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(Stock Exchange Code 5631)
May 30, 2019

To Shareholders with Voting Rights:

Naotaka Miyauchi
Representative Director & President
The Japan Steel Works, Ltd.
11-1, Osaki 1-chome, Shinagawa-ku, Tokyo, Japan

NOTICE OF
THE 93RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 93rd Annual General Meeting of Shareholders of The Japan Steel Works, Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Thursday, June 20, 2019, Japan time.

1. **Date and Time:** Friday, June 21, 2019, at 10:00 a.m. Japan time
   (The reception desk opens at 9 a.m.)
2. **Place:** Gate City Hall at West Tower B1, Gate City Ohsaki, located at
   11-1, Osaki 1-chome, Shinagawa-ku, Tokyo, Japan
3. **Meeting Agenda:**

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 93rd Fiscal Year (April 1, 2018–March 31, 2019) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 93rd Fiscal Year (April 1, 2018–March 31, 2019)

Proposals to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Election of 9 Directors
Proposal 3: Election of 2 Audit & Supervisory Board Members

4. Matters Determined with Regard to the Convocation

(1) If voting rights are exercised multiple times via the Internet, etc., the last vote shall be deemed to be valid.

(2) If voting rights are exercised both in writing and via the Internet, etc., the last vote shall be deemed to be valid.

(3) If you have exercised your voting rights both in writing and via the Internet, and your vote via the Internet and your Voting Rights Exercise Form arrive on the same date, those exercised via the Internet will be taken as valid.

(Requests)

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- If you exercise your voting rights by a proxy attending this general meeting of shareholders, please submit a written document certifying the right of proxy representation to this company along with the Voting Rights Exercise Form at the reception desk. (The proxy shall be only one shareholder holding voting rights in the Company.)

(Notices)

- Of the documents that should be provided along with this convocation, the following items are posted on the Company's Web site (https://www.jsw.co.jp/) pursuant to laws and regulations, as well as the provision of Article 17 of the Company's Articles of Incorporation.
  (1) Notes to the Consolidated Financial Statements
  (2) Notes to the Non-consolidated Financial Statements
  The Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements were audited by the Accounting Auditor and the Audit & Supervisory Board Members of the Company to prepare audit reports as part of the Consolidated Financial Statements and the Non-consolidated Financial Statements that they audited.

- Should the Appendix and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company's Web site (https://www.jsw.co.jp/) immediately.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

Concerning the appropriation of surplus, the Company has a basic policy to provide stable and continuous dividends and to increase the amounts thereof. Also, to improve the corporate value and shareholders' value of the Company, we ensure stable earning capabilities, promote capital investments and investments in R&D to grow new businesses and products and strive to improve our financial structure.

With the recognition of its responsibility toward shareholders, the Company pays an interim dividend and a year-end dividend annually, in principle, based on the business results for each fiscal year.

With regard to a year-end dividend and other appropriation of surplus for the fiscal year under review, taking the above policy into account, we will pay the following dividends and otherwise appropriate surplus as follows.

1. Matters related to year-end dividend

With regard to the year-end dividend for the fiscal year under review, we will pay ¥30.0 per share. Combined with the interim dividend of ¥25.0 per share, the annual dividend will be ¥55.0 per share.

(1) Type of asset for the dividends: Cash

(2) Matters related to the allocation of the assets for the year-end dividend to shareholders and the aggregate amount: ¥30.0 per common share of the Company
Aggregate amount: ¥2,205,180,780

(3) Effective date and payment start date: June 24, 2019

2. Other matters related to the appropriation of surplus

(1) Item and amount of surplus that will increase: General reserve ¥5,000,000,000

(2) Item and amount of surplus that will decrease: Retained earnings brought forward ¥5,000,000,000

Proposal 2: Election of 9 Directors

The terms of office of all 9 Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. It is therefore proposed to elect 9 Directors.

The candidates for Director are as follows, and matters concerning the respective candidates are stated on pages 5 to 9:

No.	Name	Remarks
1	Naotaka Miyauchi Reappointment	
2	Yutaka Higashiizumi Reappointment	
3	Takashi Shibata Reappointment	
4	Masao Oshita Reappointment	
5	Toshio Matsuo Reappointment	
6	Junichiro Deguchi Reappointment	
7	Takashi Iwamoto Reappointment	
8	Nobuo Mochida Reappointment	Candidate for Outside Director Independent Officer
9	Sadao Degawa Reappointment	Candidate for Outside Director Independent Officer

(Notes)

1. There are no business transactions or special interests between the respective candidates and the Company.
2. Resolutions in writing is not included in the number of Board of Directors' meetings stated in matters concerning the respective candidates on pages 5 to 9. In addition, For Messrs. Junichiro Deguchi, Takashi Iwamoto and Sadao Degawa, only meetings held after their assumption of office as Director is taken into account in the attendance at Board of Directors' meetings.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions and responsibilities at the Company, and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">1</td><td>Reappointment

Naotaka Miyauchi
(January 30, 1958)

Attendance at Board of Directors' meetings
16/16 (100%)</td><td>April 1981 Joined the Company
April 2011 Deputy General Plant Manager, Hiroshima Plant
April 2013 Executive Officer; General Plant Manager, Hiroshima Plant
April 2015 Managing Executive Officer; Deputy Director of Machinery Business Division (Machinery Business Unit Head)
April 2016 In charge of Ordnance Business Headquarters; Director of Machinery Business Division
June 2016 Director & Managing Executive Officer
April 2017 Representative Director & President (current position)

(Significant concurrent positions)
None</td><td>8,687</td></tr>
<tr><td colspan="3">[Reasons for nomination as Director]
After having engaged in the management of the industrial machinery products business, Mr. Naotaka Miyauchi has served as Representative Director & President since April 2017. In that capacity he has been responsible for decision-making of material items with respect to the Group and overseeing the business execution, thereby acquiring considerable experience and achievements as a business manager. Accordingly, he is qualified to continue to take the leadership of the Group and to achieve sustainable improvement in our corporate value, and therefore is nominated for the position of Director.</td></tr>
<tr><td rowspan="2">2</td><td>Reappointment

Yutaka Higashiizumi
(January 22, 1955)

Attendance at Board of Directors' meetings
15/16 (93.8%)</td><td>April 1977 Joined the Company
April 2010 Deputy General Plant Manager, Muroran Plant
July 2011 General Manager, Finance & Accounting Department
April 2012 Executive Officer
April 2014 Senior Executive Officer; In charge of Finance & Accounting Department (current position); General Manager, Corporate Planning Office
June 2014 Director & Senior Executive Officer
April 2015 Director & Managing Executive Officer; Chief Financial Officer (current position)
April 2016 Chief Information Security Officer (current position)
April 2017 Representative Director & Executive Vice President (current position); In charge of Export Control Administration (current position)
October 2017 In charge of Steel Business Division (current position); In charge of Wind Power Business Office
April 2018 In charge of Wind Power Business Office (current position)
April 2019 In charge of Corporate Planning Office (current position); In charge of Office of Information Technology (current position)

(Significant concurrent positions)
None</td><td>8,271</td></tr>
<tr><td colspan="3">[Reasons for nomination as Director]
After having engaged in the management and financial strategies as a Director, Mr. Yutaka Higashiizumi assumed the office of Representative Director & Executive Vice President in April 2017 and has since taken charge of management and financial strategies, thereby acquiring considerable experience and achievements. Based on his experience and achievements, it is expected that he, as a member of the Board of Directors, will continue to promote the sharing of information and reinforcement of the Board's decision-making and supervisory functions, and is therefore nominated for the position of Director.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions and responsibilities at the Company, and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">3</td><td>Reappointment

Takashi Shibata
(September 17, 1958)

Attendance at Board of Directors' meetings
16/16 (100%)</td><td>April 1984 Joined the Company
April 2011 Deputy General Plant Manager, Muroran Plant
April 2013 Executive Officer; General Plant Manager, Muroran Plant
April 2015 Managing Executive Officer
April 2016 In charge of Wind Power Business Office; Director of Steel Business Division
June 2016 Director & Managing Executive Officer (current position)
October 2017 Director of New Business Promotion Headquarters (current position)
April 2018 In charge of Technology and Quality (current position)

(Significant concurrent positions)
None</td><td>6,119</td></tr>
<tr><td colspan="3">[Reasons for nomination as Director]
Mr. Takashi Shibata has long engaged in the steel and energy products business, and after having taken charge of the management duties of the steel business in its entirety as Director of Steel Business Division, he has served as Director of New Business Promotion Headquarters since October 2017. In that capacity he has been responsible for nurturing new business, thereby acquiring considerable experience and achievements. These experiences and achievements make him qualified to continue to assume a role in further improving the technology and quality management of the Group while supervising New Business Promotion Headquarters, and he is therefore nominated for the position of Director.</td></tr>
<tr><td rowspan="2">4</td><td>Reappointment

Masao Oshita
(June 3, 1956)

Attendance at Board of Directors' meetings
16/16 (100%)</td><td>January 1983 Joined the Company
February 2009 Deputy General Manager, Products Strategy Office
April 2010 Deputy General Manager, Laser & Plasma System Office
April 2013 Deputy Director of Machinery Business Division (In charge of Machinery)
April 2014 Executive Officer
April 2015 Deputy Director of Machinery Business Division (In charge of Alliance)
May 2015 Representative Director & Executive Vice President, SM PLATEK CO., LTD.
April 2017 Managing Executive Officer; Director of Machinery Business Division (current position)
June 2017 Director & Managing Executive Officer (current position)
April 2018 In charge of FPD System Business Division and Yokohama Plant (current position)

(Significant concurrent positions)
None</td><td>5,419</td></tr>
<tr><td colspan="3">[Reasons for nomination as Director]
Mr. Masao Oshita has long engaged in the industrial machinery products business. Since assuming office as Director of Machinery Business Division in April 2017, he has been responsible for the management duties of the business in its entirety and has experienced an extensive range of management duties, including business operation overseas, thereby acquiring considerable experience and achievements. These experiences and achievements make him qualified to assume a role in realizing management strategies and enhancing product quality and customer satisfaction, while supervising the operational departments, and he is therefore nominated for the position of Director.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions and responsibilities at the Company, and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">5</td><td>Reappointment

Toshio Matsuo
(March 6, 1962)

Attendance at Board of Directors' meetings
15/16 (93.8%)</td><td>April 1984 Joined the Company
April 2013 Deputy General Plant Manager, Hiroshima Plant
April 2015 General Plant Manager, Hiroshima Plant
April 2016 Executive Officer
April 2017 Managing Executive Officer; Director of Injection Molding Machinery Business Division (current position); In charge of Hiroshima Plant
June 2017 Director & Managing Executive Officer (current position)
(Significant concurrent positions)
None</td><td>4,357</td></tr>
<tr><td colspan="3">[Reasons for nomination as Director]
Mr. Toshio Matsuo has long engaged in the industrial machinery products business. After having taking charge of an extensive range of management duties, including plant management as General Plant Manager of Hiroshima Plant, he assumed the office of Director of Injection Molding Machinery Business Division in April 2017 and has since taken charge of management duties of the business in its entirety, thereby acquiring considerable experience and achievements. These experiences and achievements make him qualified to assume a role in realizing management strategies and enhancing product quality and customer satisfaction, while supervising the operational departments, and he is therefore nominated for the position of Director.</td></tr>
<tr><td rowspan="2">6</td><td>Reappointment

Junichiro Deguchi
(September 2, 1958)

Attendance at Board of Directors' meetings
11/11 (100%)</td><td>April 1981 Joined the Company
April 2013 Deputy General Plant Manager, Muroran Plant
April 2015 Executive Officer; Deputy Director of Steel Business Division
October 2017 General Manager, Personnel Department (current position)
April 2018 In charge of CSR&Risk Management (current position); In charge of Export Control Administration (current position); In charge of Safety & Hygiene Control and Environmental Management (current position); In charge of Secretary Office & General Affairs Department
June 2018 Director & Executive Officer
July 2018 In charge of General Affairs Department (current position); General Manager, Secretary Office (current position)
April 2019 Director & Managing Executive Officer (current position)
(Significant concurrent positions)
None</td><td>4,347</td></tr>
<tr><td colspan="3">[Reasons for nomination as Director]
Mr. Junichiro Deguchi has long engaged in the steel and energy products business. After having taking charge of an extensive range of management duties as Deputy Director of Steel Business Division, he assumed the office of General Manager of Personnel Department in October 2017, thereby acquiring considerable experience and achievements. Based on his experience and achievements, it is expected that he, as a member of the Board of Directors, will continue to be able to promote the sharing of information and reinforcement of the Board's decision-making and supervisory functions, and is therefore nominated for the position of Director.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions and responsibilities at the Company, and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">7</td><td>Reappointment

Takashi Iwamoto
(May 8, 1959)

Attendance at Board of Directors' meetings
11/11 (100%)</td><td>April 1983
April 2013
April 2016

October 2017

June 2018
(Significant concurrent positions)
None</td><td>Joined the Company
Deputy General Plant Manager, Muroran Plant
Executive Officer; General Plant Manager, Muroran Plant (current position)
Director of Steel Business Division (current position)
Director & Executive Officer (current position)</td><td>3,455</td></tr>
<tr><td colspan="4">[Reasons for nomination as Director]
Mr. Takashi Iwamoto has long engaged in the steel and energy products business and has taken charge of an extensive range of management duties, including plant management serving as General Plant Manager of Muroran Plant. He has also served as Director of Steel Business Division since October 2017 and has since taken charge of management duties of the business in its entirety, thereby acquiring considerable experience and achievements. These experiences and achievements make him continuously qualified to assume a role in realizing management strategies and enhancing product quality and customer satisfaction, while supervising the operational departments, and he is therefore nominated for the position of Director.</td></tr>
<tr><td rowspan="2">8</td><td>Reappointment
Candidate for
Outside Director
Independent Officer

Nobuo Mochida
(April 1, 1947)

Attendance at Board of Directors' meetings
16/16 (100%)</td><td>April 1970
April 2004

June 2005

June 2006

April 2010

June 2010

April 2013
June 2014
June 2016
(Significant concurrent positions)
None</td><td>Joined Hitachi Metals, Ltd.
Managing Director, NEOMAX Co., Ltd. (currently Hitachi Metals, Ltd.)
Executive Managing Officer, Hitachi Metals, Ltd.; Executive Managing Officer and Director, NEOMAX Co., Ltd.
Representative Executive Officer; President and Chief Executive Officer and Director, Hitachi Metals, Ltd.
Executive Vice President and Representative Executive Officer, Hitachi, Ltd. (retired in March 2014); Chairman and Director, Hitachi Metals, Ltd.
Outside Director, Hitachi Cable, Ltd. (currently Hitachi Metals, Ltd.) (retired in June 2013)
Director, Hitachi Metals, Ltd. (retired in June 2014)
Director, Hitachi, Ltd. (retired in June 2016)
Director (current position)</td><td>782</td></tr>
<tr><td colspan="4">[Reasons for nomination as Outside Director]
Mr. Nobuo Mochida has considerable experience and extensive knowledge in engineering derived from his career as a business manager of an international manufacturing company, and has reflected this experience and knowledge in the overall management of the Company from an independent standpoint. By having him continue to take an appropriate role in supervising overall management and on the occasion of important decision making, it is expected to strengthen the Board of Directors' functions, and he is therefore nominated for the position of Outside Director.
[Independence of the candidate for Outside Director]
Mr. Nobuo Mochida had served as Director of Hitachi Metals, Ltd., with which the Company has business transactions, until June 2014. However, the Company's net sales to the said company for the latest fiscal year account for less than 0.1% of the Company's consolidated net sales.
Mr. Nobuo Mochida had served as Executive Vice President and Representative Executive Officer of Hitachi, Ltd., with which the Company has business transactions, until March 2014, and served as Director of the same company until June 2016. However, the Company's net sales to the said company for the latest fiscal year account for less than 0.1% of the Company's consolidated net sales.
Therefore, Mr. Mochida satisfies the Company's Criteria of Independence for Outside Officers (on page 12) and it can be judged that he has the necessary independence to be an Outside Director.</td></tr>
</table>

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
9	Reappointment Candidate for Outside Director Independent Officer Sadao Degawa (July 20, 1951) Attendance at Board of Directors' meetings 11/11 (100%)	April 1977 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation) June 2009 Director and Executive Officer, IHI Corporation April 2011 Director and Managing Executive Officer, IHI Corporation April 2012 Executive Vice President, IHI Corporation October 2014 Executive Vice President and Senior Executive Officer, IHI Corporation (retired in March 2016) April 2016 Director, IHI Corporation (retired in June 2016) June 2016 Advisor, IHI Corporation (current position) June 2018 Director (current position) (Significant concurrent positions) Outside Director, NISHISHIBA ELECTRIC CO., LTD.	572
	[Reasons for nomination as Outside Director] Mr. Sadao Degawa is an experienced business manager of an international manufacturing company, with a wealth of experience in corporate management. By continuing to have him reflect his engineering knowledge in deliberations at the Board of Directors as well as supervise overall management of the Company and taking part in important decision making from an independent standpoint, it is expected to strengthen the Board of Directors' functions, and he is therefore nominated for the position of Outside Director. [Independence of the candidate for Outside Director] Mr. Sadao Degawa had served as Executive Vice President & Senior Executive Officer of IHI Corporation, with which the Company has business transactions, until March 2016, and served as Director of the said company until June 2016. However, the Company's net sales to the said company for the latest fiscal year account for less than 0.1% of the Company's consolidated net sales. Therefore, Mr. Degawa satisfies the Company's Criteria of Independence for Outside Officers (on page 12) and it can be judged that he has the necessary independence to be an Outside Director.		

(Notes)
1. Messrs. Nobuo Mochida and Sadao Degawa are candidates for Outside Director. The Company has appointed them as Independent Directors as prescribed by the Tokyo Stock Exchange, and submitted a notification of the appointment to the Exchange.
2. It was revealed that IHI Corporation, at which Mr. Degawa had served as Director until June 2016, had committed a violation of standards stipulated by the Ministry of Land, Infrastructure, Transport and Tourism since January 2009 at the latest, in connection to the civil aero engine maintenance business. In this regard, IHI Corporation received an operational improvement order from the Ministry of Land, Infrastructure, Transport and Tourism on April 9, 2019. Mr. Degawa, during his time serving as Director at the said company, routinely provided suggestions as necessary on the importance of law compliance and internal control based on his wealth of experience and high insights, fulfilling his duties appropriately from a viewpoint of compliance-based management.
3. It will have been three years since the appointment of Mr. Mochida as an Outside Director at the conclusion of this year's Annual General Meeting of Shareholders.
4. It will have been one year since the appointment of Mr. Degawa as an Outside Director at the conclusion of this year's Annual General Meeting of Shareholders.
5. Pursuant to Article 427, Paragraph 1, of the Companies Act and Article 28 of the Company's Articles of Incorporation, the Company has concluded limited liability agreements with Messrs. Mochida and Degawa to limit the liability for damages prescribed in Article 423, Paragraph 1, of the Companies Act. The maximum amount of liability for damage under the agreements is equal to the amount prescribed by applicable law. If the reappointment of Messrs. Mochida and Degawa is approved, the Company will continue said agreement with them.

Proposal 3: Election of 2 Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Member Kazuya Jono will expire at the conclusion of this year's Annual General Meeting of Shareholders, and Audit & Supervisory Board Member Yoshitomo Tanaka will resign at the conclusion of this year's Annual General Meeting of Shareholders. It is therefore proposed to elect 2 Audit & Supervisory Board Members.

This proposal has already gained the consent of the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Member are as follows:

No.	Name	Remarks
1	Toru Nishiyama New appointment	
2	Fumihiko Tanizawa New appointment	Candidate for Outside Audit & Supervisory Board Member Independent Officer

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	New appointment Toru Nishiyama (December 2, 1959)	April 1982 Joined the Company September 2011 Deputy General Manager, Corporate Planning Office April 2015 Deputy General Plant Manager, Muroran Plant April 2017 Executive Officer (current position) October 2017 Deputy General Manager, Technological Strategy Office April 2018 General Manager, Internal Auditors Office (current position) (Significant concurrent positions) None	4,940
	[Reasons for nomination as Audit & Supervisory Board Member] Since appointed to Executive Officer in 2017, Mr. Toru Nishiyama has served in positions of Deputy General Manager of Technological Strategy Office and General Manager of Internal Auditors Office, thereby acquiring outstanding knowledge and experience in business management. By leveraging his knowledge and experience, it is fully expected that he will be able to contribute to greater sophistication of audit operation at the Company and to fulfill a role of audit function on the execution of duties by the Company's top management. He is, therefore, nominated for the position of Audit & Supervisory Board Member.		
2	New appointment Candidate for Outside Audit & Supervisory Board Member Independent Officer Fumihiko Tanizawa (April 2, 1952)	April 1976 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation) June 2003 Executive Officer, Sumitomo Mitsui Banking Corporation October 2006 Managing Executive Officer, Sumitomo Mitsui Banking Corporation (retired in March 2009) April 2009 Senior Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc. June 2009 Director Senior Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc. (retired in June 2010) June 2010 Representative Director, Executive Officer and Executive Deputy President, SMBC Friend Securities Co. Ltd (currently SMBC Nikko Securities Inc.) (retired in March 2012) December 2012 Representative Director, President and Executive Officer, HORAI Co., Ltd. (current position) June 2015 Outside Audit & Supervisory Board Member, Sotetsu Holdings, Inc.(scheduled to retire in June 2019) (Significant concurrent positions)	0

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
		Representative Director, President and Executive Officer, HORAI Co., Ltd.	
	[Reasons for nomination as Audit & Supervisory Board Member] Mr. Fumihiko Tanizawa has experience as corporate manager and as Audit & Supervisory Board Member, in addition to work experience in lending, planning and other areas at financial institutions. Accordingly, Mr. Tanizawa is judged to be capable for providing audit opinions from an unbiased and objective point of view, and he is therefore nominated for the position of Outside Audit & Supervisory Board Member. [Independence of the candidate for Outside Audit & Supervisory Board Member] Mr. Fumihiko Tanizawa worked for a financial institution, with which the Company has business relationship. However, the Company's borrowing balance accounts for as low as 18% of the Company's total assets at the end of the latest fiscal year. In addition, the Company carries out the decentralization and leveling of transactions among multiple financial institutions, and the ratio of borrowings from the said financial institution to the total borrowing balance at the end of the latest fiscal year is 9.6%, which is not significantly higher than that of other financial institutions. Furthermore, Sumitomo Mitsui Banking Corporation is a stock holder of the Company and has 3.0% of shareholder voting rights. Mr. Fumihiko Tanizawa has served as Representative Director, President and Executive Officer of HORAI Co., Ltd., since December 2012. However, there is no business relationship between the said company and the Company. Therefore, Mr. Tanizawa satisfies the Company's Criteria of Independence of Outside Officers (on page 12) and it can be judged that he has the necessary independence to be an Outside Audit & Supervisory Board Member.		

(Notes) 1. There are no business transactions or special interests between the respective candidates and the Company.

2. Mr. Fumihiko Tanizawa is a candidate for Outside Audit and Supervisory Board Member. The Company will appoint him as an Independent Audit and Supervisory Board Member as prescribed by the Tokyo Stock Exchange, and submit a notification of the appointment to the Exchange.

3. Pursuant to Article 427, Paragraph 1, of the Companies Act and Article 36 of the Company's Articles of Incorporation, the Company has concluded a limited liability agreement with each Audit & Supervisory Board Member to limit the liability for damages prescribed in Article 423, Paragraph 1, of the Companies Act. The maximum amount of liability for damage under the agreement is equal to the amount prescribed by applicable law. If the appointment of Messrs. Nishiyama and Tanizawa is approved, the Company will conclude a similar limited liability agreement with each of them.

Reference: Criteria of Independence for Outside Officers of The Japan Steel Works, Ltd.

An Outside Director or an Outside Audit & Supervisory Board Member of the Company (hereinafter collectively an "Outside Officer") shall not fall under any of the following items to be judged to be an independent Outside Officer (hereinafter an "Independent Outside Officer").

(1) A person for which the Company is a major customer[1] or a person who executes business thereof;
(2) A major customer of the Company[2] or a person who executes business thereof;
(3) A person who executes business of a financial institution that is indispensable for the Company's fund procurement and meets an outstandingly high share of the financing needs of the Company;
(4) A consultant, an accounting professional or a legal professional who obtained an amount of money or other form of property that exceeds ¥10 million from the Company for the latest fiscal year, other than directors' compensation (if such person is an organization, including a corporation and a partnership, it refers to a person belonging to such organization);
(5) A major shareholder of the Company (who directly or indirectly holds the voting rights of the Company that account for not less than 10% of the total voting rights);
(6) A person who fell under any of (1) to (5) above during the past three years; or
(7) A spouse or a relative within the second degree of kinship of a person who falls under any of (1) to (6) above (limited to a person in a significant post[3]).

Provided, however, even if an Outside Officer falls under any of (1) to (7) above, the Company may designate such Outside Officer as an Independent Outside Officer, if the Company regards him or her as qualified as an Independent Outside Officer in light of his or her personality, expertise and other factors; such Officer satisfies the relevant requirements of the Companies Act; and the reasons why such Officer is regarded to be qualified for an Independent Outside Officer of the Company are explained externally.

(Notes) 1. A person for which the Company is a major customer refers to a person who was paid an amount of money from the Company that exceeds 5% of the said person's consolidated net sales for the latest fiscal year.
2. A major customer of the Company refers to a person who paid an amount of money to the Company that exceeds 5% of the Company's consolidated net sales for the latest fiscal year.
3. A person in a significant post refers to a person who is a director (excluding an outside director), an executive officer, an employee in a senior managerial position that equals to or is higher than a division/department manager, a Certified Public Accountant belonging to an auditing firm, a lawyer belonging to a law firm or equivalent.