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

93rd Fiscal Year (April 1, 2016 - March 31, 2017)

(i) Notes to the Consolidated Financial Statements

(ii) Notes to the Non-consolidated Financial Statements

Mitsubishi Steel Mfg. Co., Ltd.

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

Notes to the Consolidated Financial Statements

(April 1, 2016 - March 31, 2017)

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 16

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

From the viewpoint of enhancing group management, the newly-established MSSC MFG Mexicana, S.A. de C.V., as well as Marunaka Sangyo Co., Ltd. and Ryoki Engineering Co., Ltd., have been included in the scope of consolidation from the consolidated fiscal year under review.

MSM Ningbo Co., Ltd., a consolidated subsidiary, is excluded from the scope of consolidation as it was dissolved through an absorption-type merger in which MSM NINGBO SPRING CO., LTD., a consolidated subsidiary, is the surviving company.

2. Application of the equity method

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

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

(2) Affiliate not accounted for under the equity method:

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

Companies not accounted for under the equity method are excluded from the scope of application of the equity method as their impact on net income (amount corresponding to interests), retained earnings (amount corresponding to interests), etc. is not only minuscule individually but is also insignificant as a whole.

3. Accounting policies

(1) Valuation standards and methods of principal assets

(i) Securities

Available-for-sale securities

For which market value is available:

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

For which market value is not available:

Stated at cost mainly using the moving-average method.

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

(2) Depreciation and amortization methods of principal depreciable assets

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

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

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

Buildings and structures

8 - 33 years

Machinery, equipment and vehicles

4- 14 years

(ii) Intangible assets (excluding leased assets):

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

(iii) Leased assets: Leased assets associated with finance leases in which ownership of the leased assets is not transferred to the lessee.

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

(3) Accounting standards for principal provisions and allowances

(i) Allowance for doubtful accounts:

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

(ii) Provision for directors' retirement benefits:

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

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

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

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

(i) Hedge accounting method:

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

(ii) Accounting method for retirement benefits:

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

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

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

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

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

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

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

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

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

(iv) Accounting for consumption tax:

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

(Notes on Changes in Accounting Policies)

In line with the revision of the Japanese Corporate Tax Act, from April 1, 2016 the Group applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (Practical Issues Task Force No.32, June 17, 2016) and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight line method.

As a result, there are minimal impacts on operating income, ordinary income, and income before income tax of the fiscal year under review.

(Additional information)

From April 1, 2016, the Group applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Guidance No.26, March 28, 2016).

(Notes to the Consolidated Balance Sheet)

1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral

Buildings and structures	30 million yen
Machinery, equipment and vehicles	11
Land	1,084
Total	1,126

Secured liabilities

Short-term loans payable	200 million yen

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

2. Accumulated depreciation of property, plant and equipment:

77,791 million yen

(Notes to the Consolidated Statement of Changes in Equity)

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

Common shares 156,556,683 shares

2. Dividends

(1) Dividend payments

Date of resolution	Total dividends	Cash dividends per share	Effective date	Record date
Ordinary General Meeting of Shareholders held on June 17, 2016	538 million yen	3.50 yen	June 20, 2016	March 31, 2016
Board of Directors Meeting held on October 27, 2016	384 million yen	2.50 yen	November 28, 2016	September 30, 2016

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

At the Ordinary General Meeting of Shareholders to be held on June 23, 2017, the following proposal on dividends will be submitted.

Total dividends	538 million yen
Cash dividends per share	3.50 yen
Effective date	June 26, 2017
Record date	March 31, 2017

The source of dividends shall be retained earnings.

(Notes on Financial Instruments)

1. Information regarding status of financial instruments

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

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

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

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

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

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

(Millions of yen)

	Consolidated Balance Sheet amount*	Market value*	Difference
(1) Cash and deposits	16,202	16,202	-
(2) Notes and accounts receivable - trade	24,476	24,476	-
(3) Securities	22,500	22,500	-
(4) Investment securities Available-for-sale securities:	10,049	10,049	-
(5) Notes and accounts payable - trade	[11,118]	[11,118]	-
(6) Short-term loans payable	[8,716]	[8,716]	-
(7) Long-term loans payable	[25,076]	[25,341]	(265)
(8) Derivative transactions	-	-	-

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

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

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

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

(3) Securities

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

(4) Investment securities

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

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

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

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

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

(8) Derivative transactions

Those subject to special treatment for interest rate swaps are processed integrally with the hedged long-term loans payable, so their market value is included in the

market value of such long-term loans payable (see (7) above).

(Note 2) Unlisted shares (Consolidated Balance Sheet amount: 8,082 million yen) are not included in "(4) Investment securities Available-for-sale securities" since it is deemed extremely difficult to determine their market value because there is no quoted market price and it is impossible to estimate future cash flows.

(Notes on Per Share Information)

1. Net assets per share: ¥392.72
2. Profit per share: ¥22.78

(Notes on Subsequent Event)

Share consolidation and change in the number of share trading units

The Company, at the meeting of the Board of Directors held on April 28, 2017, resolved to change the number of share trading units and to amend part of its Articles of Incorporation. The said Board of Directors Meeting resolved to submit a proposal for the share consolidation to the 93rd Ordinary General Meeting of Shareholders to be held on June 23, 2017.

(1) Purpose of share consolidation and change in the number of share trading units

The Japanese Stock Exchanges 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.

As a corporation listed on the Tokyo Stock Exchange, the Company respects the purport of this initiative and will change its number of share trading units from 1,000 shares to 100 shares and together it will consolidate 10 shares into 1 share (hereinafter, referred to as the "Share Consolidation") in order to maintain the level of price per share trading unit at the level of investment unit that the TSE recommends (no less than 50,000 yen and no more than 500,000 yen).

(2) Details of share consolidation

(i) Class of shares to be consolidated

Common shares

(ii) Consolidation method / ratio

Every 10 shares will be consolidated into 1 share on October 1, 2017 based on the number of shares held by shareholders recorded in the Register of Shareholders as of the end of the day on September 30 (practically, September 29), 2017.

(iii) Decrease in number of shares after share consolidation

Number of outstanding shares before share consolidation (as of March 31, 2017)	156,556,683 shares
Decrease in number of shares after share consolidation	140,901,015
Number of outstanding shares after share consolidation	15,655,668

(Note) "Decrease in number of shares after share consolidation" and "Number of outstanding shares after share consolidation" are theoretical figures calculated based on the number of outstanding shares before share consolidation and the consolidation ratio.

(3) Handling of fractional shares less than 1 share

If a fraction of less than 1 share is created due to the Share Consolidation, the Company will treat all such fractional shares together in accordance with Article 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.

(4) Total number of authorized shares on the effective date
36,000,000 shares (Before consolidation: 360,000,000 shares)
Total number of authorized shares will be changed according to the ratio of share consolidation.

(5) Change in the number of share trading units
At the same time as the Share Consolidation becomes effective, the Company will change the number of share trading units from 1,000 to 100.

(6) Schedule of share consolidation and change in the number of share trading units

Date of resolution by the Board of Directors	April 28, 2017
Date of resolution at the upcoming General Meeting of Shareholders	June 23, 2017 (scheduled)
Effective date of share consolidation and change in the number of share trading units	October 1, 2017 (scheduled)
Effective date of total number of authorized shares	October 1, 2017 (scheduled)

(7) Impact on per share information
If the Share Consolidation occurred as of April 1, 2017, per share information for the consolidated fiscal year under review would be as follows.
Net assets per share: ¥3,927.17
Profit per share: ¥227.78

Notes to the Non-consolidated Financial Statements

(April 1, 2016 - March 31, 2017)

(Notes on Information Regarding Significant Accounting Standards)

1. Valuation standards and methods of assets

(1) Valuation standards and methods of securities

(i) Shares of subsidiaries and shares of affiliates:

Stated at cost using the moving-average method.

(ii) Available-for-sale securities

For which market value is available:

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

For which market value is not available:

Stated at cost using the moving-average method.

(2) Valuation standards and methods of inventories

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

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

2. Depreciation and amortization methods of depreciable assets

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

The Company depreciates property, plant and equipment using the declining-balance method.

Certain buildings and structures are depreciated using the straight-line method.

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

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

(ii) Intangible assets (excluding leased assets):

The Company amortizes intangible assets using the straight-line method.

Software used in-house is amortized by the straight-line method over its useful life assuming in-house use (5 years).

(iii) Leased assets:

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

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

3. Accounting standards for provisions and allowances

(i) Allowance for doubtful accounts:

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

(ii) Provision for retirement benefits:

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

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

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

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

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

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

(ii) Accounting for consumption tax:

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

(Notes on Changes in Accounting Policies)

In line with the revision of the Japanese Corporate Tax Act, from April 1, 2016, the Group applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Practical Issues Task Force No.32, June 17, 2016) and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight line method.

As a result, there are minimal impacts on operating income, ordinary income, and income before income tax of the fiscal year under review.

(Additional information)

From April 1, 2016, the Group applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No.26, March 28, 2016).

(Notes to the Non-consolidated Balance Sheet)

1. Accumulated depreciation of property, plant and equipment: 33,334 million yen

2. Contingent liabilities

Guarantees for borrowings of subsidiaries and affiliates:	1,840 million yen

3. Monetary claims and obligations to subsidiaries and affiliates

Short-term monetary claims:	2,221 million yen
Long-term monetary claims:	6,197
Short-term monetary obligations:	10,246

(Notes to the Non-consolidated Statement of Income)

1. Amount of transactions with subsidiaries and affiliates

Net sales	1,095 million yen
Purchases	32,766
Amount of non-business transactions	24

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

Cost of sales	(4) million yen

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

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

Common shares	2,699,391 shares

(Notes on Tax Effect Accounting)

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

Deferred tax assets

Accrued enterprise tax	81 million yen
Provision for retirement benefits	352
Long-term accounts payable - other (directors' retirement benefits)	6
Loss on disposal of non-current assets	1
Amount in excess of depreciation limit	143
Impairment loss	251
Accrued expenses	228
Loss on valuation of shares of subsidiaries and associates	488
Allowance for doubtful accounts	78
Loss carried forward	71
Other	236
Deferred tax assets—Subtotal	1,941
Valuation allowance	(965)
Deferred tax assets—Total	976

Deferred tax liabilities

Valuation difference on available-for-sale securities	1,867 million yen
Reserve for advanced depreciation of non-current assets	571
Deferred tax liabilities—Total	2,438
Deferred tax liabilities—Net	1,462

(Notes on Transactions with Related Parties)

1. Subsidiaries and affiliates, etc.

Type	Company name	Percentage of voting rights held	Relationship with related party	Description of transaction	Transaction amount	Account	Closing balance
Subsidiary	Mitsubishi Steel Muroran Inc.	Directly owns 77.8%	Purchase of finished goods Subcontracting Debt guarantee Lending of funds Common officers	Purchase of special steel bars (Note 1) Receipt of subcontracting fee Guarantee for borrowings (Note 2) Lending of operating funds and equipment funds (Note 3)	(Millions of yen) Purchases 32,385 Fiduciary obligation fee 2,848 Guarantee amount 1,840 Amount of lending 2,200	Accounts payable - trade Accounts receivable - other Long-term loans receivable	(Millions of yen) 9,919 1,326 3,200
	MSSC US INC.	Directly owns 100.0%	Lending of funds Common officers	Lending of operating funds and equipment funds (Note 3)	Amount of lending -	Long-term loans receivable	2,604
	MSSC MFG MEXICANA, S.A. DE C.V.	Directly owns 100.0%	Common officers	Underwriting of capital contribution (Note 6)	1,539	-	-

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

1. The price at which finished goods are purchased is determined on the basis of the price at which orders are received by the Company.
2. This is a guarantee for borrowings from banks; no guarantee commission is received.
3. For the lending of funds, the interest rate is determined based on the market interest rate, and the terms of repayment are determined according to the purpose of the funds. No collateral is received.
4. The amount of transactions does not include consumption tax. The closing balance includes consumption tax.
5. For loans receivable from subsidiaries, allowance for doubtful accounts totaling 156 million yen is recorded.
6. It represents capital contribution for the establishment of a company.

(Notes on Per Share Information)

1. Net assets per share: ¥309.97
2. Profit per share: ¥23.89

(Notes on Subsequent Event)

Share consolidation and change in the number of share trading units

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(1) Purpose of share consolidation and change in the number of share trading units
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As a corporation listed on the Tokyo Stock Exchange, the Company respects the purport of this initiative and will change its number of share trading units from 1,000 shares to 100 shares and together it will consolidate 10 shares into 1 share (hereinafter, referred to as the "Share Consolidation") in order to maintain the level of price per share trading unit at the level of investment unit that the TSE recommends (no less than 50,000 yen and no more than 500,000 yen).

(2) Details of share consolidation

(i) Class of shares to be consolidated

Common shares

(ii) Consolidation method / ratio

Every 10 shares will be consolidated into 1 share on October 1, 2017 based on the number of shares held by shareholders recorded in the Register of Shareholders as of the end of the day on September 30 (practically, September 29), 2017.

(iii) Decrease in number of shares after share consolidation

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(6) Schedule of share consolidation and change in the number of share trading units

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Effective date of total number of authorized shares	October 1, 2017 (scheduled)

(7) Impact on per share information

If the Share Consolidation occurred as of April 1, 2017, per share information for the fiscal year under review would be as follows.

Net assets per share: ¥3,099.72

Profit per share: ¥238.94