclosed Voting Right Exercise Form, follow the instructions on the screen and indicate your approval or disapproval for each agenda item.

Deadline of Exercise of Voting Rights via the Internet

5:40 p.m. on Thursday, June 22, 2017

* However, it is not possible to access the designated website from 2:00 a.m. to 5:00 a.m.

* Please understand that the shareholder is solely responsible for any expenses incurred while accessing the voting website (internet connection fees, call rates, etc.).

* It may not be possible to exercise the voting rights from a personal computer depending on the Internet environment of the shareholder.

* For details, please contact the following help desk.

ID and password

To prevent unauthorized access by parties other than shareholders ("spoofing") and the alteration of shareholder votes, shareholders voting via the Internet will be asked to change their Temporary Password on the Voting Right Exercise Site.

The Company will inform you of the new log-in ID and temporary password at every convocation of general meetings of shareholders.

Treatment if voting right is exercised more than once

If you vote both in writing on the Voting Rights Exercise Form and via the Internet

Only the vote you submitted via the Internet will be valid.

If you submit your vote multiple times via the Internet

Only the last vote will be valid.

Contact

Corporate Agency Division (Help Desk) of

Mitsubishi UFJ Trust and Banking Corporation

Tel: **0120-173-027 (toll free)**

Operating hours: **9:00 a.m. to 9:00 p.m.**

To Institutional investors

You may use the platform for the electronic exercise of voting rights operated by ICJ Inc. as means of exercising your voting rights.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

With respect to the appropriation of surplus for the period under review, the Company hereby proposes to pay a year-end dividend in the amount of 3.5 yen per share, in consideration of the operating results, financial position and other such factors. This will bring the annual dividend to 6 yen per share, including the interim dividend of 2.5 yen per share.

Matters concerning the year-end dividend

1. Type of dividend property

   Cash

2. Matters concerning allocation of dividend property and total amount thereof

   3.5 yen per share Total amount: ¥538,500,522

3. Effective date of dividends

   June 26, 2017

Proposal No. 2: Share Consolidation

The Japanese Stock Exchanges including the Tokyo Stock Exchange have promoted an initiative of consolidating the trading units ("the number of share trading units") for common shares issued by all listed domestic corporations at 100 shares, and set October 1, 2018 as the deadline.

As a corporation listed on the Tokyo Stock Exchange, the Company respects the purport of this initiative and the meeting of the Board of Directors of the Company held on April 28, 2017 passed a resolution changing its number of share trading units from the current 1,000 shares to 100 shares, assuming that the proposal is approved as drafted.

In changing the number of share trading units, the Company will consolidate 10 shares into 1 share in order to maintain the level of price per share trading unit, taking into account the level of investment unit that the exchange recommends (no less than 50,000 yen and no more than 500,000 yen), without impacting the number of voting rights held by each shareholder. The total number of shares authorized to be issued will be changed to 36,000,000 shares from the current 360,000,000 shares according to the ratio of the share consolidation.

1. Consolidation ratio

   The Company will consolidate its common shares of 10 shares into 1 share.

   If a fraction of less than 1 share is created due to the share consolidation, all such fractional shares will be sold together in accordance with Articles 234 and 235 of the Companies Act, and the proceeds will be distributed to shareholders who hold the fractional shares in proportion to the number of fractional shares they hold.

2. Effective date of share consolidation

   October 1, 2017

3. Total number of shares authorized to be issued as of the effective date

   36,000,000 shares

   In line with the share consolidation, in accordance with Article 182 of the Companies Act, the Articles of Incorporation concerning total number of shares authorized to be issued is deemed to be changed as of the effective date.

(Reference)

If the proposal is approved as drafted, effective on October 1, 2017, part of the Articles of Incorporation of the Company will be changed as follows:

(Parts to be amended are underlined.)

Existing Articles of Incorporation	Proposed Amendments
(Total number of shares authorized to be issued)	(Total number of shares authorized to be issued)
Article 5 The total number of authorized shares of the Company shall be <u>360,000,000</u> shares.	Article 5 The total number of authorized shares of the Company shall be <u>36,000,000</u> shares.
(Number of share trading units)	(Number of share trading units)
Article 7 The number of share trading units of the Company shall be <u>1,000</u> shares.	Article 7 The number of share trading units of the Company shall be <u>100</u> shares.

Proposal No. 3: Election of Nine Directors

The term of office of all current eight Directors will expire at the close of this General Meeting of Shareholders. For the purpose of further strengthening the management setup, taking into account balance and diversity in structure of the Board of Directors, we propose the election of nine Directors with one additional Director who has abundant knowledge and experience of sales. The candidates for Directors are as follows.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions		Number of shares of the Company held
1	Motoyuki Sato (December 25, 1954) (Reappointment)	April 1978	Joined the Company	51,000 shares
		March 2006	General Manager, Springs Division of the Company	
		June 2006	Director and General Manager, Springs Division of the Company	
		June 2011	Managing Director, General Manager, Springs Division and in charge of Parts Sales Business and Technical Administration Department of the Company	
		June 2013	Managing Director and in charge of Steel Bars Business, Springs Business, Parts Sales Business and Technical Administration Department of the Company	
		June 2015	President of the Company (to present)	
		[Reasons for the election of the Director candidate] Mr. Motoyuki Sato has held posts such as General Manager of Chiba Works and General Manager of Springs Division since he joined the Company. After he was appointed as a director in 2006, he was in charge of Springs Business, Steel Bars Business, Parts Sales Business and Technical Administration Department. After he was appointed as president, he has exercised sufficient supervisory function based on his abundant knowledge and experience of the Company's management. We expect that he will use such skills to contribute to increase mid- and long-term corporate value of the Group.		
2	Masayuki Takashima (May 15, 1940) (Reappointment / Outside Director / independent officer)	April 1964	Joined Mitsubishi Corporation	51,000 shares
		June 2002	Representative Director and Senior Executive Vice President, CEO, Metals Group of Mitsubishi Corporation	
		September 2005	Professor, Department of Economics, Teikyo University	
		June 2007	Director of the Company (to present)	
		June 2012	President, Yokohama Port Corporation (resigned in March 2016)	

		[Reasons for the election of the Outside Director candidate] Mr. Masayuki Takashima has abundant knowledge and experience as a business manager as he has held posts including Representative Director and Senior Executive Vice President of Mitsubishi Corporation. He has exercised sufficient supervisory function by giving advises and useful recommendations to the Company's management from the neutral and fair viewpoint. We expect that he will be able to contribute to increase the mid- and long-term corporate value of the Group.	
3	Akira Hishikawa (September 10, 1951) (Reappointment / Outside Director / independent officer)	April 1976 Joined Mitsubishi Heavy Industries, Ltd. ("MHI") June 2009 Director (Member of the Board), Senior Vice President and General Manager, General Machinery & Special Vehicle Headquarters, MHI April 2011 Representative Director (Member of the Board), Executive Vice President and General Manager, Global Strategic Planning & Operations Headquarters, MHI July 2012 Representative Director (Member of the Board), Executive Vice President and General Manager, Machinery & Steel Infrastructure Systems, MHI June 2013 Director of the Company (to present) [Reasons for the election of the Outside Director candidate] Mr. Akira Hishikawa has abundant knowledge and experience as a business manager as he has held posts including Representative Director (Member of the Board) and Executive Vice President of Mitsubishi Heavy Industries, Ltd. He has exercised sufficient supervisory function by giving advises and useful recommendations to the Company's management from the neutral and fair viewpoint. We expect that he will be able to contribute to increase the mid- and long-term corporate value of the Group.	19,000 shares

4	Hiroshi Sekine (October 8, 1961) (Reappointment)	April 1985 Joined the Company September 2004 General Manager, Formed & Fabricated Products Division and General Manager, Utsunomiya Works of the Company April 2008 Manager, Strategic Planning Department and Manager, Technical Administration Department of the Company October 2010 General Manager, Steel Bar Division of the Company June 2015 Director, General Manager, Steel Bar Division of the Company October 2016 Director, General Manager, Corporate Planning Division and in charge of Steel Bars Business of the Company (to present) (Significant concurrent positions) President & Representative Director, Mitsubishi Steel Muroran Inc. [Reasons for the election of the Director candidate] Mr. Hiroshi Sekine has held posts including General Manager of Steel Bar Division, President & Representative Director of Mitsubishi Steel Muroran Inc., Manager of Strategic Planning Department and General Manager of Formed & Fabricated Products Division, since he joined the Company. After he became a director in 2015, he was appointed as General Manager of Corporate Planning Division and in charge of Steel Bars Business. He has exercised sufficient supervisory function based on his abundant knowledge and experiences on the Company's management. We expect that he will be able to contribute to increase mid- and long-term corporate value of the Group.	17,000 shares

5	Hiroshi Amano (July 19, 1958) (Reappointment)	April 1983 Joined the Company April 2002 Manager, Spring Manufacturing Department, Chiba Works of the Company January 2004 Manager, Manufacturing Department, Chiba Works of the Company April 2012 General Manager, Chiba Works and Manager, Manufacturing Department, Chiba Works of the Company January 2013 General Manager, Spring Division of the Company June 2015 Director, General Manager, Spring Division and in charge of Parts Sales Business of the Company January 2017 Director and in charge of Springs Business and Parts Sales Business of the Company (to present) (Significant concurrent positions) Chairman of the Board, MSSC CANADA INC. Chairman of the Board, MSSC US INC. Chairman of the Board, MSSC MFG MEXICANA, S.A. DE C.V. Chairman, MSM NINGBO SPRING CO., LTD. [Reasons for the election of the Director candidate] Mr. Hiroshi Amano has held posts such as Manager of Chiba Works and General Manager of Spring Division since he joined the Company. After he was appointed as a director in 2015, he was in charge of Springs Business and Parts Sales Business. He has exercised sufficient supervisory function based on his abundant knowledge and experiences on the Company's management. We expect that he will be able to contribute to increase mid- and long-term corporate value of the Group.	3,000 shares

6	Jun Takayama (July 26, 1961) (Reappointment)	April 1984	Joined the Company	3,000 shares
		April 2006	Manager, Manufacturing Department, Utsunomiya Works of the Company	
		October 2010	General Manager, Utsunomiya Works of the Company	
		January 2013	Deputy General Manager, Formed & Fabricated Products Division of the Company	
		December 2013	General Manager, Formed & Fabricated Products Division of the Company	
		June 2015	Director, General Manager, Formed & Fabricated Products Division and in charge of Technical Administration Department of the Company	
		April 2016	Director, General Manager, Formed & Fabricated Products Division and in charge of Research & Development Center and Technical Administration Department of the Company	
		January 2017	Director and in charge of Formed & Fabricated Products Business, Research & Development Center and Technical Administration Department of the Company (to present)	
		[Reasons for the election of the Director candidate] Mr. Jun Takayama has held posts including General Manager of Utsunomiya Works and General Manager of Formed & Fabricated Products Division since he joined the Company. After he was appointed as a director in 2015, he was in charge of Formed & Fabricated Products Business, Research & Development Center and Technical Administration Department. He has exercised sufficient supervisory function based on his abundant knowledge and experiences on the Company's management. We expect that he will be able to contribute to increase mid- and long-term corporate value of the Group.		

7	Yasuhiko Iizuka (July 5, 1957) (Reappointment)	April 1981	Joined the Company	8,000 shares
		June 2009	General Manager, Utsunomiya Works of the Company	
		October 2010	Manager, Strategic Planning Department of the Company	
		April 2012	Manager, General Affairs & Human Resources Department of the Company	
		June 2015	Director, Manager, General Affairs & Human Resources Department and in charge of Purchasing Department of the Company	
		December 2016	Director, Manager, General Affairs & Human Resources Department and in charge of Public Relations and Investor Relations Department and Purchasing Department of the Company	
		January 2017	Director and in charge of General Affairs & Human Resources Department, Public Relations and Investor Relations Department and Purchasing Department of the Company (to present)	
		[Reasons for the election of the Director candidate] Mr. Yasuhiko Iizuka has held posts including General Manager of Utsunomiya Works, Manager of Strategic Planning Department and Manager of General Affairs & Human Resources Department since he joined the Company. After he was appointed as a director in 2015, he became in charge of General Affairs & Human Resources Department, Public Relations and Investor Relations Department and Purchasing Department. He has exercised sufficient supervisory function based on his abundant knowledge and experiences on the Company's management. We expect that he will be able to contribute to increase mid- and long-term corporate value of the Group.		

<table>
<tr><td rowspan="2">8</td><td rowspan="2">(New Candidate)
Hiroyuki Nagata
(November 13, 1963)</td><td>April 1987
May 2008
May 2011
June 2016
May 2017</td><td>Joined The Mitsubishi Bank, Ltd. (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.) (“BTMU”)
Assistant Manager, Corporate Examination Department, BTMU
General Manager of the Corporate Banking Division No.3, Corporate Banking Group No.1, BTMU (special assignment)
Executive Officer, Headquarters for Asia & Oceania, Planning Division for Asia & Oceania, BTMU, sent to VietinBank (Director & Vice-President)
Executive Officer, BTMU (to present)</td><td rowspan="2">0 shares</td></tr>
<tr><td colspan="2">[Reasons for the election of the Director candidate]
We expect that Mr. Hiroyuki Nagata will be able to exercise sufficient supervisory function based on his abundant knowledge and experience which he cultivated during his time as Executive Officer and in other positions in The Bank of Tokyo-Mitsubishi UFJ, Ltd., and contribute to increase the mid- and long-term corporate value of the Group.</td></tr>
<tr><td rowspan="2">9</td><td rowspan="2">(New Candidate)
Akira Yamao
(August 3, 1961)</td><td>April 1985
April 2003
March 2006
June 2010
October 2016</td><td>Joined the Company
Manager, Parts Sales Department of the Company
Manager, Spring Sales Department of the Company
General Manager, Parts Sales Division of the Company
General Manager, Steel Bar Division and General Manager, Parts Sales Division of the Company (to present)</td><td rowspan="2">2,000 shares</td></tr>
<tr><td colspan="2">[Reasons for the election of the Director candidate]
Mr. Akira Yamao has held posts including General Manager of Parts Sales Division, Manager of Spring Sales Department and General Manager of Steel Bar Division since he joined the Company. We expect that he will be able to exercise sufficient supervisory function based on his abundant knowledge and experience of the Company’s sales and contribute to increase the mid- and long-term corporate value of the Group.</td></tr>
</table>

(Notes)

1. Mr. Masayuki Takashima and Mr. Akira Hishikawa are candidates for Outside Directors.
2. Mr. Masayuki Takashima and Mr. Akira Hishikawa are independent officers as stipulated by the Tokyo Stock Exchange. Mr. Akira Hishikawa worked at Mitsubishi Heavy Industries, Ltd., which is a buyer of the Company's products, and there are business transactions between the Company and Mitsubishi Heavy Industries, Ltd. However, such transactions are miniscule in amount relative to the Company's net sales; therefore, no problems are deemed to exist in terms of his independence.
3. The Company has business transactions with Mitsubishi Steel Muroran Inc., MSSC CANADA INC., MSSC US INC., MSSC MFG MEXICANA, S.A. DE C.V. and MSM NINGBO SPRING CO., LTD.
4. Mr. Masayuki Takashima and Mr. Akira Hishikawa's tenure as an Outside Director will be ten years and four years, respectively, at the end of this Ordinary General Meeting of Shareholders.
5. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement with Mr. Masayuki Takashima and Mr. Akira Hishikawa to limit their respective liabilities for damages provided for in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liabilities under such agreement is the total amount as stipulated in each item of Article 425, Paragraph 1 of the Companies Act. The agreements will be renewed with Mr. Masayuki Takashima and Mr. Akira Hishikawa if their elections are approved.
6. On June 22, 2017, Mr. Hiroyuki Nagata will resign as Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Proposal No. 4: Election of One Corporate Auditor

Corporate Auditor Toshiaki Yora will resign his office at the close of this General Meeting of Shareholders. Accordingly, we propose the election of Corporate Auditor. The candidate for Corporate Auditor is as follows.

The Board of Corporate Auditors' consent has been obtained for this Proposal.

No.	Name (Date of birth)	Career summary, position and significant concurrent positions		Number of shares of the Company held
1	(New Candidate) Hirokuni Sakamoto (January 21, 1961) (Outside Corporate Auditor / independent officer)	April 1983	Joined Mitsubishi Trust and Banking Corporation (now Mitsubishi UFJ Trust and Banking Corporation) ("MUTB")	0 shares
		June 2010	Executive Officer, General Manager, Corporate Agency Division, MUTB	
		June 2011	Executive Officer, General Manager, Retail Banking Business Planning and Development Division, MUTB	
		June 2012	Executive Officer, General Manager, Corporate Risk Management Division, MUTB	
		June 2013	Full-time Corporate Auditor, MUTB	
		June 2016	Director, Full-time Audit and Supervisory Committee Member, MUTB (to present)	
		[Reasons for the election of the Outside Corporate Auditor candidate] Mr. Hirokuni Sakamoto has held posts including Full-time Corporate Auditor and Director, Full-time Audit and Supervisory Committee Member of Mitsubishi UFJ Trust and Banking Corporation. We expect that he will be able to exercise sufficient audit function based on his knowledge developed through his abundant experience, and contribute to securing the Company's soundness and adequacy, as well as enhance transparency.		

(Notes)

1. Mr. Hirokuni Sakamoto is a candidate for Outside Corporate Auditor.
2 If the election of Mr. Hirokuni Sakamoto is approved in the Proposal, the Company will file him as an independent director stipulated by the Tokyo Stock Exchange. Mr. Hirokuni Sakamoto is Director and Full-time Audit and Supervisory Committee Member of Mitsubishi UFJ Trust and Banking Corporation. Although the Company has borrowed from Mitsubishi UFJ Trust and Banking Corporation, as the said borrowing amount is remote compared with total consolidated assets of the Company, we determine that he has no problems related to his independence.
3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with Mr. Hirokuni Sakamoto to limit liabilities for damages provided for in Article 423, Paragraph 1 of the Companies Act, if his election is approved. The maximum amount of liabilities under such agreement is the total amount as stipulated in each item of Article 425, Paragraph 1 of the Companies Act.
4. On June 22, 2017, Mr. Hirokuni Sakamoto will resign as Director, Full-time Audit and Supervisory Committee Member of Mitsubishi UFJ Trust and Banking Corporation.

Proposal No. 5: Determination of the Amount and Details Concerning Performance-linked Stock Compensation Plan for Directors

Remuneration for the Directors (excluding Outside Directors; the same shall apply hereinafter) of the Company comprises “base compensation (fixed)” and “bonuses.” We request to introduce to Directors a new medium- and long-term performance-linked stock compensation plan (Scheme called “Board Incentive Plan Trust,” hereinafter, referred to as the “Plan”) under which the Company’s stocks will be granted according to the achievement of performance target set out in the Mid-term Business Plan.

This is to define the relation between remuneration of Directors and the Company’s share value more clearly and increase motivation to enhance medium- to long-term performance and corporate value. We believe the introduction is reasonable.

The Proposal is to request a new stock compensation for Directors, apart from the limit of compensation of Directors (no more than 400 million yen annually, of which no more than 50 million yen for Outside Directors) approved in the 92nd General Meeting of Shareholders held on June 17, 2016.

The number of Directors eligible for the Plan shall be seven if the Proposal No. 3 “Election of Nine Directors” is approved as drafted.

The Amount and details of the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan under which a trust acquires Company shares by spending the remuneration for Directors contributed by the Company and executes the granting or payment (hereinafter, referred to as "Granting, etc.") of Company shares and cash in the amount equivalent to the conversion value of Company shares (hereinafter, referred to as "Company Shares, etc.") to Directors. (For details, please see (2) and after.)

(i) Persons eligible for the Granting, etc. of Company Shares, etc. subject to the Plan	Directors of the Company (excluding Outside Directors)

(ii) Impact of Company Shares, etc. subject to the Plan on the total shares outstanding	
Maximum amount of money contributed that can be contributed to the Trust by the Company (as stated in (2) below)	- 270 million yen for each target period consisting of five fiscal years. However, 216 million yen for the first target period that will begin in this fiscal year.
Maximum number of Company shares (including those subject to realization) that can be acquired by Directors (as stated in (3) below)	- 1,158,000 shares for each target period consisting of five fiscal years. However, 926,000 shares for the first target period consisting of four fiscal years. - The ratio of annual average Company shares of 231,500 shares, the maximum number above, to the total number of shares outstanding (as of March 31, 2017) is approximately 0.15%.
Method of acquisition of Company shares by the Trust	- Purchase of treasury shares from the Company through third party allotment, issue of new shares or acquisition from the stock market

(iii) Description of conditions for achievement of performance target (as stated in (3) below)	- According to achievement of performance target to those in the Mid-term Business Plan including consolidated net sales, consolidated operating income and ROE in the final year in the target period - The number of shares is determined within the range of 0 to 200%.

(iv) Timing of Granting, etc. of Company shares, etc. to Directors (as stated in (4) below)	- the July immediately after the expiration of the target period - Directors should continue to own Company shares acquired by the Plan until one year after their resignation.

(2) Maximum amount of money contributed that can be contributed to the Trust by the Company

The Plan's target period (hereinafter, referred to as the "Target Period") shall be five consecutive fiscal years corresponding to the period of the Company's Mid-term Business Plan. Currently, the Company is promoting the Mid-term Business Plan for the five fiscal years from April 1, 2016 to March 31, 2021. Thus, the first target period after approval of the Proposal (hereinafter, referred to as the "First Target Period") shall be four fiscal years from the year ending March 31, 2018 to the year ending March 31, 2021.

(In the case of extending the trust period set forth below, it shall be every five fiscal years after that.)

The Company will create a trust for Directors who meet the beneficiary requirements as Beneficiaries with a trust period of five years (four years for the first target period) (hereinafter, referred to as the "Trust",), by contributing cash up to 270 million yen (216 million yen for the First Target Period) as remuneration to Directors for each target period.

The Trust will acquire Company shares from the Company (purchase of treasury shares through third party allotment, issue of new shares or purchase from the stock market) by using the money contributed to the Trust as the source of financing, in accordance with the Trust administrator's instructions.

Every year during the Trust Period, the Company will grant points (as stated in (3) below) to Directors and the Trust will execute the Granting, etc. of Company Shares, etc. to Directors who meet the beneficiary requirements.

At the time of expiration of the period of the Trust, the Company may continue the Trust by amending the Trust agreement and making additional contributions to the Trust, instead of establishing a new trust. In such case, the Company will extend the Trust Period from the date following the scheduled expiration date of the original Trust Period to five years later, and such five fiscal years after the extension of the Trust Period shall be the Target Period. The Company will contribute additional cash up to 270 million yen (total amount) for each Trust Period extended and during such Trust Period extended, it will continue to grant points and the Granting, etc. of Company Shares, etc. to Directors. However, in cases where such an additional contribution is made and where any residual shares (excluding Company shares that correspond to points granted to Directors but have not been granted) and cash (hereinafter, referred to as the "Residual Shares, etc.") exist within the trust property as of the last day of the period of the Trust prior to such extension, the total of the amount of Residual Shares, etc. and additional contribution to the Trust shall be up to

270 million yen.

(3) Method of calculating Company shares to be granted to each Director (including those subject to realization) and upper limit

The number of Company shares (including those subject to realization) that can be granted to Directors shall be determined according to the given calculation formula based on points granted and the achievements of performance targets to the Mid-term Business Plan. Assuming that one point equals one share, if the number of Company shares attributable to the Trust increases or decreases due to share split, gratis allotment of shares, or share consolidation, the Company will arrange the number of Company shares (including those subject to realization) to which the Granting, etc. per point is provided, in proportion of the ratio of increase/decrease.

The Company will grant points according to the following calculation formula every July during the Trust Period. (*1)

(Point calculation formula)

Basic compensation by job position (*2) x Composition ratio of BIP Trust (*2) ÷ Average closing price of Company share in the Tokyo Stock Exchange in the month immediately before the Target Period starts (August 2017 for the First Target Period, which is the month immediately before the Plan starts) (rounded down to the nearest decimal).

The Trust shall execute the Granting, etc. of Company Shares, etc., which is equivalent to points for share grant based on the following calculation formula, to Directors who meet the beneficiary requirements.

(Calculation formula of points for share grant)

The number of points accumulated during the Trust Period (hereinafter, referred to as the "Accumulated Point") x Performance-linked parameter (*3)

The total number of Company shares that the Trust can grant to Directors is up to 1,158,000 shares (*4) for each Target Period.

(*1) The first grant of points will be on September 19, 2017 (planned).

(*2) Basic compensation by job position and Composition ratio of BIP Trust are determined taking into account responsibilities and duties of Directors and the ratio of cash and stock compensation to the total remuneration of Directors.

(*3) Performance-linked parameter will be set within the range of 0% to 200% according to achievement of performance target to those in the Mid-term Business Plan including consolidated net sales, consolidated operating income and ROE in the final year in the Target Period.

(*4) 926,000 shares for the First Target Period. This limit of the number of shares is set with reference to the latest share price, taking into account the upper limit of trust funds in the above (2). The Company plans to submit the proposal on share consolidation (hereinafter, referred to as the "Share Consolidation") together with this Proposal at an upcoming General Meeting of Shareholders. If the Proposal No. 2 of "Share Consolidation" is approved as drafted and the Share Consolidation becomes effective, in light of the consolidation ratio of the Share Consolidation (10:1), the number of shares shall be changed to 115,800 shares for each Target Period (92,600 shares for the First Target Period).

(4) Timing of Granting, etc. of Company shares, etc. to Directors

Directors who meet the beneficiary requirements are eligible to receive the Granting, etc. of Company Shares, etc., which is equivalent to points for share grant calculated based on (3) above, around July immediately after the expiration of the Target Period. The said Director is eligible to the Granting, etc. of Company shares corresponding to 50% of the said points (any share less than one unit are rounded down) and cash in the amount equivalent to the conversion value of the remaining Company shares after converting into cash in the Trust.

(5) Exercise of voting rights pertaining to Company shares in the Trust

With regard to Company shares in the Trust, voting rights shall not be exercised by the Trust during the Trust Period in order to ensure impartiality with respect to management.

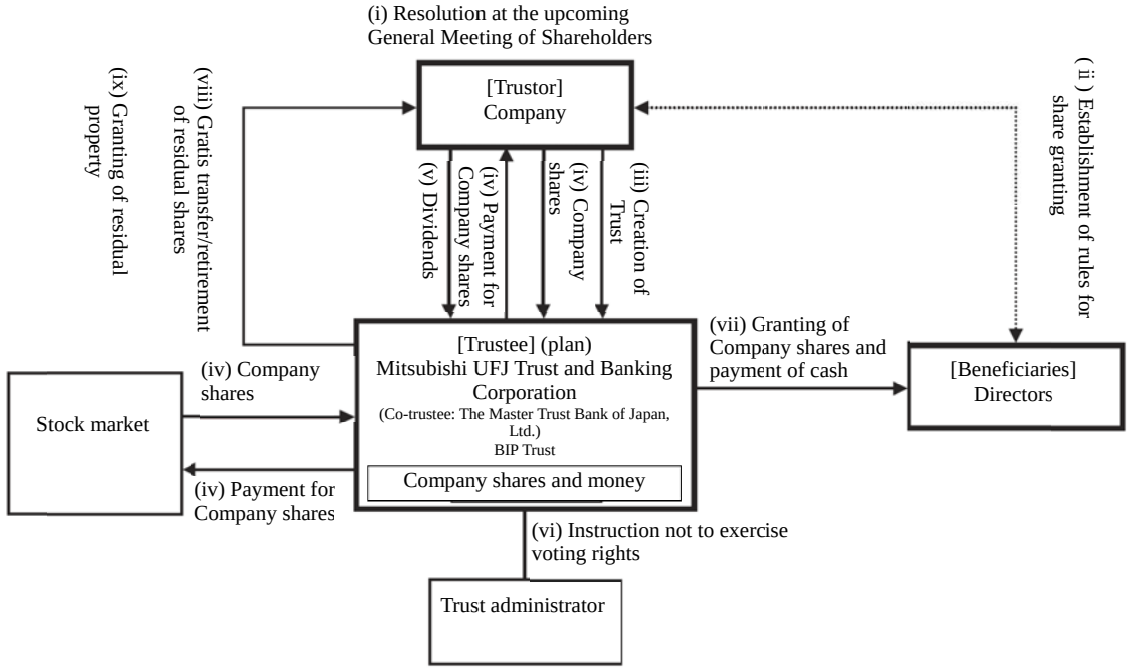
(6) Other details of the Plan

Other details of the Plan shall be determined by meetings of the Board of Directors each time the Trust is set, changes are made to the Trust agreement, or additional contributions are made to the Trust.

(Reference)

For details of the Plan, please see "Announcement regarding introduction of performance-linked stock compensation plan to Directors of the Company" (Reference set out below: extract press release dated May 15, 2017).

(Reference: extract press release dated May 15, 2017)



(i) The Company will obtain approval for the remuneration of Directors by resolution at the upcoming General Meeting of Shareholders in relation to the introduction of the Plan.

(ii) The Company will establish rules for share granting on the remuneration of Directors at the meeting of the Board of Directors in relation to the introduction of the Plan.

(iii) The Company will create a trust (hereinafter, referred to as the "Trust") in which the beneficiaries are Directors who meet the beneficiary requirements based on the approval resolution at the upcoming General Meeting of Shareholders referred to in (i) and contribute money to the Trust within the scope of said resolution.

(iv) The Trustee will acquire Company shares from the Company (purchase of treasury shares through third party allotment or issue of new shares) or purchase from the stock market by using the money contributed to the Trust in (iii) as the source of financing, in accordance with the Trust administrator's instructions.

(v) Dividends of Company shares in the Trust will be paid in the same manner as other Company shares.

(vi) Voting rights for Company shares in the Trust shall not be exercised throughout the Trust Period.

(vii) Directors who meet the beneficiary requirements will receive the Granting, etc. of Company Shares, etc. during the Trust Period according to rules for share granting.

(viii) In cases where any residual shares have arisen as Trust property upon the expiry of the Trust Period due to the failure to fulfill performance targets during the Trust Period, the Company plans to either: continue to use the Trust in the form of the Plan or the same type of incentive plan as the Plan by amending the Trust agreement and making additional contributions to the Trust; or terminate the Trust, and as a measure to generate shareholder returns, have such residual shares transferred from the Trust to the Company without charge and retire such shares by resolution of the Board of Directors.

(ix) Property remaining after distribution to beneficiaries at the time of the termination of the Trust is slated to be vested in the Company within the scope of the Trust expense reserve, net of stock acquisition cost from trust funds. The portion exceeding the allowances for the Trust expenses of the Trust expense reserve is slated to be donated to an organization in which neither the Company nor Directors have any interest.

[Content of Trust agreement]

(i)	Type of trust	Monetary trust other than designated individually-operated monetary trust (third-party benefit trust)
(ii)	Purpose of trust	Provide incentives to Directors
(iii)	Trustor	Company
(iv)	Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Co-trustee: The Master Trust Bank of Japan, Ltd. (planned))
(v)	Beneficiaries	Directors who meet beneficiary requirements
(vi)	Trust administrator	Third party who has no interest in the Company (certified public accountant)
(vii)	Trust agreement date	September 19, 2017 (planned)
(viii)	Trust period	From September 19, 2017 (planned) to August 31, 2021 (planned)
(ix)	Start date of Trust	September 19, 2017 (planned)
(x)	Exercise of voting rights	Voting rights shall not be exercised.
(xi)	Type of shares to be acquired	Common stock of the Company
(xii)	Amount of money contributed to the Trust	161 million yen (including Trust fees and expenses)(planned)
(xiii)	Vested rights holder of residual property	Company
(xiv)	Scope of vesting of residual property	Residual property receivable by the Company as the vested right holder shall be within the scope of the Trust expense reserve, net of stock acquiring cost from trust funds.

[Description of clerical tasks related to the Trust and shares]

(i)	Clerical tasks related to the Trust	Mitsubishi UFJ Trust and Banking Corporation plans to serve as the trustee of the BIP Trust and perform clerical tasks related to the Trust.
(ii)	Clerical tasks related to shares	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. plans to perform clerical tasks for the granting of Company shares to beneficiaries based on an outsourcing agreement.

(Appendix)

Business Report

from April 1, 2016 to March 31, 2017

1. Matters concerning Current Status of the Group

(1) Business Progress and Results of the Group

In terms of the Group's operating environment in the fiscal year under review (from April 2016 to March 2017), the automobile industry showed a recovery trend in volume driven by strong sales of new car models, despite a decrease in the volume of domestic sales of light cars while demand in North America remained steady. Meanwhile the construction machinery industry witnessed the recovery of demand in the Asian region including Japan and China from the latter half of this year.

Under such circumstances and largely affected in the springs business due to a decrease of export of domestic commercial vehicles, the Group posted consolidated net sales of ¥103,742 million, a decrease of ¥2,797 million (2.6% year-on-year) and consolidated operating income of ¥3,861 million, a decrease of ¥425 million (9.9% year-on-year). Profit attributable to owners of the parent was ¥3,504 million.

The Company plans to pay a year-end dividend of 3.5 yen per share for the fiscal year ended March 31, 2017. Combined with the interim dividend of 2.5 yen per share, the annual dividend will be 6 yen per share.

[Results by Business]

Special Steel Bars Business

The Special Steel Bars Business posted net sales of ¥40,160 million, a decrease of ¥408 million (1.0% year-on-year), largely affected by price reduction associated with a drop in raw material costs while demand for construction machinery showed a sign of recovery from the latter half. Operating income was ¥1,267 million, an increase of ¥148 million (13.3% year-on-year) due to an increase in sales for construction machinery, despite a raw material price hike.

Description of main business

Special steel bars (carbon steels, low-alloyed steels, spring steels, non-heated steels, bearing steels, free-cutting steels, tool steels, nitride steels)

Springs Business

The Springs Business posted net sales of ¥46,733 million, a decrease of ¥1,428 million (3.0% year-on-year), mainly affected by a drop of export of domestic commercial vehicles, a decrease in sales of precision parts and the unfavourable impact of foreign currency in overseas subsidiaries, though demand for construction machinery showed a sign of recovery in addition to sales expansion in Asia and strong sales in North America. Operating income was ¥1,467 million, a decrease of ¥15 million (1.0% year-on-year), largely affected by a drop of export of domestic commercial vehicles, partially offset by the recovery of demand for construction machinery and the effect of cost improvement in overseas offices.

Description of main business

Coil springs, stabilizer bars, leaf springs, torsion bars, coiled wave springs, precision springs, various hinges, precision press products, plastic molded products, press assemblies, built-in antennas, rubber track pads for shoe plates, tire protectors, tire chains and other various repair parts and products for automobiles and construction machinery

Formed & Fabricated Products Business

The Formed & Fabricated Products Business posted net sales of ¥9,462 million, an increase of ¥340 million (3.7% year-on-year), mainly affected by increased sales of precision forgings and special melting materials and sales expansion of turbine wheels. Operating income was ¥347 million, a decrease of ¥117 million (25.3% year-on-year) due to an increase in research expenses and changes in the product mix of special alloy powder.

Description of main business

Castings, precision castings, precision forgings, general forgings, special alloy materials, special alloy machinery products, permanent magnets, parts using permanent magnets, special alloy powder and fine special alloy powder

Machinery Business

The Machinery Business posted net sales of ¥9,384 million, a decrease of ¥380 million (3.9% year-on-year) due to a decrease in sales of power generation related products and forging machinery. Operating income was ¥619 million, a decrease of ¥386 million (38.4% year-on-year), largely affected by a decrease in sales of power generation related products and worsening of export cost due to the strong yen.

Description of main business

Forging machinery, general industrial machinery, steel fabrication, environmental equipment, magnetic separators, conveying equipment, weighing instruments and anti-vibration equipment

Other Business

Other Businesses, including distribution and service businesses, posted net sales of ¥3,676 million, an increase of ¥302 million (9.0% year-on-year), and operating income of ¥189 million, a decrease of ¥4 million (2.5% year-on-year).

Description of main business

Maritime transport, cargo transportation by trucks, warehouses

(Notes)
Beginning the 93rd fiscal year, the method of calculating profits and losses by segment was changed. Financial results of each segment for the 92nd fiscal year shown here are calculated using the new method.

(2) Issues to be Addressed by the Group

As the Group's business environment is such that it can no longer hope for growth in domestic demand, the Group's customers have accelerated their expansion overseas and competition is intensifying amid globalization. For the purpose of coping with such business circumstances, the Group developed and announced the "2016 Mid-term Business Plan" last year.

As visions of the Mid-term Business Plan, we set:

a. Strengthen our "Processing Special Steel" business model with worldwide acceleration; and

b. Generate "Creating Added Value from Materials" business model.

   (a) Build a worldwide supply chain of the Springs Business;

   (b) "Processing Special Steel" with generating a synergy between the Steel and Spring Divisions; and

   (c) Generate our "Creating Added Value from Materials" business model in Formed & Fabricated Products Division; which are our three main directions.

In order to achieve this vision, setting agendas of "Reinforcing its domestic operating base," "Building an implementation platform," "Accelerating its overseas development," and "Exercising internal and external synergy," we are working on renewal and strategic investment in Mitsubishi Steel Muroran Inc. for reinforcing domestic functions. As measures for building an effective organization, we established a new Corporate Planning Sections which undertakes to strengthen internal synergy (a cross-functional project among divisions) and provide support for global development and risk control with the aim of creating internal synergy among divisions. The Research & Development Center has installed research and development facilities and launched development for long-term growth in line with our business strategy. For overseas expansion, we have advanced into Mexico where the automobile market is expected to grow; we have also started the manufacturing and sales of special steel bars in Indonesia.

In FY2017, we plan to accelerate overseas and business expansion with a view to M&A. We will also reinforce collaboration with external partners, e.g. academic-industrial alliances. The Research & Development Center will accelerate and reinforce research and development and capital expenditures furthermore to enhance global competitive power.

The Group is committed to making a concerted effort to work on these agenda items to transform our business model from "Processing Special Steel" into "Creating Added Value from Materials" aiming at achieving the Mid-term Business Plan and enhancing corporate value.

The priority initiatives of each business are as follows:

Special Steel Bars Business

While demand from the construction machinery, industry our main customer, is recovering, the Group will make steady efforts to revise selling prices to pass on the higher raw material costs and secure adequate margins. We also continue to expand into various industries to secure stable sales in future.

With regard to business expansion in Indonesia, we plan to start manufacturing and marketing of special steel bars, in addition to the sale of spring flat steels, to address requests from our customers for local procurement in Southeast Asia.

We have promoted renewal and strategic investment in Mitsubishi Steel Muroran Inc. to streamline and optimize its production system, with the aim of further enhancing quality and cost-competitive strength.

Springs Business

In Japan, the Group will focus on new technology development including weight saving and performance advances and endeavours to supply such technology globally.

Overseas, the Group will continue cost improvement in the existing bases such as those in North America, China, India and the Philippines. We are also committed to put on track a new base in Mexico and the auto stabilizer business in China early and considers newly advance to Europe for global sales expansion.

Formed & Fabricated Products Business

In collaboration with the Research & Development Center, the Group plans capital expenditures for material development, and plans to strengthen alliances with external partners to promote research and development. We will also focus on the improvement and development of production technology and further expand sales of new products and segments.

In addition, we will consider M&A from the global perspective to build an integrated business model including materials, processing and assembly.

Machinery Business

In the midst of changes in the market environment, Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. is making an effort to promote overseas expansion using the Mitsubishi Steel Group network. The Group will support capital investment including the renovation of facilities in Mitsubishi Steel Muroran Inc. in order to strengthen collaboration within the Group. We will proactively pursue development and capital investment to achieve sustainable growth as an integrated engineering company.

The Group will work on the aforementioned priority initiatives and expedite globalization. The Group will also continue to vigorously enhance its business foundations into the future, while acknowledging that compliance and corporate social responsibility are critical issues.

We look forward to your continued guidance and support as our shareholder.

(3) Trends in Assets and Income Status of the Group and the Company

a. Status of the Group

Classification	89th Fiscal Year (2012/4~2013/3)	90th Fiscal Year (2013/4~2014/3)	91st Fiscal Year (2014/4~2015/3)	92nd Fiscal Year (2015/4~2016/3)	93rd Fiscal Year (under review) (2016/4~2017/3)
Net sales (million yen)	106,155	111,575	118,739	106,539	103,742
Operating income (million yen)	2,872	4,748	4,933	4,286	3,861
Ordinary income (million yen)	3,721	5,915	5,824	3,286	3,214
Profit attributable to owners of parent (million yen)	1,072	3,373	3,545	2,486	3,504
Profit per share (yen)	6.97	21.90	23.03	16.16	22.78
Total assets (million yen)	112,591	115,120	123,453	122,464	135,104

b. Status of the Company

Classification	89th Fiscal Year (2012/4~2013/3)	90th Fiscal Year (2013/4~2014/3)	91st Fiscal Year (2014/4~2015/3)	92nd Fiscal Year (2015/4~2016/3)	93rd Fiscal Year (under review) (2016/4~2017/3)
Net sales (million yen)	61,267	65,535	69,540	58,754	58,020
Operating income (million yen)	3,144	3,068	3,411	2,841	2,210
Ordinary income (million yen)	2,829	3,237	3,345	3,473	2,612
Profit (million yen)	1,167	1,545	1,700	2,635	3,676
Profit per share (yen)	7.58	10.03	11.05	17.13	23.89
Total assets (million yen)	74,674	76,793	80,436	82,579	94,771

(4) The Group's Financing Status

Equipment funds and operating funds during the period under review were sourced from the Group's own funds and borrowings.

(5) Major Lenders to the Group (as of March 31, 2017)

Lender	Amount of borrowings (outstanding balance)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,504 million yen
Mitsubishi UFJ Trust and Banking Corporation	5,922
Meiji Yasuda Life Insurance Company	3,432
Development Bank of Japan Inc.	1,606

(6) Capital Investment Status of the Group

Capital investments made during the period under review totaled 5,136 million yen.

Main capital investments

Segment	Venue	Item
Special Steel Bars Business	Mitsubishi Steel Muroran Inc.	Renewal of manufacturing facilities
		Renewal of system
Springs Business	Chiba Works	Installation, expansion and reinforcement of manufacturing facilities
	MSSC CANADA INC.	Installation of manufacturing facilities
	MSSC MFG MEXICANA, S.A. DE C.V.	Installation of manufacturing facilities
	MSM NINGBO SPRING CO., LTD.	Installation of manufacturing facilities
Formed & Fabricated Products Business	Hirota Works	Renewal of manufacturing facilities
	MSM (THAILAND) CO.,LTD.	Renewal, expansion, and reinforcement of manufacturing facilities
Machinery Business	Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Installation of manufacturing facilities
Group-wide	Research & Development Center	Installation of inspection facilities

(7) Status of Significant Subsidiaries and Business Combinations

a. Status of significant subsidiaries

Company name	Capital stock	Investment ratio	Description of main business
MSSC CANADA INC.	Thousands of Canadian dollars 5,000	% 87.1	Manufacturing and sale of springs for automobiles
MSSC US INC.	US dollars 100	100.0	Manufacturing and sale of springs for automobiles
MSSC MFG MEXICANA, S.A. DE C.V.	Thousands of Mexican pesos 260,941	100.0	Manufacturing and sale of springs for automobiles
MSM NINGBO SPRING CO., LTD.	Thousands of US dollars 28,200	100.0	Manufacturing and sale of springs for automobiles and construction machinery
MSM SPRING INDIA PVT.LTD.	Thousands of Indian rupees 377,000	94.7	Manufacturing and sale of springs for construction machinery and rail vehicles
MSM CEBU, INC.	Thousands of Philippine pesos 24,000	100.0	Manufacturing and sale of precision springs and module products
MSM (THAILAND) CO.,LTD.	Thousands of Thai bahts 154,200	100.0	Manufacturing and sale of precision castings, cast magnets, and precision forgings Sale of springs for automobiles (leaf spring)
Mitsubishi Steel Muroran Inc.	Million yen 3,000	70.0	Manufacturing and sale of special steel bars and steel ingot
Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Million yen 900	60.8	Manufacturing and sale of steel fabrication, industrial machinery and application equipment
Ryokoh Express Co., Ltd.	Million yen 99	78.2	Maritime transport, cargo transportation by trucks, warehouses

(Notes)

1. As of the end of the period under review, the Company's consolidated subsidiaries and associates accounted for under the equity method totaled 16 and 4, respectively.
2. The Group has no specified wholly-owned subsidiary stipulated by Article 118, Paragraph 4 of the Ordinance for Enforcement of the Companies Act as of the end of the period under review.

b. Status of significant business combinations, etc.

There is no significant business combination.

(8) The Group's Principal Places of Business (as of March 31, 2017)

Domestic Principal Places of Business

The Company (locations)

Name	Location	Name	Location
Head Office	Tokyo Prefecture	Hiroshima Office	Hiroshima Prefecture
Chubu Office	Aichi Prefecture	Chiba Works	Chiba Prefecture
Nishi-Nihon Office	Osaka Prefecture	Research & Development Center	
Fukuoka Office	Fukuoka Prefecture	Hirota Works	Fukushima Prefecture

(Note)
In line with changes in the sales system with the aim of generating sales synergy, the Osaka Office was renamed the Nishi-Nihon Office.

Subsidiaries (locations)

Name	Location
Mitsubishi Steel Muroran Inc.	Hokkaido Prefecture
Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Nagasaki Prefecture
Ryokoh Express Co., Ltd.	Chiba Prefecture

Overseas main base

The Company (locations)

Name	Location
Dusseldorf Office	Germany

Subsidiaries and other associates (locations)

Name	Location
PT.MSM INDONESIA.	Indonesia
PT. JATIM TAMAN STEEL MFG.	Indonesia
MSSC CANADA INC.	Canada
MSSC US INC.	U.S.A.
MSSC MFG MEXICANA, S.A. DE C.V.	Mexico
MSM NINGBO SPRING CO., LTD.	China
MSM SPRING INDIA PVT.LTD.	India
Stumpp Schuele & Somappa Auto Suspension Systems Pvt. Ltd.	India
MSM CEBU, INC.	the Philippines
MSM (THAILAND) CO.,LTD.	Thailand

(Note)
PT. JATIM TAMAN STEEL MFG. and Stumpp Schuele & Somappa Auto Suspension Systems Pvt. Ltd. are the Company's associates accounted for under the equity method.

(9) Status of Employees of the Group and the Company (as of March 31, 2017)

a. Status of the Group's Employees

Segment	Number of employees
Special Steel Bars Business	278 persons
Springs Business	1,459
Formed & Fabricated Products Business	1,188
Machinery Business	455
Other Business	105
Group-wide (common)	170
Total	3,655

(Notes)

1. The number of employees of the Group increased by 173 persons from the end of the previous period.
2. The number of employees shown in "Group-wide (common)" refers to employees who cannot be categorized into any specific segment.

b. Status of the Company's Employees

Number of employees	Increase (decrease) from end of previous period	Average age	Average number of years of service
748 persons	11 persons	43.9 years old	20.0 years

2. Matters concerning the Company's Shares (as of March 31, 2017)

(1) Total Number of Shares Authorized to be Issued: 360,000,000 shares

(2) Total Number of Shares Outstanding: 156,556,683 shares

(3) Number of Shareholders: 10,699 persons

(4) Major Shareholders:

Name of shareholder	Number of shares held (thousands)	Shareholding ratio
Mitsubishi Heavy Industries, Ltd.	10,000	6.5%
Meiji Yasuda Life Insurance Company	7,152	4.6
NORTHERN TRUST CO. (AVFC) RE NVI01	4,914	3.2
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,293	2.8
The Master Trust Bank of Japan, Ltd. (trust account)	4,275	2.8
Japan Trustee Services Bank, Ltd.(trust account)	4,161	2.7
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	3,566	2.3
Mitsubishi UFJ Trust and Banking Corporation	3,420	2.2
Mitsubishi Corporation	3,352	2.2
CBNY-GOVERNMENT OF NORWAY	3,172	2.1

(Note)
The shareholding ratio is calculated by excluding 2,699 thousand treasury shares.

3. Matters concerning Subscription Rights to Shares, etc. of the Company

(as of March 31, 2017)

There are no subscription rights to shares, etc. issued at this point in time.

4. Matters concerning Officers of the Company

(1) Directors and Corporate Auditors (as of March 31, 2017)

Position	Name	Assignment and Significant Concurrent Positions
* President	Motoyuki Sato	
* Managing Director	Hiroshi Sato	In charge of Accounting Department and Information System Department
Director	Masayuki Takashima	
Director	Akira Hishikawa	
Director	Hiroshi Sekine	General Manager, Corporate Planning Division, In charge of Steel Bars Business President & Representative Director, Mitsubishi Steel Muroran Inc.
Director	Hiroshi Amano	In charge of Springs Business and Parts Sales Business Chairman of the Board, MSSC CANADA INC. Chairman of the Board, MSSC US INC. Chairman of the Board, MSSC MFG MEXICANA, S.A. DE C.V. Chairman, MSM NINGBO SPRING CO., LTD.
Director	Jun Takayama	In charge of Formed & Fabricated Products Business, Research & Development Center and Technical Administration Department
Director	Yasuhiko Iizuka	In charge of General Affairs & Human Resources Department, Public Relations and Investor Relations Department and Purchasing Department
Standing Corporate Auditor	Toshiaki Yora	
Standing Corporate Auditor	Yoshihiro Hayasaka	
Corporate Auditor	Shuichiro Sekine	Certified Public Accountant
Corporate Auditor	Tetsuya Nakagawa	Registered Attorney at Law

(Notes)

1. Persons marked with an asterisk (*) are representative directors.

2. During the fiscal year ended March 31, 2017, there were changes in positions and responsibilities of Directors as follows:

Name	New	Old	Date of change
Hiroshi Sato	In charge of Accounting Department and Information System Department	In charge of Accounting Department, Strategic Planning Department and Overseas Planning Department	October 1, 2016
Hiroshi Sekine	General Manager, Corporate Planning Division, In charge of Steel Bars Business	General Manager, Steel Bars Division	October 1, 2016
Hiroshi Amano	In charge of Springs Business and Parts Sales Business	General Manager, Springs Division, In charge of Parts Sales Business	January 1, 2017
Jun Takayama	General Manager, Formed & Fabricated Products Division, In charge of Research & Development Center and Technical Administration Department	General Manager, Formed & Fabricated Products Division, In charge of Technical Administration Department	April 1, 2016
	In charge of Formed & Fabricated Products Business, Research & Development Center and Technical Administration Department	General Manager, Formed & Fabricated Products Division, In charge of Research & Development Center and Technical Administration Department	January 1, 2017
Yasuhiko Iizuka	Manager, General Affairs & Human Resources Department, In charge of Public Relations and Investor Relations Department and Purchasing Department	Manager, General Affairs & Human Resources Department, In charge of Purchasing Department	December 1, 2016
	In charge of General Affairs & Human Resources Department, Public Relations and Investor Relations Department and Purchasing Department	Manager, General Affairs & Human Resources Department, In charge of Public Relations and Investor Relations Department and Purchasing Department	January 1, 2017

3. Director Hiroshi Amano took office as Chairman of the Board of Directors of MSSC MFG MEXICANA, S.A. DE C.V. on April 1, 2016.
4. Corporate Auditor Tetsuya Nakagawa resigned as Corporate Auditor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. on June 28, 2016.
5. Directors Masayuki Takashima and Akira Hishikawa are Outside Directors as defined in Article 2 (xv) of the Companies Act, and are notified by the Company as independent officers to the Tokyo Stock Exchange, Inc.
6. Corporate Auditors Toshiaki Yora, Shuichiro Sekine and Tetsuya Nakagawa are Outside Corporate Auditors as defined in Article 2 (xvi) of the Companies Act, and are notified by the Company as independent officers to Tokyo Stock Exchange, Inc.
7. Corporate Auditor Shuichiro Sekine is a qualified Certified Public Accountant, and has considerable financial and accounting expertise.

(2) Overview of Limited Liability Agreement

The Company has concluded an agreement with each Outside Director and Corporate Auditor to limit his liability for damages referred to in Article 423 (1) of the Companies Act pursuant to the provision of Article 427 (1) of said Act. The maximum amount of liability for damages prescribed in such agreement is the sum of the amounts stipulated in the items of Article 425 (1) of said Act.

(3) Total Amount of Compensation, etc. of Directors and Corporate Auditors

Classification	Number of persons paid	Total amount of compensation, etc.
Directors	8	157 million yen
Corporate Auditors	4	55
Total	12	213
(Outside officers (included above))	(5)	(50)

(Note)

In addition to the above compensation, the Company paid ¥13 million in employee remuneration paid to four Directors who serve the Company as Directors and employees concurrently.

(4) Policy for Determining Amount of Compensation, etc. for Officers

[Director]

The policy for determining the amount of compensation, etc. for Directors shall be determined by the Board of Directors.

The amount of remuneration, etc. of Directors excluding Outside Directors consists of base compensation (fixed) and performance-linked bonuses. If Proposal No. 5 on the Agenda is approved, performance-linked stock compensation will be added to the above.

As for Outside Directors, the Company asks them to take office to reflect their advice based on their wide variety of insights and experience to the management and accordingly, pays only base compensation (fixed) considering their roles and job descriptions.

The amount of compensation, etc. for Directors shall be determined with advice from the Governance Committee consisting of Outside Directors.

[Corporate Auditor]

The amount of remuneration, etc. for Corporate Auditors shall be determined by discussions among the Corporate Auditors.

The amount of remuneration, etc. for Corporate Auditors shall be only base compensation (fixed) considering their roles and job descriptions.

(5) Matters concerning Outside Officers

a. Relationship between the Company and entity where significant concurrent positions are held

Outside Officers have no significant concurrent position.

b. Status of main activities in the fiscal year under review

Classification	Name of outside officers	Attendance at meetings of Board of Directors	Attendance at meetings of Board of Corporate Auditors
Directors	Masayuki Takashima	14 out of 14 meetings	
	Akira Hishikawa	14 out of 14 meetings	
Corporate Auditors	Toshiaki Yora	14 out of 14 meetings	14 out of 14 meetings
	Shuichiro Sekine	14 out of 14 meetings	14 out of 14 meetings
	Tetsuya Nakagawa	14 out of 14 meetings	14 out of 14 meetings

[Meetings of the Board of Directors]

The outside officers actively asked questions, made suggestions from their respective standpoints and sufficiently fulfilled their management monitoring functions.

[Meetings of the Board of Corporate Auditors]

The Outside Corporate Auditors executed their duties in accordance with the audit policy established by the Board of Corporate Auditors, and made reports to the Board of Corporate Auditors.

[Governance Committee]

For the purpose of information exchange and sharing of recognition among independent Outside Directors, the Governance Committee was held four times during the fiscal year under review. In the Committee, Outside Directors actively asked questions and had a lively discussion about matters concerning the Company's Operating Sections as well as personnel affairs and remuneration systems of officers. Corporate Auditors attended the Committee as necessary.

5. Matters concerning Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC (as of March 31, 2017)

(2) Amount of Fees, etc. of Accounting Auditor

a. Amount of fees, etc. payable by the Company:

¥44 million

b. Total amount of money payable by the Company and its subsidiaries:

¥62 million

(Notes)

1. Under the audit agreement between the Company and the Accounting Auditor, the amount of fees, etc. for audits under the Companies Act and the amount of fees, etc. for audits under the Financial Instruments and Exchange Act are not distinguished from each other; accordingly, the amount stated in a. is the sum of these amounts.
2 The Board of Corporate Auditors comprehensively considered the contents of the audit program of the Accounting Auditor, the status of execution of duties in accounting audit, the adequacy of the basis of calculation of estimated remuneration and the possibility of providing future appropriate audit services to approve the amount of remuneration for the Accounting Auditor.
3. Among the Company's significant subsidiaries, overseas subsidiaries are audited by an audit corporation other than the Company's Accounting Auditor.

(3) Policy for Determination of Dismissal or Non-reappointment of Accounting Auditor

If the Accounting Auditor is deemed to fall under any of the items of Article 340 (1) of the Companies Act, the Board of Corporate Auditors will dismiss the Accounting Auditor based on the consent of all Corporate Auditors. If the Accounting Auditor is deemed to have any difficulties in performing its duties properly, or if it is otherwise deemed necessary, the Board of Corporate Auditors will decide to dismiss or not to reappoint the Accounting Auditor.

6. Basic Policy for Internal Controls and Its Implementation Status

(1) Basic Policy for Internal Controls

The Company's basic policy for internal controls resolved at the meeting of the Board of Directors is as follows.

a. System to ensure execution of duties by Directors of the Company and directors of its subsidiaries in compliance with laws, regulations and the Articles of Incorporation and in an efficient manner

For the purpose of fulfilling its social responsibility in pursuit of becoming an enterprise trusted by society, the Company has prescribed in its "Basic Policy for Corporate Governance" that it shall establish the "Corporate Philosophy" and "Mitsubishi Steel Group Code of Conduct" and commit to pursuing and fulfilling more effective corporate governance. The Company's system places importance on "the functional enhancement of the institutions of the Board of Directors and the Board of Corporate Auditors" as well as "deliberations on the execution of operations by the Management Committee and enhancement of compliance and crisis management."

The meeting of the Board of Directors is where the direction of management strategies for the Group as a whole is determined. While giving consideration to speedy decision-making, the Board of Directors formulates basic management policies, determines matters stipulated in laws, regulations and the Articles of Incorporation and other important management-related matters, and supervises Directors in executing operations.

The Board of Directors shall be the minimum size necessary, and have a system that enables speedy and efficient decision-making. Regarding the policies determined by the Board of Directors, the Director in charge responsibly gives instructions to employees who are given authority to execute the operations, and each authorized person shall execute their operations.

In addition, Outside Directors and Outside Corporate Auditors attend the meetings of the Board of Directors and ensure fairness and transparency in the decisions on the execution of operations. Meanwhile, as a subordinate agency of the Board of Directors, the Governance Committee shall be put into place for the purpose of information exchange and sharing of recognition among independent Outside Directors, which will openly discuss matters concerning the Company's business and governance so as to strengthen supervisory function to execution of operations by the Board of Directors. The Board of Corporate Auditors audits the Group as a whole, including compliance and crisis management in accordance with the audit policy and segregation of operations, and ensures that Directors comply with laws, regulations and the Articles of Incorporation in executing their duties.

Furthermore, meetings of the Management Committee are convened periodically, on a weekly basis as a general rule (and are convened whenever necessary,) where its members including Directors, Corporate Auditors, Fellows, General Managers of Divisions, the respective Managers of Corporate Planning Sections, the respective Managers of Administration and the General Manager of Research & Development Center deliberate and deal with the execution of important operations, compliance and crisis management of the Group.

In subsidiaries, the "Management Regulations for Subsidiaries" shall clarify rules for the management of subsidiaries, and through compliance with such regulations the Company shall understand and manage the status of its subsidiaries. In addition, a system to execute duties in a proper and efficient manner is ensured by making the Company's Directors, Corporate Auditors or employees concurrently serve as directors or corporate auditors of subsidiaries as a general rule. In the "Mitsubishi Steel Group Code of Conduct," the Group declares that it has absolutely no relationship with any antisocial forces, and that it has a system in place to collaborate with outside specialized institutions such as police and lawyers and take a resolute stance when it receives unreasonable demands from antisocial forces.

b. System for the preservation and management of information on execution of duties by Directors

With regard to preserving and managing information on the execution of duties, Directors properly preserve and manage the minutes of the Board of Directors and other such important documents and information in accordance with laws, regulations and internal rules.

c. Regulations and other systems to manage risk of loss of the Company and its subsidiaries

A system is established for the Management Committee of the Company to discuss problems that may expose the Company and its subsidiaries to the risk of loss, and to identify and properly manage the risk of loss arising in domestic as well as global business activities.

The Investment and Credit Committee was established, mainly led by the Corporate Planning Division, in order to build a system contributing to management decisions by sufficiently considering risks in the investment plan including advances in new business, expansion of the existing business, increase in capital and loan to subsidiaries and affiliates, and the capital investment plan.

There is also a system in place for the Board of Directors of the Company to deliberate important cases, including items regarding subsidiaries, pursuant to the Rules of the Board of Directors and thereby prevent loss from arising.

d. System to ensure execution of duties by employees of the Company and its subsidiaries in compliance with laws, regulations and the Articles of Incorporation

In the Company, the Internal Audit Department—which reports directly to the President—conducts audits as the internal auditing division to determine whether or not operations are executed by employees in an appropriate and lawful manner, in addition to supervision by Directors and operational audits by the Corporate Auditors.

In subsidiaries, a system to ensure properness and efficiency in employees' duties and to prevent them from violating laws and regulations, etc. is ensured by making the Company's Directors, Corporate Auditors or employees concurrently serve as directors or corporate auditors as a general rule.

Efforts are also made to instill compliance in each and every employee by enhancing training aimed at making employees become more aware of the importance of compliance and deepening their understanding of "Mitsubishi Steel Group Code of Conduct." Moreover, violations of laws and regulations are prevented by the establishment of a whistle-blowing system in which members of the Internal Audit Department and a corporation lawyer can be reached.

e. System to ensure properness of operations in the Group and system to report matters regarding execution of duties by directors of subsidiaries to the Company

The respective directors of subsidiaries execute operations and supervise their employees in accordance with policies decided by the Board of Directors and the Management Committee of the Company. In addition to audits conducted by the respective corporate auditors of subsidiaries, Directors, Corporate Auditors or employees of the Company concurrently serve as directors and corporate auditors of major consolidated subsidiaries and supervise and audit them, and exchange information periodically with directors and corporate auditors of each subsidiary while collaborating with the Internal Audit Department and the Accounting Auditor, thereby ensuring the properness of operations of the Group as a whole.

Furthermore, a system to have a grasp of important matters concerning subsidiaries at all times is ensured through the Operating Sections, Corporate Planning Sections, Administration Sections and Research & Development Sections, in addition to the receipt of reports by the Directors and Corporate Auditors of the Company at the meetings of the board of directors, etc. of the subsidiaries.

In addition, internal controls are put in place and implemented properly to ensure appropriateness and reliability of the Group's financial reporting.

f. Matters concerning employees who should assist Corporate Auditors' duties

Staff who concurrently serve as assistants to Corporate Auditors are appointed and assist in the Corporate Auditors' work, and Corporate Auditors properly confirm and give guidance on the staff's work, thereby ensuring the effectiveness of instructions.

g. System for Directors and employees of the Company and directors and employees of its subsidiaries to report to the Corporate Auditors of the Company and other systems for reporting to Corporate Auditors, and system to ensure any person who made such report is not treated unfairly on the grounds of making such report

Directors and employees of the Company and directors and employees of its subsidiaries report the status of execution of operations to Corporate Auditors as appropriate (including making reports at important meetings attended by Corporate Auditors), and promptly make a report to the Corporate Auditors on matters with the risk of inflicting serious damage to the Company, acts in violation of laws, regulations or the Articles of Incorporation and other matters on which the Corporate Auditors demand a report.

The content of whistle-blowing by officers and employees of the Company and domestic subsidiaries is reported to Corporate Auditors.

In addition, the Whistle-blowing Rules stipulate that no one will be treated unfairly on the grounds of making such report, and an explanation is provided at in-house workshops to the effect that there will be no unfair treatment.

h. Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Corporate Auditors of the Company and other policies for processing expenses and liabilities incurred in the execution of such duties

Directors properly pay Corporate Auditors as necessary with respect to expenses incurred in audits, etc. with full understanding of the importance of audits conducted by Corporate Auditors.

i. Other systems to ensure effective auditing by Corporate Auditors

Corporate Auditors effectively audit the execution status of operations by such means as periodically exchanging information with Directors including the Representative Director, the Internal Audit Department and the Accounting Auditor, and receiving reports from Divisions, each department in Corporate Planning Sections, each department in Administration Sections and Research & Development Sections after having identified management problems at the meetings of the Board of Directors and the Management Committee in the early stages, and attending important meetings convened monthly at each place of business and subsidiary as appropriate.

(2) Implementation Status of the Basic Policy for Internal Controls

The Company strives to develop and adequately operate internal controls based on the basic policy for internal controls. During the fiscal year under review, it promoted activities to keep the Group companies informed about the "Corporate Philosophy" and "Mitsubishi Steel Group Code of Conduct" and conducted comprehension surveys with employees. Considering the results, the Board of Directors of the Company determined to maintain in-house training and comprehension surveys to disseminate them and enhance employee understanding. The following are other major matters on the implementation status of the basic policy for internal controls.

a. Matters concerning compliance

The Company's Board of Directors and Management Committee deliberated on whether its operations were executed in compliance with laws and regulations, and the Board of Corporate Auditors and Internal Audit Department provided internal audit in cooperation with each other to confirm the implementation status of compliance in addition to verification of adequacy and effectiveness of execution of operations.

During the fiscal year under review, the Company conducted compliance training with employees of the Company and its domestic subsidiaries and training related to the legal liabilities of officers to officers of the Company and its domestic subsidiaries with a lawyer as lecturer in order to increase employee awareness of compliance.

The Company has put into place a whistle-blower system with the Internal Audit Department and a corporation lawyer as contacts to report all contents communicated to the Board of Directors. During the fiscal year under review, there was no whistle-blowing related to material violations of law.

In order to reject any relation with anti-social forces, the Company continues its approach of including provisions regarding the elimination of anti-social forces in agreements with its business partners.

b. Matters concerning execution of duties by Directors

During the fiscal year under review, the Board of Directors held meetings 14 times, actively exchanged opinions about material matters on the Company and its subsidiaries and provided prompt and effective decision-making. Outside Directors and Outside Corporate Auditors attended these meetings to ensure the fairness and transparency of the execution of operations.

In the Governance Committee as subordinate agency of the Board of Directors, independent Outside Directors understood developments of each business of the Group and deepened their recognition on business issues. The Group receives the advice of independent Outside Directors about the designation and remuneration of Directors in order to strengthen the supervisory function of the Board of Directors.

Preservation and management of information on the execution of duties by Directors have been performed adequately in accordance with laws and regulations and internal rules. Also, the Company has taken an initiative to reinforce the information security management.

In addition, the Company conducts periodic evaluations annually on the effectiveness of the Board of Directors to understand the current status of the Board of Directors and improve the operation and make it more efficient.

For ensuring the adequacy and reliability of financial reporting of the Group, Directors have built and operated internal control based on standards on the evaluation and audit of internal control on financial reporting, and Corporate Auditors, the Internal Audit Department and the Accounting Auditor audited the structure and implementation status of such control.

In addition, the Group disclosed information through investor relations activities including results briefings in order to ensure transparency of management.

c. Matters concerning execution of duties by Corporate Auditors

Corporate Auditors attend meetings of the Board of Corporate Auditors (a total of 14 times), material meetings including meetings of the Board of Directors and Management Committee as well as major monthly meetings held in each business office and subsidiaries to collect information and understand actual situations. For the fiscal year under review, Corporate Auditors visited a new overseas subsidiary in India to conduct a field audit. In addition, they confirmed problems and approaches of the Company and each Operating Section through individual interview with Directors, General Managers of Divisions, the respective Managers of Corporate Planning Sections and Administration Sections and the General Manager of Research & Development Center, and exchanged information as necessary and kept cooperation with the Internal Audit Department and the Accounting Auditor to ensure the effectiveness of audit.

Corporate Auditors attend the Governance Committee as much as possible as observer in order to confirm the developments and business issues of each business of the Group, together with Outside Directors.

Staff of Corporate Auditors made presentations in meetings of the Board of Corporate Auditors. As for expenses on execution of duties of Corporate Auditors, the Company paid necessary expenses properly.

d. Matters concerning the risk management system

The Company's Management Committee identifies and considers risks arising from the business activities of the Company and its subsidiaries. For the fiscal year under review, meetings of the Management Committee were held 68 times. Material matters were also deliberated upon in meetings of the Board of Directors in accordance with regulations of the Board of Directors. By doing this, the Company has strengthened the system that enables understanding of, and management of risks arising from, its business activities.

The Investment and Credit Committee was established in the fiscal year under review, which assesses projects from an objective and independent viewpoint as a meeting body independent of the Operating Sections in order to strengthen the risk management system.

e. Matters concerning the management system for subsidiaries

The regulations on the management of subsidiaries were defined so as to clarify the rules on the management of subsidiaries, and important matters on subsidiaries were deliberated in the Board of Directors and the Management Committee of the Company to understand and manage information of subsidiaries. As a general rule, the Company's Directors, Corporate Auditors or employees concurrently serve as directors or corporate auditors of subsidiaries to ensure the adequacy and effectiveness of operations of subsidiaries and to prevent any violation of law from occurring.

(Notes)

Amounts and the number of shares stated in this Business Report are rounded down to the nearest unit of presentation.

Ratios are rounded off to the second decimal place.

Consolidated Financial Statements

Consolidated Balance Sheet

(as of March 31, 2017)

(Million yen)

Account	Amount	Account	Amount
Assets		**Liabilities**	
Current assets	**83,584**	**Current liabilities**	**32,674**
Cash and deposits	16,202	Notes and accounts payable - trade	11,118
Notes and accounts receivable - trade	24,476	Electronically recorded obligations - operating	5,358
Electronically recorded monetary claims - operating	3,395	Short-term loans payable	10,701
Securities	22,500	Lease obligations	56
Merchandise and finished goods	6,964	Income taxes payable	748
Work in process	4,079	Deferred tax liabilities	14
Raw materials and supplies	3,671	Accrued consumption taxes	369
Deferred tax assets	809	Other	4,307
Other	1,489	**Non-current liabilities**	**35,356**
Allowance for doubtful accounts	(5)	Long-term loans payable	23,091
		Lease obligations	102
Non-current assets	**51,519**	Deferred tax liabilities	2,751
Property, plant and equipment	**26,786**	Net defined benefit liability	9,163
Buildings and structures	8,782	Provision for directors' retirement benefits	123
Machinery, equipment and vehicles	8,457	Other	124
Land	6,403		
Leased assets	263		
Construction in progress	2,337	**Total liabilities**	**68,030**
Other	542	**Net assets**	
Intangible assets	**1,973**	**Shareholders' equity**	**59,807**
Software	1,168	Capital stock	9,924
Other	805	Capital surplus	3,622
		Retained earnings	47,372
Investments and other assets	**22,759**	Treasury shares	(1,111)
Investment securities	18,131	**Accumulated other comprehensive income**	**615**
Long-term loans receivable	520	Valuation difference on available-for-sale securities	4,241
Net defined benefit asset	1,518	Foreign currency translation adjustment	(2,147)
Deferred tax assets	1,591	Remeasurements of defined benefit plans	(1,478)
Other	1,174	**Non-controlling interests**	**6,650**
Allowance for doubtful accounts	(177)	**Total net assets**	**67,073**
Total assets	**135,104**	**Total liabilities and net assets**	**135,104**

(Note)
Amounts shown are rounded down to the nearest million yen.

Consolidated Statement of Income

from April 1, 2016 to March 31, 2017

(Million yen)

Account	Amount	
Net sales		**103,742**
Cost of sales		87,869
Gross profit		**15,872**
Selling, general and administrative expenses		12,011
Operating income		**3,861**
Non-operating income		
Interest and dividend income	334	
Other	434	769
Non-operating expenses		
Interest expenses	332	
Foreign exchange losses	89	
Share of loss of entities accounted for using the equity method	733	
Other	260	1,415
Ordinary income		**3,214**
Extraordinary income		
Gain on disposal of non-current assets	23	
Gain on sales of investment securities	2,132	2,156
Income before income tax		**5,370**
Income taxes - current	715	
Income taxes - deferred	847	1,563
Profit		**3,807**
Profit (loss) attributable to non-controlling interests		302
Profit attributable to owners of parent		**3,504**

(Note)
Amounts shown are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity

from April 1, 2016 to March 31, 2017

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,924	3,603	44,376	(1,110)	56,793
Changes of items during period					
Changes in interests of parent in transaction with non-controlling shareholders		(0)			(0)
Dividends of surplus			(923)		(923)
Profit (loss) attributable to owners of parent			3,504		3,504
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation		18	414		433
Net changes of items other than shareholders' equity					
Total changes of items during period	-	18	2,995	(0)	3,013
Balance at end of period	9,924	3,622	47,372	(1,111)	59,807

(Million yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,877	(1,756)	(1,665)	1,455	6,147	64,397
Changes of items during period						
Changes in interests of parent in transaction with non-controlling shareholders						(0)
Dividends of surplus						(923)
Profit (loss) attributable to owners of parent						3,504
Purchase of treasury shares						(0)
Change of scope of consolidation	0			0	181	614
Net changes of items other than shareholders' equity	(636)	(390)	186	(840)	321	(519)
Total changes of items during period	(636)	(390)	186	(840)	502	2,675
Balance at end of period	4,241	(2,147)	(1,478)	615	6,650	67,073

(Note)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Balance Sheet

(as of March 31, 2017)

(Million yen)

Account	Amount	Account	Amount
Assets		**Liabilities**	
Current assets	**51,234**	**Current liabilities**	**23,748**
Cash and deposits	3,445	Notes payable - trade	8
Notes receivable - trade	888	Electronically recorded obligations - operating	2,785
Electronically recorded monetary claims - operating	2,619	Accounts payable - trade	11,815
Accounts receivable - trade	15,266	Short-term loans payable	6,668
Securities	22,500	Accounts payable - other	491
Merchandise and finished goods	2,878	Income taxes payable	602
Work in process	822	Accrued consumption taxes	67
Raw materials and supplies	246	Accrued expenses	1,231
Prepaid expenses	130	Other	77
Deferred tax assets	459		
Short-term loans receivable	66	**Non-current liabilities**	**23,332**
Accounts receivable - other	1,795	Long-term loans payable	20,081
Other	114	Deferred tax liabilities	1,921
Allowance for doubtful accounts	(0)	Provision for retirement benefits	1,273
Non-current assets	**43,536**	Other	56
Property, plant and equipment	**7,300**	**Total liabilities**	**47,080**
Buildings	3,702		
Structures	158	**Net assets**	
Machinery and equipment	1,321	**Shareholders' equity**	**43,456**
Vehicles	34	**Capital stock**	**9,924**
Tools, furniture and fixtures	213	**Capital surplus**	**3,605**
Land	1,422	Legal capital surplus	3,605
Construction in progress	448	**Retained earnings**	**31,038**
Intangible assets	**748**	Legal retained earnings	809
Software	652	Other retained earnings	30,228
Other	96	Reserve for advanced depreciation of non-current assets	1,293
Investments and other assets	**35,487**	General reserve	18,855
Investment securities	10,887	Retained earnings brought forward	10,079
Shares of subsidiaries and associates	15,289	**Treasury shares**	**(1,111)**
Investments in capital	4		
Investments in capital of subsidiaries and associates	2,737	**Valuation and translation adjustments**	**4,234**
Long-term loans receivable	6,210	**Valuation difference on available-for-sale securities**	**4,234**
Prepaid pension cost	122		
Other	391		
Allowance for doubtful accounts	(157)	**Total net assets**	**47,691**
Total assets	**94,771**	**Total liabilities and net assets**	**94,771**

(Note)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Statement of Income

from April 1, 2016 to March 31, 2017

(Million yen)

Account	Amount	
Net sales		**58,020**
Cost of sales		49,460
Gross profit		**8,559**
Selling, general and administrative expenses		6,349
Operating income		**2,210**
Non-operating income		
Interest and dividend income	351	
Reversal of allowance for doubtful accounts for subsidiaries and associates	420	
Other	108	881
Non-operating expenses		
Interest expenses	234	
Foreign exchange losses	59	
Commission fee	76	
Other	108	478
Ordinary income		**2,612**
Extraordinary income		
Gain on sales of investment securities	2,132	
Reversal of provision for loss on business of subsidiaries and associates	258	2,391
Income before income tax		**5,004**
Income taxes - current	534	
Income taxes - deferred	794	1,328
Profit		**3,676**

(Note)
Amounts shown are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Equity

from April 1, 2016 to March 31, 2017

(Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	9,924	3,605	3,605	809	1,422	18,855	7,197	28,285
Changes of items during period								
Reversal of reserve for advanced depreciation of non-current assets					(129)		129	-
Dividends of surplus							(923)	(923)
Profit							3,676	3,676
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	(129)	-	2,882	2,753
Balance at end of period	9,924	3,605	3,605	809	1,293	18,855	10,079	31,038

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,110)	40,704	4,873	4,873	45,577
Changes of items during period					
Reversal of reserve for advanced depreciation of non-current assets		-			-
Dividends of surplus		(923)			(923)
Profit		3,676			3,676
Purchase of treasury shares	(0)	(0)			(0)
Net changes of items other than shareholders' equity			(638)	(638)	(638)
Total changes of items during period	(0)	2,752	(638)	(638)	2,113
Balance at end of period	(1,111)	43,456	4,234	4,234	47,691

(Note)
Amounts shown are rounded down to the nearest million yen.

Audit Report

Certified Copy of Accounting Auditors' Audit Report

on Consolidated Financial Statements

INDEPENDENT AUDITORS' AUDIT REPORT

May 8, 2017

Mitsubishi Steel Mfg. Co., Ltd.

To the Board of Directors of Mitsubishi Steel Mfg. Co., Ltd.

Deloitte Touche Tohmatsu LLC

Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant Toshiyuki Ono
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant Fukuyuki Nishikawa

Pursuant to Article 444(4) of the Companies Act, we have audited the Consolidated Financial Statements—i.e., Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements—of Mitsubishi Steel Mfg. Co., Ltd. for the consolidated fiscal year from April 1, 2016 to March 31, 2017.

Management's Responsibility for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with accounting standards generally accepted in Japan, including developing and implementing internal control deemed necessary by the management for the preparation and fair presentation of Consolidated Financial Statements that are free from material misstatement due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements from an independent standpoint based on the audit we have conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. The audit standards require that we formulate an audit plan and perform the audit based on such plan 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 audit procedures are selected and applied according to our judgment, based on the assessment of the risks of material misstatement of the Consolidated Financial Statements due to fraud or error. While the audit is not conducted for the purpose of expressing an opinion on the effectiveness of internal control, we consider, upon conducting risk assessment, internal control relevant to the preparation and fair presentation of the Consolidated Financial Statements in order to formulate audit procedures that are appropriate to the circumstances. An audit also includes examining the overall presentation of the Consolidated Financial Statements, including evaluating accounting policies adopted by the management and the method of applying such policies, as well as the estimates made by the management.

We believe we have obtained audit evidence that is sufficient and appropriate as the basis for expressing our opinion.

Audit Opinion

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the status of assets and income of the enterprise group consisting of Mitsubishi Steel Mfg. Co., Ltd. and its consolidated subsidiaries for the period subject to the Consolidated Financial Statements in accordance with accounting standards generally accepted in Japan.

Interests

Neither our firm nor any of the Designated Limited Liability Partners has any interest in the Company that needs to be stated under the provisions of the Certified Public Accountants Act.

Certified Copy of Accounting Auditors' Audit Report

on Non-consolidated Financial Statements

INDEPENDENT AUDITORS' AUDIT REPORT

May 8, 2017

Mitsubishi Steel Mfg. Co., Ltd.

To the Board of Directors of Mitsubishi Steel Mfg. Co., Ltd.

Deloitte Touche Tohmatsu LLC

Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant Toshiyuki Ono
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant Fukuyuki Nishikawa

Pursuant to Article 436(2)(i) of the Companies Act, we have audited the Non-consolidated Financial Statements—i.e., Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity, Notes to the Non-consolidated Financial Statements and their supplementary schedules—of Mitsubishi Steel Mfg. Co., Ltd. for the 93rd Fiscal Year from April 1, 2016 to March 31, 2017.

Management's Responsibility for the Non-consolidated Financial Statements, etc.

The management is responsible for the preparation and fair presentation of the Non-consolidated Financial Statements and their supplementary schedules in accordance with accounting standards generally accepted in Japan, including developing and implementing internal control deemed necessary by the management for the preparation and fair presentation of Non-consolidated Financial Statements and their supplementary schedules that are free from material misstatement due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Non-consolidated Financial Statements and their supplementary schedules from an independent standpoint based on the audit we have conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. The audit standards require that we formulate an audit plan and perform the audit based on such plan to obtain reasonable assurance about whether the Non-consolidated Financial Statements and their supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Non-consolidated Financial Statements and their supplementary schedules. The audit procedures are selected and applied according to our judgment, based on the assessment of the risks of material misstatement of the Non-consolidated Financial Statements and their supplementary schedules due to fraud or error. While the audit is not conducted for the purpose of expressing an opinion on the effectiveness of internal control, we consider, upon conducting risk assessment, internal control relevant to the preparation and fair presentation of the Non-consolidated Financial Statements and their supplementary schedules in order to formulate audit procedures that are appropriate to the circumstances. An audit also includes examining the overall presentation of the Non-consolidated Financial Statements and their supplementary schedules, including evaluating accounting policies adopted by the management and the method of applying such policies, as well as the estimates made by the management.

We believe we have obtained audit evidence that is sufficient and appropriate as the basis for expressing our opinion.

Audit Opinion

In our opinion, the Non-consolidated Financial Statements and their supplementary schedules referred to above present fairly, in all material respects, the status of assets and income for the period subject to the Non-consolidated Financial Statements and their supplementary schedules in accordance with accounting standards generally accepted in Japan.

Interests

Neither our firm nor any of the Designated Limited Liability Partners has any interest in the Company that needs to be stated under the provisions of the Certified Public Accountants Act.

Certified Copy of Board of Corporate Auditors' Audit Report

Audit Report

The Board of Corporate Auditors has prepared this Audit Report following deliberations based on the respective audit reports prepared by Corporate Auditors in relation to the execution of duties by Directors for the 93rd Fiscal Year from April 1, 2016 to March 31, 2017. The report is as follows.

1. Method and Description of Audit by Corporate Auditors and the Board of Corporate Auditors
   (1) The Board of Corporate Auditors determined the audit policy, audit plans, etc., received reports from each Corporate Auditor on the progress and results of his/her audit, in addition to receiving reports from Directors, etc. and the Accounting Auditor on the execution status of their duties, and sought explanations as necessary.
   (2) Corporate Auditors complied with the audit standards for Corporate Auditors established by the Board of Corporate Auditors; followed the audit policy and audit plan, etc.; communicated with Directors, the internal auditing division and other employees; endeavoured to collect information and develop an environment for the audit; and provided audits by the following methods.
      a. We attended the meetings of the Board of Directors and other important meetings; received reports from Directors, employees, etc. on the execution status of their duties; sought explanations as necessary; reviewed important approval documents; and investigated the status of operations and assets at the head office and principal places of business. Also, with respect to subsidiaries, we communicated and exchanged information with the directors, corporate auditors, etc. of the subsidiaries and received reports from subsidiaries on their businesses as necessary.
      b. We received reports from Directors and employees, etc. on the establishment and implementation status of the content of the resolution passed by the Board of Directors regarding the development of a system to ensure that the execution of duties by Directors referred to in the Business Report is in compliance with laws, regulations and the Articles of Incorporation and other systems stipulated in Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act that are required to ensure properness of operations of an enterprise group consisting of a stock company and its subsidiaries, as well as the status of the system developed pursuant to such resolution (i.e., internal control system), sought explanations as necessary, and expressed our opinion.
      c. We monitored and verified whether or not the Accounting Auditor had maintained its independence and whether or not it had conducted its audit properly, received reports from the Accounting Auditor on the execution status of its duties, and sought explanations as necessary. In addition, we were notified by the Accounting Auditor that it is equipped with a system for ensuring that duties are performed properly (matters listed in the items of Article 131 of the Company Accounting Ordinance) in accordance with the Quality Control Standards for Audits (issued by the Business Accounting Council on October 28, 2005), etc., and sought explanations as necessary.

   Based on the above methods, we examined the Business Report and the supplementary schedules, the Non-consolidated Financial Statements (i.e., Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity and Notes to the Non-Consolidated Financial Statements) and their supplementary schedules as well as the Consolidated Financial Statements (i.e., Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements) for the fiscal year under review.
2. Audit Results
   (1) Results of audit of Business Report, etc.
      a. In our opinion, the Business Report and the supplementary schedules are in compliance with laws, regulations and the Articles of Incorporation, and fairly represent the Company's position.
      b. In connection with the execution of duties by Directors, no misconduct or material facts in violation of laws, regulations or the Articles of Incorporation were identified.
      c. In our opinion, the Board of Directors' resolution on the internal control system is adequate in content. We found no matters that need to be pointed out with regard to the content of the Business Report or the execution of duties by Directors in relation to said internal control system.
   (2) Results of audit of Non-consolidated Financial Statements and their supplementary schedules
      In our opinion, the methods and results of the audit conducted by Accounting Auditor Deloitte Touche Tohmatsu LLC are reasonable.
   (3) Results of audit of Consolidated Financial Statements
      In our opinion, the methods and results of the audit conducted by Accounting Auditor Deloitte Touche Tohmatsu LLC are reasonable.

May 11, 2017

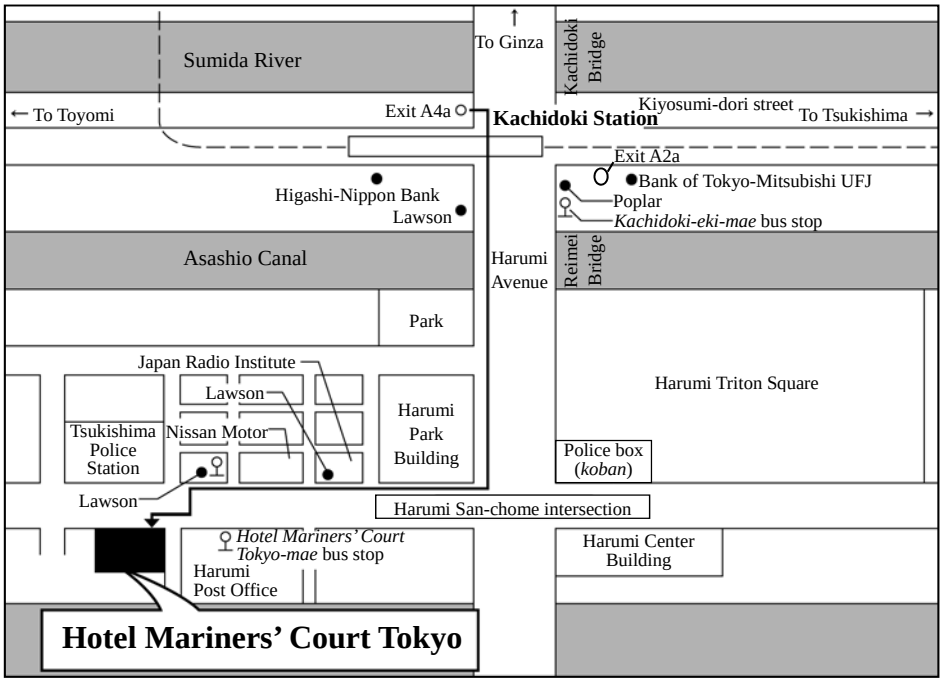
Board of Corporate Auditors, Mitsubishi Steel Mfg. Co., Ltd.

Standing Corporate Auditor (Outside)	Toshiaki Yora
Standing Corporate Auditor	Yoshihiro Hayasaka
Corporate Auditor (Outside)	Shuichiro Sekine
Corporate Auditor (Outside)	Tetsuya Nakagawa

(Note) Corporate Auditors Toshiaki Yora, Shuichiro Sekine and Tetsuya Nakagawa are Outside Corporate Auditors as defined in Article 2 (xvi) of the Companies Act.

Venue Map

2F (Heian), Hotel Mariners' Court Tokyo
4-7-28 Harumi, Chuo-ku, Tokyo Tel: +81-3-5560-2525



Walking from Kachidoki Station
*15 minutes' walk from Exit A4a of Kachidoki Station (Oedo Line)
Access may vary on the day due to construction work under way at Kachidoki Station's entrance/exit.
Traveling by bus
Please note that To-05-2 bound for Tokyo Big Sight does not stop at Hotel Mariners' Court Tokyo-mae bus stop.
The following is a guide from the nearest train station to bus stop.

	1	2	3	4	5
Train lines	Toei Oedo Line	JR Line or Marunouchi Line	JR Line or Yurakucho Line	Hibiya Line or Ginza Line	Marunouchi Line
Get off the train at:	Kachidoki Station*	Tokyo Station	Yurakucho Station	Ginza Station	
Catch a bus at:	Kachidoki-ekimae bus stop	Tokyo-eki-Marunouchi-Minamiguchi bus stop	Yurakucho-ekimae bus stop	Ginza-Yonchome bus stop	Sukiya-bashi bus stop
Toei Bus number:	To-03 or To-05-1	To-05-1	To-05-1	To-03 or To-05-1	
Bound for:	Harumi-futo				
Get off bus at:	Hotel Mariners' Court Tokyo-mae bus stop				

* If you travel by bus from Kachidoki Station, please go to Exit A2a.
Please refrain from driving to the venue. Thank you in advance for your cooperation.