

April 27, 2011

Notification of the Conclusion of a Merger Agreement between JFE Shoji Holdings, Inc. and Consolidated Subsidiary JFE Shoji Trade Corporation, and a Merger Agreement between JFE Shoji Trade Corporation and Consolidated Subsidiary Kawasho Real Estate Corporation

At the Board of Directors' meeting held today, a resolution was reached and a merger agreement concluded whereby JFE Shoji Holdings, Inc. (hereinafter, "the Company" or "JFE Shoji Holdings") will merge with JFE Shoji Trade Corporation on April 1, 2012, with JFE Shoji Trade Corporation (hereinafter, "JFE Shoji Trade") becoming the surviving company. Details are as follows.

At the General Meeting of Shareholders scheduled for June 29, 2011, the Company plans to pass a merger agreement resolution. The Company plans to delist its shares from the stock exchange (with the last trading day of shares to be March 27, 2012) on March 28, 2012, while JFE Shoji Trade Corporation, the surviving company, plans to technically list on the Tokyo Stock Exchange on April 1, 2012.

At the Board of Directors' meeting held today, a resolution was reached and a merger agreement concluded whereby JFE Shoji Trade (the surviving company), prior to its merger with the

Company, will merge with wholly-owned Company subsidiary Kawasho Real Estate Corporation (hereinafter "Kawasho Real Estate") on October 1, 2011.

I. Purpose of Merger

The Group is now entering the final year of its 2nd medium-term management plan, which started from April 2009. Recently, the Group solidified its earnings base, primarily in the steel business, improved its financial standing, strengthened human resource training, streamlined business operations, and fortified its business structure.

From April 2012, the Group will start its 3rd medium-term management plan. In the plan, a new growth strategy was clearly defined with the goal of "becoming a top-level company of excellence as a steel and iron trading firm."

Further, the Group has reviewed its current holdings structure and will develop a speedy and agile Group management through a more efficient structure with JFE Shoji Trade Corporation at its core.

II. Merger of JFE Shoji Holdings, Inc. (the Company) and JFE Shoji Trade Corporation

1. Outline of Merger (JFE Shoji Holdings)

(1) Merger schedule

Merger resolution at Board of Directors' meeting April 27, 2011 (Wednesday)
 Conclusion of merger agreement April 27, 2011 (Wednesday)
 General Meeting of Shareholders record date March 31, 2011 (Thursday)
 Merger approved at General Meeting of Shareholders June 29, 2011 (Wednesday) (planned)
 Delisting date March 28, 2012 (Wednesday) (planned)
 Planned merger date (effective date) April 1, 2012 (Sunday) (planned)

Note: As this is a short-form merger pursuant to Article 796, paragraph 1 of the Companies Act, JFE Shoji Trade can perform the merger without obtaining approval at the General Meeting of Shareholders.

(2) Merger method

Absorption-type merger with JFE Shoji Trade Corporation as the surviving company and the Company is dissolved through liquidation.

(3) Share allocation in merger

Company	JFE Shoji Trade*	JFE Shoji Holdings
Merger ratio	1	1

Notes:

1. Share allocation ratio

One common share of JFE Shoji Trade will be allocated and issued for one common share of JFE Shoji Holdings. Following the merger, common shareholders of JFE Shoji Holdings shall be compensated ¥77,663 million (an amount equivalent to the April 26, 2011 closing price of ¥328 per share of JFE Shoji Holdings, Inc. stock on the Tokyo Stock Exchange multiplied by the 236,777,704 total

outstanding shares).

*The total number of shares after the reverse stock split conducted JFE Shoji Trade Corporation on April 1, 2011 was 237,777,704.

2. Basis for calculating merger ratio

With ensuring fairness and legitimacy as its first priority, the Company asked Nomura Securities Co., Ltd. (hereinafter, "Nomura Securities"), a third party institution, to analyze what impact the merger might have on the outstanding shares held by the Company and its shareholders, and it has received the analysis results. Taking fully into account the analysis results from Nomura Securities, the Company and JFE Shoji Trade established the merger ratio shown above.

3. JFE Shoji Trade shares held by the Company

The JFE Shoji Trade shares held by the Company are treasury stock held by JFE Shoji Trade on the effective date of the merger. However, following the merger, the Company allocated and issued all of said shares to all JFE Shoji Holdings shareholders (excluding JFE Shoji Holdings) as substitutes for newly issued shares.

(4) Handling of New Share Subscription Rights and Bonds with Subscription Rights to Shares

Not applicable.

(5) Rights of Company Shareholders on the Effective Date of Merger

1. Company shareholders listed or recorded in the final shareholders' register on March 31, 2012 shall be granted voting rights at the first JFE Shoji Trade's General Meeting of Shareholders held after the effective date of the merger.
2. The date of record of the distribution of retained earnings passed by resolution at JFE Shoji Trade's first General Meeting of Shareholders held after the effective date of the merger shall be the effective date of the merger.

2. Outline of Merging Companies

(1) Business name	JFE SHOJI TRADE CORPORATION (Acquiring company)	JFE SHOJI HOLDINGS, INC. (Acquired company)
(2) Head office	1-6-20, Dojima, Kita-ku, Osaka	Same as column to left
(3) Name and title of representative director	President: Mikio Fukushima	Same as column to left
(4) Main business	Engaged primarily in domestic trading and import and export in such fields as steel products and materials, nonferrous metals, chemical products, machinery and marine vessels	Engaged in the formulation and management of Group business strategy and other work incidental to that

(5)	Paid-in capital	¥14,539 million	¥20,000 million
(6)	Established	January 5, 1954	August 2, 2004
(7)	Total issued shares	236,777,704*	236,777,704
(8)	Accounting period	March 31	March 31
(9)	No. of employees	1,290 (nonconsolidated)	13 (nonconsolidated)
(10)	Major business partners	(Suppliers) JFE Steel Corporation, JFE Bars & Shapes Corporation, Kawasaki Heavy Industries, Ltd., BP Marine Ltd., JFE Chemical Corporation (Customers) JFE Steel Corporation, Hyundai Motor Group, Kawasaki Kisen Kaisha Ltd., Nissan Motor Company Ltd., Mazda Motor Corporation	Not applicable to pure holding company
(11)	Major banking relationships	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(12)	Major shareholders and ratio of shareholding	JFE Shoji Holdings, Inc. 100%	JFE Steel Corporation 38.56% Kawasaki Heavy Industries, Ltd. 2.72% Trust & Custody Services Bank, Ltd. as a trustee for Mizuho Trust Retirement Benefits Trust Account for Kawasaki Heavy Industries 2.32%
(13)	Relationship between companies	Capital relationship	JFE Shoji Holdings holds 100% of the outstanding shares of JFE Shoji Trade and is the parent company.
		Personal relationship	Six directors and three company auditors of the acquiring company concurrently serve as directors and company auditors of the acquired company.
		Business relationship	The acquired company is a pure holding company.

	Status applying to related parties	JFE Shoji Trade, a consolidated subsidiary of JFE Shoji Holdings, falls under the category of related party.
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*The number of shares on April 1, 2011 after the reverse stock split conducted by JFE Shoji Trade.

(14) Business Performance and Financial Position in Most Recent Three-Year Period						
	JFE Shoji Trade (nonconsolidated)			JFE Shoji Holdings (consolidated)		
	2009/3	2010/3	2011/3	2009/3	2010/3	2011/3
Accounting period						
Net assets	35,381	46,443	53,174	114,684	107,060	117,426
Total assets	414,127	364,512	395,486	635,481	526,788	571,364
Net assets per share (¥)	119.78	157.23	180.02	381.02	432.64	457.57
Net sales	2,106,616	1,424,232	1,626,484	2,706,576	1,811,887	2,011,526
Operating income	22,803	12,353	14,649	40,238	15,140	23,363
Ordinary income	26,291	14,671	15,442	39,009	14,491	23,783
Net income	16,104	9,542	9,249	19,848	7,506	13,645
Net income per share (¥)	54.52	32.30	31.31	82.54	31.78	57.78
Dividend per share (¥)	55.71	8.12	8.12	10.00	5.00	10.00

(Unit: Millions of yen, except when otherwise noted)

3. Post-Merger Status

(1) Business name	JFE Shoji Trade Corporation
(2) Head office	1-6-20, Dojima, Kita-ku, Osaka
(3) Name and title of representative director	President: Mikio Fukushima
(4) Main businesses	Engaged primarily in domestic trading and import and export in such fields as steel products and materials, nonferrous metals, chemical products, machinery and marine vessels
(5) Paid-in capital	¥14,539 million

(6) Net assets*	¥117,426 million (consolidated)
(7) Total assets*	¥571,364 million (consolidated)
(8) Accounting period	March 31

*Because JFE Shoji Trade is merging with its parent company, both of these figures are shown on a consolidated basis.

4. Summary of accounting procedures

The merger is being conducted pursuant to Accounting Standard for Business Combinations (ASBJ Statement No. 21, issued December 26, 2008) and "Guidance for Accounting Standard for Business Combinations" (ASBJ Guidance No. 10, issued December 26, 2008), and falls under the category of a transaction under common control.

5. Forecast

JFE Shoji Trade is a consolidated subsidiary of JFE Shoji Holdings, and the merger will have no material impact on the consolidated performance forecast.

After passing a merger agreement resolution at the General Meeting of Shareholders scheduled for June 29, 2011, the Company will delist its shares from the stock exchange on March 28, 2012, while JFE Shoji Trade Corporation, the surviving company, plans to technically list on the Tokyo Stock Exchange on April 1, 2012.

III. Merger of JFE Shoji Trade Corporation and Kawasho Real Estate Corporation

1. Outline of merger between subsidiaries

(1) Merger schedule (Kawasho Real Estate)

Merger resolution at Board of Directors' meeting April 27, 2011 (Wednesday)
Conclusion of merger agreement April 27, 2011 (Wednesday)
General Meeting of Shareholders record date March 31, 2011 (Thursday)
Merger approved at General Meeting of Shareholders June 23, 2011 (Thursday) (planned)
Planned merger date (effective date) October 1, 2011 (Saturday) (planned)

Note: As this is a short-form merger pursuant to Article 796, paragraph 3 of the Companies Act, JFE Shoji Trade can perform the merger without obtaining approval at the General Meeting of Shareholders.

(2) Merger method

Absorption-type merger with JFE Shoji Trade Corporation as the surviving company and Kawasho Real Estate is dissolved through liquidation.

(3) Share allocation in merger

As JFE Shoji Trade, the surviving company, and Kawasho Real Estate, the liquidated company, are wholly-owned subsidiaries of JFE Shoji Holdings as of the time of the merger, no shares shall be allocated or other compensation granted in merger.

(4) Handling of New Share Subscription Rights and Bonds with Subscription Rights to Shares

Not applicable.

2. Outline of Merging Companies

(1) Business name	JFE SHOJI TRADE CORPORATION (Acquiring company)	KAWASHO REAL ESTATE CORPORATION (Acquired company)
(2) Head office	1-6-20, Dojima, Kita-ku, Osaka	2-7-1 Otemachi, Chiyoda-ku, Tokyo
(3) Name and title of representative director	President: Mikio Fukushima	President: Yasushi Sato
(4) Main business	Engaged primarily in domestic trading and import and export in such fields as steel products and materials, nonferrous metals, chemical products, machinery and marine vessels	Engaged in the holding, managing, buying, selling, leasing, and brokering of real estate
(5) Paid-in capital	¥14,539 million	¥100 million
(6) Established	January 5, 1954	October 1, 2004
(7) Total issued shares	236,777,704*	60,000
(8) Accounting period	March 31	March 31
(9) No. of employees	1,290 (nonconsolidated)	5 (nonconsolidated)
(10) Major shareholders and ratio of shareholding	JFE Shoji Holdings 100%	JFE Shoji Holdings 100%

*The number of shares on April 1, 2011 after the reverse stock split conducted by JFE Shoji Trade.

(11) Business Performance and Financial Position in Most Recent Three-Year Period						
	JFE SHOJI TRADE CORPORATION (nonconsolidated)			KAWASHO REAL ESTATE CORPORATION (nonconsolidated)		
Accounting period	2009/3	2010/3	2011/3	2009/3	2010/3	2011/3

Net assets	35,381	46,443	53,174	9,159	8,881	8,616
Total assets	414,127	364,512	395,486	16,415	16,101	15,857
Net assets per share (¥)	119.78	157.23	180.02	152,658.83	148,021.05	143,609.15
Net sales	2,106,616	1,424,232	1,626,484	489	513	428
Operating income	22,803	12,353	14,649	(451)	(199)	(212)
Ordinary income	26,291	14,671	15,442	(536)	(275)	(262)
Net income	16,104	9,542	9,249	(1,024)	(278)	(264)
Net income per share (¥)	54.52	32.30	31.31	(17,076.21)	(4,637.78)	(4,411.90)
Dividend per share (¥)	55.71	8.12	8.12	—	—	—

(Unit: Millions of yen, except when otherwise noted)

3. Post-Merger Status

(1) Business name	JFE Shoji Trade Corporation
(2) Head office	1-6-20, Dojima, Kita-ku, Osaka
(3) Name and title of representative director	President: Mikio Fukushima
(4) Main businesses	Engaged primarily in domestic trading and import and export in such fields as steel products and materials, nonferrous metals, chemical products, machinery and marine vessels
(5) Paid-in capital	¥14,539 million
(6) Net assets*	¥61,791 million (nonconsolidated)
(7) Total assets*	¥411,343 million (nonconsolidated)
(8) Accounting period	March 31

4. Summary of accounting procedures

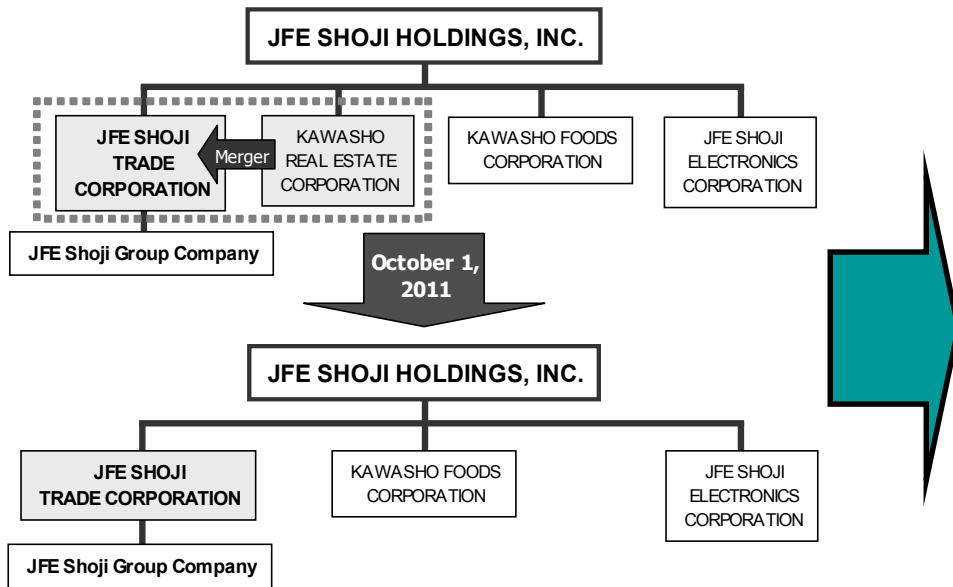
The merger is being conducted pursuant to Accounting Standard for Business Combinations (ASBJ Statement No. 21, issued December 26, 2008) and "Guidance for Accounting Standard for Business Combinations" (ASBJ Guidance No. 10, issued December 26, 2008), and the transaction falls under the category of common control.

5. Forecast

As the merging companies are subsidiaries of JFE Shoji Holdings, the merger will have no material impact on the consolidated business performance of JFE Shoji Holdings.

«October 1, 2011»

**Merger of JFE SHOJI TRADE CORPORATION (Surviving company) and
KAWASHO REAL ESTATE CORPORATION**



«April 1, 2012»

Merger of JFE SHOJI TRADE CORPORATION (Surviving company) and JFE SHOJI HOLDINGS, INC.

