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Securities Code: 5632
May 31, 2018

To Our Shareholders

16-13, Tsukishima 4-chome, Chuo-ku, Tokyo
Mitsubishi Steel Mfg. Co., Ltd.
Motoyuki Sato, President & CEO

Notice of Convocation of the 94th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 94th 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 21, 2018.

1. Date and Time: Friday, June 22, 2018 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 94th Fiscal Year (from April 1, 2017 to March 31, 2018), 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 94th Fiscal Year (from April 1, 2017 to March 31, 2018)

Proposals to be resolved:

Proposal: Appropriation of Surplus

- 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 22, 2018 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 21, 2018**

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 21, 2018**

Method of Exercise of Voting Rights via the Internet

Please access https://evote.tr.mufg.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 21, 2018

* 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: 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 35 yen per share, in consideration of the operating results, financial position and other such factors.

The Company consolidated 10 shares of its common shares into 1 share effective October 1, 2017. The Company paid an interim dividend of 2.5 yen per share with a record date of September 30, 2017 preceding the date of the share consolidation. The annual dividend on a share-consolidation basis will be 60 yen, consisting of the interim dividend of 25 yen per share and a year-end-dividend of 35 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

   35 yen per share Total amount: ¥540,367,450

3. Effective date of dividends

   June 25, 2018

(Appendix)

Business Report

(from April 1, 2017 to March 31, 2018)

1. Matters concerning Current Status of the Group

(1) Business Progress and Results of the Group

In terms of the Group's operating environment during the fiscal year under review (from April 2017 to March 2018), the construction machinery industry showed a steady growth in demand overseas, such as in China and the South East Asian region, despite a reactionary decline in domestic demand due to emission regulations in the latter half of the fiscal year under review. In the automobile industry, domestic demand for sales of light and small cars became a major driver of domestic demand as a whole, while overseas demand remained brisk, mainly in Europe, U.S.A., and China.

Under such circumstances, the Group posted consolidated net sales of ¥118,742 million, an increase of ¥15,000 million (14.5% year-on-year) and a consolidated operating income of ¥3,219 million, a decrease of ¥641 million (16.6% year-on-year). The decline resulted from reduced earnings in the Springs Business and others, as well as a small increase in profits in the Special Steel Bars Business affected by rising raw material costs and other factors. Profit attributable to owners of the parent was ¥2,904 million.

The Company plans to pay a year-end dividend of 35 yen per share for the fiscal year ended March 31, 2018. The Company consolidated 10 shares of its common shares into 1 share effective October 1, 2017. The interim dividend paid of 2.5 yen per share is equivalent to 25 yen per share on a share-consolidation basis, therefore, the total annual dividend will be 60 yen per share.

[Results by Business]

Special Steel Bars Business

The Special Steel Bars Business posted net sales of ¥52,926 million, an increase of ¥12,765 million (31.8% year-on-year), which is attributed to a boost in sales volume supported by rebounds in both domestic and export markets, as well as elevated sales prices in response to rising raw material costs. However, operating income remained at ¥1,613 million, an increase of ¥346 million (27.3% year-on-year), which was largely affected by rising costs of alloy iron and sub-materials, as well as major raw materials, and was partially offset by the positive impacts of an increase in net sales.

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 ¥47,897 million, an increase of ¥1,164 million (2.5% year-on-year), which was largely affected by a decrease in sales of North American subsidiaries and the adverse impacts of foreign exchange fluctuations, which in turn were partially offset by a rebound in demand for exports of commercial vehicles and construction machinery. Operating income was ¥890 million, a decrease of ¥577 million (39.3% year-on-year), which was largely affected by increased costs associated with the launch of overseas bases, a fall in sales of North American subsidiaries, and rising expenses for materials, which in turn were partially offset by a boost in domestic sales.

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, 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 ¥10,787 million, an increase of ¥1,325 million (14.0% year-on-year), mainly affected by increased sales of precision forgings and sales expansion of special alloy powder. Operating income was ¥138 million, a decrease of ¥208 million (60.0% year-on-year) largely affected by an alloy material price hike, an improvement in the quality of turbine wheels and an increase in expenses on a transfer into a new plant.

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 ¥9,328 million, a decrease of ¥56 million (0.6% year-on-year) due to a decrease in sales of power generation related products, despite an increase in sales of forging machinery. Operating income was ¥406 million, a decrease of ¥213 million (34.5% year-on-year), largely affected by a decrease in sales of power generation related products.

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 ¥3,914 million, an increase of ¥237 million (6.5% year-on-year), and operating income of ¥129 million, a decrease of ¥59 million (31.6% year-on-year).

Description of main business

Maritime transport, cargo transportation by trucks, warehouses

(Note)

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 are expected to expand continuously overseas and competition intensifies amid this globalization. In response to these business conditions, the Group formulated and announced the "2016 Mid-term Business Plan" with the implementation period set from fiscal 2016 to fiscal 2020 (announcement on May 26, 2016). An outline and progress are as follows.

[**2016 Mid-term Business Plan**]

- Slogan

  The First Step for Coming 10 Years, Shift from "Processing Special Steel" to "Creating Added Value from Materials"

- Vision
  - Strengthen our "Processing Special Steel" business model with worldwide acceleration
  - Generate "Creating Added Value from Materials" business model

- Three main tactics
  - Build a worldwide supply chain of the Springs Business
  - Strengthen "Processing Special Steel" with generating a synergy between Steel and Springs Businesses
  - Build "Creating Added Value from Materials" business model in Formed & Fabricated Products Business

To achieve this vision, the Group has been working on the following agenda.

a. Reinforce domestic functions

The Group has been enhancing renewal and strategic investments at Mitsubishi Steel Muroran Inc. In addition, with the aim of making the Chiba Works the mother plant for all businesses, the Group plans to adopt a vacuum melting furnace for developing new materials and upgrade other test equipment and trial equipment.

b. Build an effective organization

Amid strengthening environmental regulations around the world, the Research & Development Center launched the EV Project Team to establish technologies that are adaptable to a shift in production to electric vehicles down the road. The Group intends to step up collaborations with external institutions, including academic-industrial alliances, as well as accelerate and strengthen research and development and capital investment.

In addition, with the new Sales Division established, the former sales organization, which was structured vertically on a product basis, was restructured into a customer-based sales organization to centralize information on customer needs and expand sales through synergies.

c. Accelerate overseas business development

In fiscal 2017, the Company acquired a majority stake of the Indonesian special steel manufacturer PT. JATIM TAMAN STEEL MFG., and made it a consolidated subsidiary of the Company, incorporating the subsidiary into the Special Steel Bars Business. In the

Springs Business, the Company acquired a German spring manufacturer to convert it into a wholly-owned subsidiary of the Company in April 2018. Furthermore, the newly established base in Mexico, as well as an existing base in China, launched production of stabilizers, while a subsidiary in India commenced the manufacture of large-diameter springs.

The Group is committed to stepping up its concerted efforts to accomplish these goals in order to transform its business model from “Processing Special Steel” into “Creating Added Value from Materials,” aiming to implement the Mid-term Business Plan and enhance 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 increasing among domestic and overseas, the Group will make efforts to improve selling prices to pass on the higher raw material costs and recover adequate margins.

Meanwhile, the Company will work on forming a structure that is adaptable to growing production volume at domestic operation bases, while strengthening the stability of operations and cutting costs with solid capital investments focused on cost and quality improvements.

In overseas business, the Company converted the Indonesian special steel maker PT. JATIM TAMAN STEEL MFG. into a consolidated subsidiary of the Company in January 2018. With the acquisition of the subsidiary, the Company will further accelerate improvements in quality and cost competitiveness to meet local procurement needs, aiming to launch full-fledged production and assure stable earnings as soon as possible.

Springs Business

In Japan, the Group will focus on new technology development in 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, and the Philippines. We are also committed to put on track a new base in Mexico, which started operating in 2017, and the stabilizer business in China and the springs business for construction machinery in India early. Furthermore, the Company acquired all of the shares of a German coil spring manufacturer, making it a wholly-owned subsidiary of the Company. The Company will strive to create synergies between this subsidiary and existing operation bases, and promote sales expansion by boosting sales globally.

Formed & Fabricated Products Business

The Company will make efforts to improve profitability by revising sales prices in response to surging prices of alloy materials, sub-materials, etc., raising productivity through the integration of plants manufacturing turbine wheels, and improving the quality of precision forgings as soon as possible.

Furthermore, the Company will adopt a test production line for precision castings and vacuum melting furnace equipment at the Chiba Works, with the focus on formulating the “Creating Added Value from Materials” business model.

Machinery Business

Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. foresees that demand for power generation-related products, its mainstay products, is unlikely to recover in the near term, and it will focus on sales promotions targeted at new business fields and new customers by leveraging its core technologies, while broadening sales channels as well as exports using the Mitsubishi Steel Group network.
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	90th Fiscal Year (2013/4~2014/3)	91st Fiscal Year (2014/4~2015/3)	92nd Fiscal Year (2015/4~2016/3)	93rd Fiscal Year (2016/4~2017/3)	94th Fiscal Year (under review) (2017/4~2018/3)
Net sales (million yen)	111,575	118,739	106,539	103,742	118,742
Operating income (million yen)	4,748	4,933	4,286	3,861	3,219
Ordinary income (million yen)	5,915	5,824	3,286	3,214	2,837
Profit attributable to owners of parent (million yen)	3,373	3,545	2,486	3,504	2,904
Profit per share (yen)	21.90	23.03	16.16	22.78	18.88
Total assets (million yen)	115,120	123,453	122,464	135,104	153,757

(Notes)

1. The Company consolidated 10 shares of its common shares into 1 share effective October 1, 2017. The figures for profit per share listed above reflect the value prior to the share consolidation. Profit per share on a share-consolidation basis for the consolidated fiscal year under review is ¥188.79, assuming the consolidation was conducted at the beginning of the reported fiscal year.
2. Since the consolidated fiscal year under review, the Company has adopted Board Incentive Plan (BIP) Trust. Company shares held by the trust are recorded as treasury shares in the Consolidated Financial Statements. Consequently, Company shares held by the trust are included in treasury shares subject to exclusion from the average number of shares outstanding during the fiscal period and the total number of shares outstanding at the end of the fiscal period.

b. Status of the Company

Classification	90th Fiscal Year (2013/4~2014/3)	91st Fiscal Year (2014/4~2015/3)	92nd Fiscal Year (2015/4~2016/3)	93rd Fiscal Year (2016/4~2017/3)	94th Fiscal Year (under review) (2017/4~2018/3)
Net sales (million yen)	65,535	69,540	58,754	58,020	70,986
Operating income (million yen)	3,068	3,411	2,841	2,210	2,918
Ordinary income (million yen)	3,237	3,345	3,473	2,612	2,847
Profit (million yen)	1,545	1,700	2,635	3,676	2,731
Profit per share (yen)	10.03	11.05	17.13	23.89	17.76
Total assets (million yen)	76,793	80,436	82,579	94,771	95,311

(Notes)

1. The Company consolidated 10 shares of its common shares into 1 share effective October 1, 2017. The figures for profit per share listed above reflect the value prior to the share consolidation. Profit per share on a share-consolidation basis for the fiscal year under review is ¥177.57, assuming the consolidation was conducted at the beginning of the reported fiscal year.
2. Since the consolidated fiscal year under review, the Company has adopted Board Incentive Plan (BIP) Trust. Company shares held by the trust are recorded as treasury shares in the Non-consolidated Financial Statements. Consequently, Company shares held by the trust are included in treasury shares subject to exclusion from the average number of shares outstanding during the fiscal period and the total number of shares outstanding at the end of the fiscal period.

(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, 2018)

Lender	Amount of borrowings (outstanding balance)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,401 million yen
Development Bank of Japan Inc.	5,881
Mitsubishi UFJ Trust and Banking Corporation	5,463
Indonesia Eximbank	3,813
Meiji Yasuda Life Insurance Company	3,450

(Notes)

1. The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. as of April 1, 2018.
2. Due to the reorganization of Mitsubishi UFJ Financial Group, Inc., borrowings from Mitsubishi UFJ Trust and Banking Corporation have been restated as borrowings from MUFG Bank, Ltd. as of April 16, 2018.

(6) Capital Investment Status of the Group

Capital investments made during the period under review totaled 5,319 million yen.

Main capital investments

Segment	Venue	Item
Special Steel Bars Business	Mitsubishi Steel Muroran Inc.	Installation and renewal of manufacturing facilities
		Renewal of system
Springs Business	Chiba Works	Installation of manufacturing facilities
	MSSC US INC.	Installation and renewal 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	Installation of manufacturing facilities
	MSM (THAILAND) CO., LTD.	Installation and renewal of manufacturing facilities
Machinery Business	Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Renewal of manufacturing facilities
Other Business	Ryokoh Express Co., Ltd.	Renewal of vessels
Group-wide	Head Office	Renewal of system
	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
PT.JATIM TAMAN STEEL MFG.	Millions of Indonesian rupiahs 1,209,387	56.2%	Manufacturing and sale of special steel bars
MSSC CANADA INC.	Thousands of Canadian dollars 5,000	100.0	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 304,346	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 17 and 3, 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.

(a) As of January 29, 2018, the ratio of the Company's investment in its subsidiary, PT. JATIM TAMAN STEEL MFG. changed from 35.4% to 56.2% due to the partial acquisition of the subsidiary's shares held by PT. INDOPRIMA INVESTAMA.

(b) As of March 26, 2018, the ratio of the Company's investment in MSSC CANADA INC. changed from 87.1% to 100.0% due to the acquisition of the subsidiary's shares held by Mitsubishi Corporation.

(c) As of April 12, 2018, the Company converted Gebrüder Ahle GmbH & Co. KG, a manufacturer and seller of automotive springs into a wholly-owned subsidiary

of the Company.

(8) The Group's Principal Places of Business (as of March 31, 2018)

Domestic Principal Places of Business

The Company (locations)

Name	Location	Name	Location
1. Head Office	Tokyo Metropolis	5. Hiroshima Sales Office	Hiroshima Prefecture
2. Chubu Branch Office	Aichi Prefecture	6. Chiba Works, Research & Development Center	Chiba Prefecture
3. Nishi-Nihon Branch Office	Osaka Prefecture		
4. Fukuoka Sales Office	Fukuoka Prefecture	7. Hirota Works	Fukushima Prefecture

(Note)
The Company moved its head office as of October 1, 2017.

Subsidiaries (locations)

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

Overseas main base

The Company (locations)

Name	Location
1. Dusseldorf Office	Germany

Subsidiaries and other associates (locations)

Name	Location
1. PT.MSM INDONESIA.	Indonesia
2. PT. JATIM TAMAN STEEL MFG.	Indonesia
3. MSSC CANADA INC.	Canada
4. MSSC US INC.	U.S.A.
5. MSSC MFG MEXICANA, S.A. DE C.V.	Mexico
6. MSSC Ahle GmbH	Germany
7. MSM NINGBO SPRING CO., LTD.	China
8. MSM SPRING INDIA PVT.LTD.	India
9. Stumpp Schuele & Somappa Auto Suspension Systems Pvt. Ltd.	India
10. MSM CEBU, INC.	the Philippines
11. MSM (THAILAND) CO., LTD.	Thailand

(Notes)

1. Stumpp Schuele & Somappa Auto Suspension Systems Pvt. Ltd., an affiliate of the Company, is accounted for under the equity method.
2. As of April 12, 2018, the Company converted Gebrüder Ahle GmbH & Co KG into a wholly-owned subsidiary of the Company and will change the company name to the name shown in #6 above.

(9) Status of Employees of the Group and the Company (as of March 31, 2018)

a. Status of the Group's Employees

Segment	Number of employees
Special Steel Bars Business	945 persons
Springs Business	1,727
Formed & Fabricated Products Business	1,340
Machinery Business	464
Other Business	106
Group-wide (common)	192
Total	4,774

(Notes)

1. The number of employees of the Group increased by 1,119 persons from the end of the previous period. The major factor behind the increase was the conversion of PT. JATIM TAMAN STEEL MFG. into a consolidated subsidiary.
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
778 persons	30 persons	42.1 years old	19.6 years

2. Matters concerning the Company's Shares (as of March 31, 2018)

(1) Total Number of Shares Authorized to be Issued: 36,000,000 shares

(2) Total Number of Shares Outstanding: 15,709,968 shares

(3) Number of Shareholders: 9,084 persons

(4) Major Shareholders:

Name of shareholder	Number of shares held (thousands)	Shareholding ratio
Mitsubishi Heavy Industries, Ltd.	1,000	6.5%
Meiji Yasuda Life Insurance Company	715	4.6
NORTHERN TRUST CO. (AVFC) RE NVI01	607	3.9
The Master Trust Bank of Japan, Ltd. (trust account)	528	3.4
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	429	2.8
DFA INTL SMALL CAP VALUE PORTFOLIO	359	2.3
Mitsubishi UFJ Trust and Banking Corporation	342	2.2
Mitsubishi Corporation	335	2.2
Japan Trustee Services Bank, Ltd.(trust account)	327	2.1
Mitsubishi Steel Mfg. Kyoeikai	316	2.1

(Note)

The 270 thousand treasury shares are excluded from the calculation of the shareholding ratio above.

The 54,300 shares of the Company held by the BIP Trust are excluded from treasury shares.

(5) Other Significant Matters concerning the Company's Shares:

a. The Company newly issued 543,000 common shares through a third-party allotment to BIP Trust on September 26, 2017 (The number of newly issued common shares is 54,300 on the basis of a share consolidation implemented on October 1, 2017).

b. The Company consolidated 10 shares of its common shares into 1 share effective October 1, 2017, and the share unit number was changed from 1,000 shares to 100 shares.

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

(as of March 31, 2018)

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, 2018)

Position	Name	Assignment and Significant Concurrent Positions
* President & CEO	Motoyuki Sato	
* Managing Director & CFO	Hiroyuki Nagata	In charge of Corporate Planning Division and Accounting Department
Director	Masayuki Takashima	
Director	Akira Hishikawa	
Director	Hiroshi Sekine	In charge of Steel Bars Business President & Representative Director, Mitsubishi Steel Muroran Inc. President Director, PT.JATIM TAMAN STEEL MFG.
Director	Hiroshi Amano	In charge of Springs 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 Quality Assurance
Director	Yasuhiko Iizuka	In charge of General Affairs & Human Resources Department, Public & Investor Relations Department, Procurement Department and Systems Department
Director	Akira Yamao	General Manager, Sales Division, Steel Bars Division and Parts Sales Division
Standing Corporate Auditor	Hirokuni Sakamoto	
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. On June 23, 2017, Hiroyuki Nagata and Akira Yamao were newly appointed and took office as Director, and Hirokuni Sakamoto was newly appointed and took office as Corporate Auditor.
3. On June 23, 2017, Hiroshi Sato retired from the position of Director upon expiration of his term.
4. On June 23, 2017, Toshiaki Yora resigned from the position of Corporate Auditor.

5. 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
Hiroyuki Nagata	In charge of Accounting Department and Systems Department	-	June 23, 2017
	In charge of Corporate Planning Division and Accounting Department	In charge of Accounting Department and Systems Department	February 1, 2018
Hiroshi Sekine	In charge of Corporate Planning Division and Steel Bars Business	General Manager, Corporate Planning Division, in charge of Steel Bars Division	June 23, 2017
	In charge of Steel Bars Business	In charge of Corporate Planning Division and Steel Bars Business	February 1, 2018
Hiroshi Amano	In charge of Springs Business	In charge of Springs Business and Parts Sales Business	June 23, 2017
Jun Takayama	In charge of Formed & Fabricated Products Business and Research & Development Center	In charge of Formed & Fabricated Products Business, Research & Development Center and Technical Administration Department	June 23, 2017
	In charge of Formed & Fabricated Products Business, Research & Development Center and Quality Assurance	In charge of Formed & Fabricated Products Business and Research & Development Center	February 1, 2018
Yasuhiko Iizuka	In charge of General Affairs & Human Resources Department, Public & Investor Relations Department, Procurement Department and Systems Department	In charge of General Affairs & Human Resources Department, Public & Investor Relations Department and Procurement Department	February 1, 2018
Akira Yamao	General Manager, Sales Division, Steel Bars Division and Parts Sales Division	-	June 23, 2017

6. Director Hiroshi Sekine took office as President Director of PT.JATIM TAMAN STEEL MFG. on January 29, 2018.
7. 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.
8. Corporate Auditors Hirokuni Sakamoto, 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.
9. 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	10	198 million yen
Corporate Auditors	5	55
Total	15	253
(Outside officers (included above))	(6)	(52)

(Notes)

1. The above amount of compensation includes the amount paid to one Director and one Corporate Auditor who have retired at the close of the 93rd Ordinary General Meeting of Shareholders held on June 23, 2017.
2. In addition to the above compensation, the Company paid ¥4 million in employee remuneration paid to two Directors who serve the Company as Directors and employees concurrently.
3. In addition to the above compensation, the Company recorded ¥10 million as the amount of provision for directors' share benefits for the fiscal year under review based on the performance share plan for directors that was approved at the 93rd Ordinary General Meeting of Shareholders held on June 23, 2017.

(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 as well as performance-linked stock compensation.

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	Hirokuni Sakamoto	10 out of 10 meetings	12 out of 12 meetings
	Shuichiro Sekine	14 out of 14 meetings	16 out of 16 meetings
	Tetsuya Nakagawa	12 out of 14 meetings	14 out of 16 meetings

[Board of Directors]

The outside officers actively asked questions, made suggestions from their respective standpoints and sufficiently fulfilled their management monitoring functions. Hirokuni Sakamoto was appointed as Corporate Auditor on June 23, 2017 and the number of the Board of Directors to attend differed from that of other officers.

[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. Hirokuni Sakamoto was appointed as Corporate Auditor on June 23, 2017 and the number of the Board of Corporate Auditors to attend differed from that of other officers.

[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. Corporate Auditors attended the Committee.

5. Matters concerning Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC (as of March 31, 2018)

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

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

¥49 million

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

¥70 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) Details of non-audit services

Advice, etc. concerning financial aspects of overseas subsidiaries.

(4) 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 Heads of Corporate Planning Unit, General Manager of Sales Division, the respective Heads of Control & Administration Unit 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.

In addition, Directors ensure that the Group positions the information security management structure in accordance with the basic policy for information security and the rules thereof.

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.

In addition, the Group is developing a Group-wide compliance enhancing structure in accordance with the basic regulations on compliance, and regularly checks whether the structure is operated appropriately. Furthermore, Efforts are 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 Unit, Corporate Planning Unit, Sales Unit, Control & Administration Sections and Research & Development, 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.

Various countermeasures are also developed and implemented to strengthen the management structures of overseas 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.

In addition, to assure the independence of the Corporate Auditor's staff, the Director responsible for General Affairs & Human Resources Department consults on matters concerning the transfer of the Corporate Auditor's staff with the Board of Corporate Auditors in advance.

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 Operating Unit, each department in Corporate Planning Unit, each department in Sales Unit, each department in Control & Administration Unit and Research & Development 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.

In addition, in accordance with internally developed basic regulations on compliance, the Company appointed Chief Compliance Officer responsible for supervising the entire Group and a person-in-charge of compliance of each subsidiary, and formulated a structure for investigating, reporting, and monitoring, etc. compliance status through collaboration with the secretariat, General Affairs & Human Resources Department. Furthermore, the Company investigated the readiness of all Group companies for compliance risks, and carried out a review of their management to ensure it is appropriate for the structure in December 2017. The Company plans to continue conducting regular reviews.

The Company has put into place a whistle-blower system with the Internal Audit Department and a corporation lawyer as contacts to report the number of whistle-blowing cases and matters of which survey officers and Head of Internal Audit Office, etc. acknowledged the importance especially among 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.

In addition, preservation and management of information on the execution of duties by Directors have been performed properly in accordance with laws and regulations and internal rules. During the fiscal year under review, the Group established the basic policy for information security and the rules thereof, and formulated the Group-wide information

security management structure. Meanwhile, the Group provided education and training on information security for Directors and employees, striving to enhance each individual's awareness of the significance of information security.

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 16 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 overseas subsidiaries in U.S.A., Canada, Mexico, Indonesia and Thailand 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, Sales and Control & Administration Unit 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 53 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, which assesses projects from an objective and independent viewpoint as a meeting body independent of the Operating Unit, etc. 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.

(Note)

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, 2018)

(Million yen)

Account	Amount	Account	Amount
Assets		**Liabilities**	
Current assets	**85,546**	**Current liabilities**	**40,229**
Cash and deposits	14,797	Notes and accounts payable - trade	10,973
Notes and accounts receivable - trade	29,102	Electronically recorded obligations - operating	6,374
Electronically recorded monetary claims - operating	5,615	Short-term loans payable	17,068
Securities	13,600	Lease obligations	412
Merchandise and finished goods	8,316	Income taxes payable	528
Work in process	4,659	Accrued consumption taxes	85
Raw materials and supplies	6,634	Other	4,784
Deferred tax assets	587	**Non-current liabilities**	**41,323**
Other	2,241	Long-term loans payable	24,944
Allowance for doubtful accounts	(8)	Lease obligations	2,968
		Deferred tax liabilities	3,639
Non-current assets	**68,211**	Net defined benefit liability	9,503
Property, plant and equipment	**37,100**	Provision for directors' retirement benefits	147
Buildings and structures	9,504	Provision for directors' share benefits	10
Machinery, equipment and vehicles	13,715	Other	108
Land	6,399		
Leased assets	3,584		
Construction in progress	3,159	**Total liabilities**	**81,553**
Other	737	**Net assets**	
Intangible assets	**12,910**	**Shareholders' equity**	**61,776**
Software	1,052	Capital stock	10,003
Goodwill	3,409	Capital surplus	3,693
Land use rights	7,856	Retained earnings	49,352
Other	591	Treasury shares	(1,271)
Investments and other assets	**18,200**	**Accumulated other comprehensive income**	**871**
Investment securities	15,207	Valuation difference on available-for-sale securities	4,392
Long-term loans receivable	99	Deferred gains or losses on hedges	(8)
Net defined benefit asset	1,830	Foreign currency translation adjustment	(1,864)
Deferred tax assets	181	Remeasurements of defined benefit plans	(1,648)
Other	1,059	**Non-controlling interests**	**9,556**
Allowance for doubtful accounts Other	(177)	**Total net assets**	**72,204**
Total assets	**153,757**	**Total liabilities and net assets**	**153,757**

(Note)

Amounts shown are rounded down to the nearest million yen.

Consolidated Statement of Income

from April 1, 2017 to March 31, 2018

(Million yen)

Account	Amount	
Net sales		**118,742**
Cost of sales		101,852
Gross profit		**16,889**
Selling, general and administrative expenses		13,670
Operating income		**3,219**
Non-operating income		
Interest and dividend income	346	
Other	342	689
Non-operating expenses		
Interest expenses	363	
Foreign exchange losses	164	
Share of loss of entities accounted for using the equity method	411	
Other	133	1,072
Ordinary income		**2,837**
Extraordinary income		
Gain on disposal of non-current assets	61	
Gain on sales of investment securities	434	
Gain on step acquisitions	2,497	2,992
Income before income tax		**5,830**
Income taxes - current	1,161	
Income taxes - deferred	1,750	2,911
Profit		**2,918**
Profit (loss) attributable to non-controlling interests		13
Profit attributable to owners of parent		**2,904**

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

Consolidated Statement of Changes in Equity

from April 1, 2017 to March 31, 2018

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,924	3,622	47,372	(1,111)	59,807
Changes of items during period					
Changes in interests of parent in transaction with non-controlling shareholders		(7)			(7)
Dividends of surplus			(924)		(924)
Profit (loss) attributable to owners of parent			2,904		2,904
Issuance of new shares	78	78			157
Purchase of treasury shares				(160)	(160)
Net changes of items other than shareholders' equity					
Total changes of items during period	78	70	1,980	(160)	1,969
Balance at end of period	10,003	3,693	49,352	(1,271)	61,776

		Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,241	-	(2,147)	(1,478)	615	6,650	67,073
Changes of items during period							
Changes in interests of parent in transaction with non-controlling shareholders							(7)
Dividends of surplus							(924)
Profit (loss) attributable to owners of parent							2,904
Issuance of new shares							157
Purchase of treasury shares							(160)
Net changes of items other than shareholders' equity	151	(8)	282	(169)	256	2,905	3,161
Total changes of items during period	151	(8)	282	(169)	256	2,905	5,131
Balance at end of period	4,392	(8)	(1,864)	(1,648)	871	9,556	72,204

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

Non-consolidated Financial Statements

Balance Sheet

(as of March 31, 2018)

(Million yen)

Account	Amount	Account	Amount
Assets		**Liabilities**	
Current assets	**48,550**	**Current liabilities**	**19,793**
Cash and deposits	4,203	Notes payable - trade	5
Notes receivable - trade	1,023	Electronically recorded obligations - operating	2,266
Electronically recorded monetary claims - operating	4,722	Accounts payable - trade	5,643
Accounts receivable - trade	19,631	Short-term loans payable	9,249
Securities	10,600	Accounts payable - other	540
Merchandise and finished goods	4,251	Income taxes payable	343
Work in process	758	Accrued expenses	1,644
Raw materials and supplies	296	Other	99
Prepaid expenses	125	**Non-current liabilities**	**25,877**
Deferred tax assets	386	Long-term loans payable	20,956
Short-term loans receivable	1,155	Deferred tax liabilities	2,106
Accounts receivable - other	1,166	Provision for retirement benefits	1,323
Other	227	Provision for directors' share benefits	10
		Provision for loss on business of subsidiaries and associates	1,432
Non-current assets	**46,761**	Other	48
Property, plant and equipment	**8,071**	**Total liabilities**	**45,671**
Buildings	3,532		
Structures	165	**Net assets**	
Machinery and equipment	1,974	**Shareholders' equity**	**45,261**
Vehicles	23	**Capital stock**	**10,003**
Tools, furniture and fixtures	245	**Capital surplus**	**3,684**
Land	1,422	Legal capital surplus	3,684
Construction in progress	707	**Retained earnings**	**32,845**
Intangible assets	**409**	Legal retained earnings	809
Software	280	Other retained earnings	32,035
Other	129	Reserve for advanced depreciation of non-current assets	1,187
Investments and other assets	**38,279**	General reserve	18,855
Investment securities	11,058	Retained earnings brought forward	11,992
Shares of subsidiaries and associates	18,000	**Treasury shares**	**(1,271)**
Investments in capital	4		
Investments in capital of subsidiaries and associates	2,737	**Valuation and translation adjustments**	**4,378**
		Valuation difference on available-for-sale securities	**4,387**
Long-term loans receivable	6,218	**Deferred gains or losses on hedges**	**(8)**
Prepaid pension cost	264		
Other	190		
Allowance for doubtful accounts	(195)	**Total net assets**	**49,640**
Total assets	**95,311**	**Total liabilities and net assets**	**95,311**

(Note)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Statement of Income

from April 1, 2017 to March 31, 2018

(Million yen)

Account	Amount	
Net sales		**70,986**
Cost of sales		59,660
Gross profit		**11,325**
Selling, general and administrative expenses		8,407
Operating income		**2,918**
Non-operating income		
Interest and dividend income	379	
Other	141	520
Non-operating expenses		
Interest expenses	254	
Foreign exchange losses	214	
Other	123	591
Ordinary income		**2,847**
Extraordinary income		
Gain on sales of investment securities	434	
Gain on sales of shares of subsidiaries	1,982	2,416
Extraordinary losses		
Loss on valuation of investment securities	8	
Provision for loss on business of subsidiaries and associates	1,432	**1,440**
Income before income tax		**3,823**
Income taxes - current	932	
Income taxes - deferred	159	1,091
Profit		**2,731**

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

Non-consolidated Statement of Changes in Equity

from April 1, 2017 to March 31, 2018

(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	1,293	18,855	10,079	31,038
Changes of items during period								
Reversal of reserve for advanced depreciation of non-current assets					(105)		105	-
Dividends of surplus							(924)	(924)
Profit							2,731	2,731
Issuance of new shares	78	78	78					
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	78	78	78	-	(105)	-	1,913	1,807
Balance at end of period	10,003	3,684	3,684	809	1,187	18,855	11,992	32,845

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(1,111)	43,456	4,234	-	4,234	47,691
Changes of items during period						
Reversal of reserve for advanced depreciation of non-current assets		-				-
Dividends of surplus		(924)				(924)
Profit		2,731				2,731
Issuance of new shares		157				157
Purchase of treasury shares	(160)	(160)				(160)
Net changes of items other than shareholders' equity			152	(8)	144	144
Total changes of items during period	(160)	1,804	152	(8)	144	1,948
Balance at end of period	(1,271)	45,261	4,387	(8)	4,378	49,640

(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 9, 2018

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 Ayato Hirano

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, 2017 to March 31, 2018.

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 9, 2018

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 Ayato Hirano

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 94th Fiscal Year from April 1, 2017 to March 31, 2018.

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 94th Fiscal Year from April 1, 2017 to March 31, 2018. 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 10, 2018

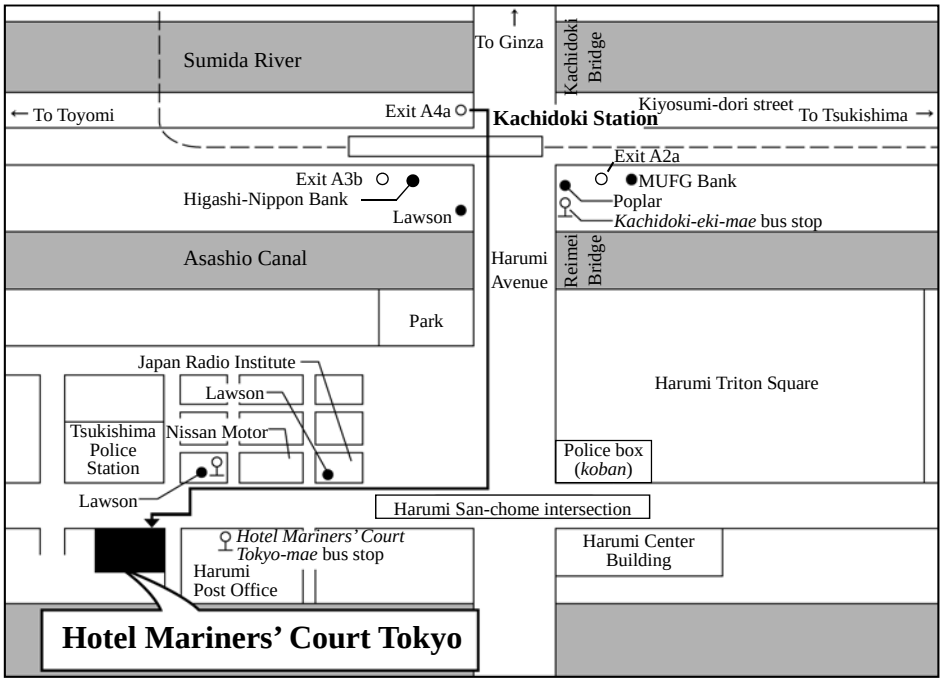
Board of Corporate Auditors, Mitsubishi Steel Mfg. Co., Ltd.

Standing Corporate Auditor (Outside)	Hirokuni Sakamoto
Standing Corporate Auditor	Yoshihiro Hayasaka
Corporate Auditor (Outside)	Shuichiro Sekine
Corporate Auditor (Outside)	Tetsuya Nakagawa

(Note) Corporate Auditors Hirokuni Sakamoto, 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.