

Company Name: Nippon Steel & Sumitomo Metal Corporation  
Representative: Kosei Shindo  
Representative Director and President  
(Code Number: 5401)

Notice Regarding Revisions to the Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measures for the Protection and Enhancement of Shareholders' Common Interests)

Nippon Steel & Sumitomo Metal Corporation (“NSSMC”) adopted the Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measures) (the “Plan”) in order to protect and enhance common interests of the shareholders of NSSMC by the resolution of its Board of Directors (the “Board”) in March 2006, and until the present day, NSSMC has amended and renewed the Plan several times. In order to reconsider the necessity for the Plan and to further enhance the reliability and legal stability of the Plan in light of the fact that 10 years has passed since the adoption of the Plan, among other reasons, NSSMC resolved at the meeting of the Board held on March 1, 2016 to review, primarily, the three points of (i) requiring shareholder approval to adopt and renew the Plan, (ii) newly establishing the “Independent Committee” and (iii) shortening the term of the Plan (the “Term”) from six years to three years. NSSMC also made a public announcement regarding this review on the same day.

NSSMC has determined at the meeting of the Board held today to revise the Plan as set out in Exhibit 1 (the “Revised Plan”) subject to shareholder approval<sup>1</sup> at the ordinary general meeting of shareholders to be held on June 24, 2016 (the “General Meeting of Shareholders”).

1. The Necessity for the Plan (“Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NSSMC<sup>2</sup>”)

Under the corporate philosophy that the NSSMC group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services, the NSSMC group aims to improve its corporate value, and further the common interests of its shareholders, by enhancing its competitiveness and profitability through the planning and execution of management strategies.

NSSMC has decided to take necessary action to prepare for the acquisition of substantial shareholdings in NSSMC or other related activities that could disturb such corporate philosophy and

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<sup>1</sup> Shareholder approval of a majority of the voting rights of the shareholders present at the General Meeting of Shareholders is required to obtain shareholder approval for the revision of the Plan. One-third (1/3) or more of the total voting rights shall constitute a quorum. In addition, in case shareholder approval cannot be obtained regarding the Revised Plan at the General Meeting of Shareholders, the currently effective Plan will expire at the close of the General Meeting of Shareholders.

<sup>2</sup> NSSMC has also determined at the meeting of the Board held today to partly revise “Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NSSMC” as set forth in Article 118(3) of the Ordinance for Enforcement of the Companies Act.

management strategies and cause damage to NSSMC's corporate value by, among other reasons, threatening obstruction of the existence and development of NSSMC, and which could result in harm to the common interests of NSSMC's shareholders.

NSSMC believes that in the event a third party proposes the acquisition of substantial shareholdings in NSSMC (a "Takeover Proposal"), the ultimate decision as to whether or not to accept the Takeover Proposal should be made by the then shareholders of NSSMC. On the other hand, NSSMC believes that such Takeover Proposals could include those with the potential to cause clear damage to the corporate value of NSSMC or the common interests of the shareholders of NSSMC or those with the potential to practically coerce shareholders into selling their shares of NSSMC.

Consequently, NSSMC implemented the Plan because NSSMC believes it is the Board's responsibility to put in place clear and transparent rules in order to prepare for such disadvantages to the shareholders of NSSMC in the event a Takeover Proposal is made by a third party, and, for the occasions where a Takeover Proposal is actually made, to create an environment in which the shareholders of NSSMC can make an appropriate informed judgment based on sufficient information and with a reasonable time period to consider the Takeover Proposal.

## 2. Rationale and Fairness of the Revised Plan

Due to the following points, NSSMC believes that the Revised Plan supports the common interests of the shareholders of NSSMC, and that it is rational and fair and will not be implemented in an arbitrary manner.

### (1) A system which reflects the shareholders' will

In the event a Takeover Proposal is made by a third party, as a general rule, the necessity of issuance of the stock acquisition rights (the "Rights") by way of a gratis allotment (implementation of measures to an Acquiring Person (as defined below) is judged by the then shareholders of NSSMC through a meeting held to confirm the shareholders' will ("Shareholders Will Confirmation Meeting") and other methods. In addition, the Term shall be three years, and adoption and renewal, etc., of the Revised Plan will be made upon approval of the shareholders.

Accordingly, the Revised Plan is to be adopted and renewed upon shareholders' will, and also the Rights are issued by way of a gratis allotment upon shareholders' will (a system in which the Plan is adopted by shareholders and countermeasures are implemented via shareholder approval). As a result, NSSMC believes the Revised Plan should adequately reflect the will of its shareholders.

### (2) Establishment of the Independent Committee

NSSMC established the Independent Committee in order to enhance the fairness of the judgements of the Board in connection with the implementation of the Revised Plan. The Board respects the opinion of the Independent Committee as much as possible in the exceptional cases of the implementation of the issuance of the Rights by way of a gratis allotment without taking a vote of shareholders to confirm the

shareholders' will; such exceptional cases include instances where an Acquiring Person failed to comply with the Revised Plan (the exceptional cases are limited to the cases of (3)(ii) and (3)(iii) in Section 3 below). Consequently, the system prevents the Board from making arbitrary judgements.

(3) Compliance with the judicial precedents of the Supreme Court, rules of financial instruments exchanges such as corporate governance codes, etc. and other guidelines, etc.

The Revised Plan complies with the decision made by the Supreme Court in 2007 and other judicial precedents in Japan, the listing regulations such as corporate governance codes etc., as stipulated by financial instruments exchanges, "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" publicized by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 and "Takeover Defense Measures in Light of Recent Environmental Changes" publicized on June 30, 2008 by the Corporate Value Study Group.

(4) No dead-hand or slow-hand takeover defense measures

The Revised Plan may be abolished by a resolution of a meeting of the Board. Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the board of directors are replaced, the implementation of the measure cannot be stopped). Also, as the term of office for each of the directors of NSSMC is one year and expires at the closing of NSSMC's annual general meeting of shareholders every year, the Revised Plan of NSSMC is not a slow-hand takeover defense measure either (a takeover defense measure in which the implementation takes more time to be stopped due to the fact that the members of the board of directors cannot be replaced all at once).

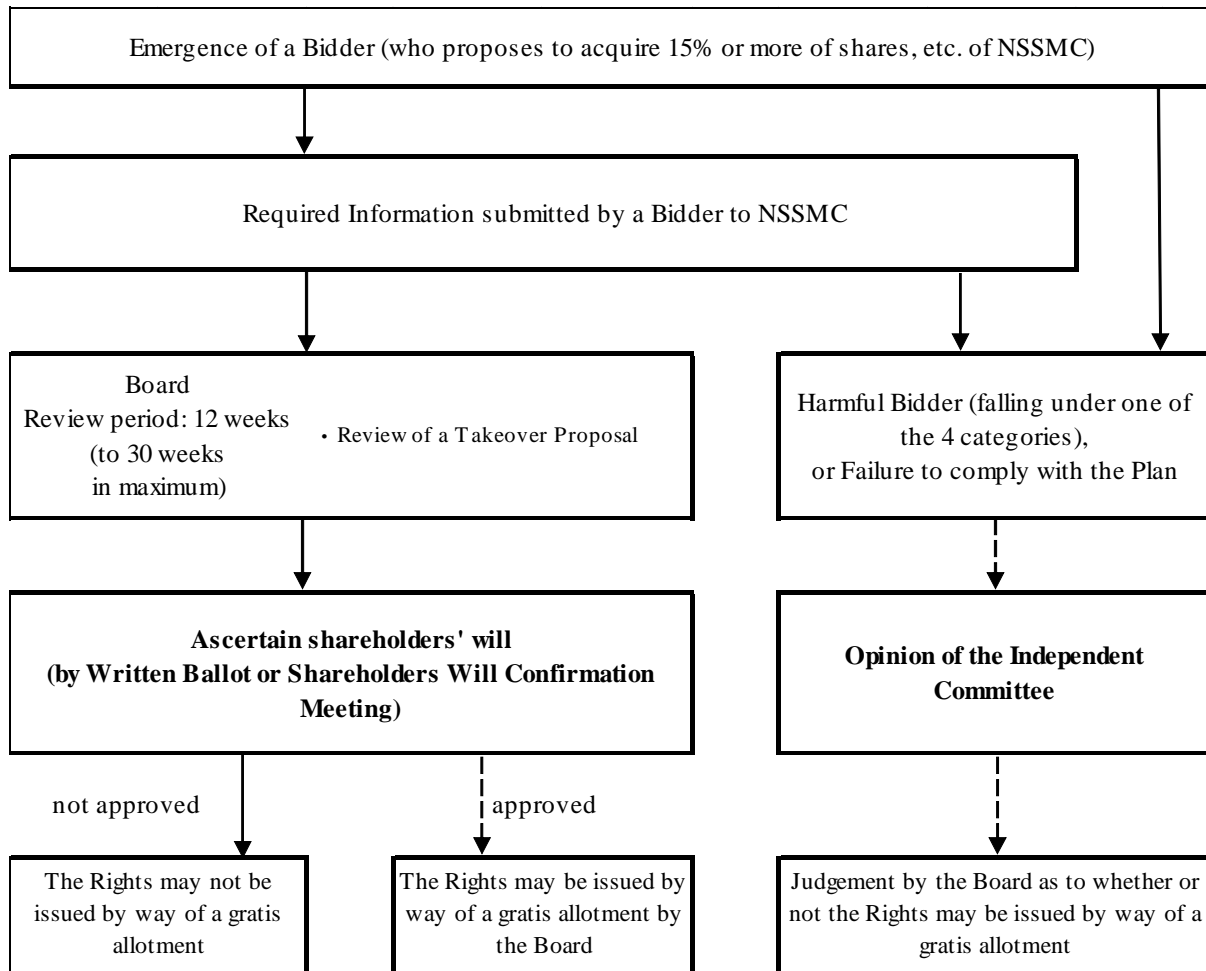
(5) An opinion has been issued by Audit & Supervisory Board Members relating to the Revised Plan

A consensus opinion of all the Audit & Supervisory Board Members of NSSMC, including outside Audit & Supervisory Board Members, has been issued at the meeting of the Board held today, confirming that the Revised Plan is compliant with "Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NSSMC" mentioned in Section 1 above, that it is not detrimental to the common interests of shareholders of NSSMC, and that it is not intended to maintain the status held by the directors of NSSMC.

### 3. The Revised Plan

The diagram below illustrates the summary of the Revised Plan. For the details, please refer to Exhibit 1.

The flow of procedures of the Revised Plan



#### (1) Provision of the Required Information by the Bidder and examinations at a meeting of the Board

When the Board has received all of the information as stipulated in the Revised Plan (the “Required Information”) from any person who has an intention to hold 15%<sup>3</sup> or more of the voting rights ratio of the shares, etc. of NSSMC (“Bidder”), the Board shall review as to whether or not the Takeover Proposal made by the Bidder is in the best interests of the corporate value and the common interests of shareholders. (The review period, as a general rule, is 12 weeks.<sup>4</sup>)

<sup>3</sup> 15% was adopted as a voting rights ratio that may allow a person to potentially exercise control over the management of NSSMC, considering various matters including the size of the investment required for acquisition of 15% or more of the shares, etc. of NSSMC, the shareholder composition of NSSMC, the threshold to be considered for the substantial control standard to decide affiliated companies as provided in the Companies Act of Japan and the Financial Instruments and Exchange Law of Japan, and also precedents etc. from the U.S., the country where rights plans originated.

<sup>4</sup> Considering the size, type of operations and regional expansion of NSSMC, a reasonable length of review period is required in order to have shareholders make an informed judgement which is to take place after the Board’s conducting of, and providing adequate explanations to shareholders regarding, its analysis of the Takeover Proposal, seeking advice from outside advisers, pursuing alternative proposals and negotiations for the improvement of the conditions of the Takeover Proposal. In order to secure such a necessary time period, the Revised Plan sets forth

(2) Procedures to ascertain shareholders' will

In order to have shareholders determine whether or not to accept a Takeover Proposal, the Board, as a general principle, after the review period, holds a shareholders vote to ascertain shareholders' will (a "Shareholders Vote") regarding whether or not the issuance of the Rights by way of a gratis allotment (implementation of measures to an Acquiring Person) will be implemented and the necessity thereof, through a written ballot or at a Shareholders Will Confirmation Meeting.

However, after examinations of the Required Information by the Board, in such case the Board determines that the Takeover Proposal is in the best interests of the corporate value of NSSMC and the common interests of shareholders of NSSMC, a Shareholders Vote will not be held and the issuance of the Rights by way of a gratis allotment will also not be implemented.

(3) In the event the Rights are issued by way of a gratis allotment

The implementation of issuance of the Rights by way of a gratis allotment under the Revised Plan is only limited to such cases in which (i) the shareholders of NSSMC vote in favor of the implementation of measures to an Acquiring Person at the Shareholders Vote, (ii) the Bidder fits within one of the four categories including so-called green mailer specified as harmful and abusive according to the judicial precedents, and the Board determines the Takeover Proposal may cause clear damage to the common interests of the shareholders of NSSMC and (iii) the Board determines the Bidder failed to comply with the procedures set forth in the Revised Plan. (Such events are limited to the cases indicated with dotted lines in the above chart, "the flow of procedures of the Revised Plan".)

Furthermore, when judging (ii) or (iii) above, the Board shall obtain an opinion of the Independent Committee beforehand, which consists of three members appointed from outside Directors and outside Audit & Supervisory Board Members, respecting such opinion as much as possible. For the members of the Independent Committee, please refer to Exhibit 2.

#### 4. Impact on Shareholders of NSSMC

(1) Impact on the shareholders of NSSMC upon the adoption and renewal of the Revised Plan.

Since NSSMC is not issuing Rights at the time of the adoption and renewal of the Revised Plan, the Revised Plan will have no particular direct impact on the rights and interests of the shareholders of NSSMC.

(2) Impact on the shareholders upon the issuance of the Rights.

A certain number of the Rights to be determined by the Board will be allotted for no consideration to a holder of one share of common stock recorded in the latest register of shareholders of NSSMC as of the allotment date determined by the Board at the time of its resolution to make the issuance by way of a gratis allotment of the Rights (the "Allotment Date"). If a shareholder of NSSMC holding the Rights fails to pay

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that the review period, as a general rule, will be 12 weeks (up to a maximum of 30 weeks depending on the content of the Takeover Proposal).

the exercise price (the consideration payable upon the exercise of a Right, which shall be one (1) Japanese Yen per share of common stock of NSSMC to be issued upon the exercise) or otherwise follow the procedures required for the exercise of his or her Rights during the exercise period (except where NSSMC acquires the Rights in accordance with their terms, in exchange for delivering common stock of NSSMC or other NSSMC's assets as consideration for the acquisition), such shareholder's ownership will be diluted due to the exercise of the Rights by other shareholders of NSSMC.

(3) Termination of the process to issue the Rights or acquisition of the Rights for no consideration

In the event that the Bidder ends up not becoming an Acquiring Person (as defined in Section 2 of the Revised Plan, and the same shall be applied thereafter), such as in cases where after the Board passes a resolution to allot the Rights for no consideration, the Bidder withdraws its Takeover Proposal once commenced or where immediately after the Stock Acquisition Date (as defined in Section 6(1)(ii) of the Revised Plan), an Acquiring Person disposes of the purchased shares, NSSMC may terminate the process to allot the Rights or acquire for no consideration the Rights that have been issued. This could result in fluctuation in the share price of NSSMC. In particular, if NSSMC, after the shareholders of NSSMC entitled to the Rights have been identified, terminates the process to allot the Rights or acquires for no consideration the Rights that have been allotted, no dilution of value per share will occur, and therefore, those shareholders of NSSMC who have traded on the assumption that there will be dilution may suffer damage due to the fluctuation in the share price of NSSMC.

(4) Procedures to be followed by the shareholders of NSSMC

(i) Transfer of the shares. In the event that the Board has determined to issue the Rights by way of a gratis allotment, NSSMC will publicly announce the Allotment Date. Since the shareholders recorded in the latest register of shareholders of NSSMC as of the Allotment Date will automatically be granted the Rights without any application by the shareholders, the shareholders will not be entitled to the Rights unless they complete the transfer of the shares by the Allotment Date.

(ii) Procedure for application for the Rights. No application for the Rights will be necessary. A shareholder recorded in the latest register of shareholders of NSSMC as of the Allotment Date shall automatically become a holder of Rights as of the effective date of the allotment.

(iii) Procedure for exercise of the Rights. NSSMC will notify each of its shareholders of the terms and the number of the Rights allotted to such shareholder and send to each shareholder recorded in the latest register of shareholders of NSSMC as of the Allotment Date a form for exercise of the Rights which includes a certification to be verified by the shareholder that he or she is not, or does not hold the Rights on behalf of, an Acquiring Person, along with such other documents as necessary for the exercise of the Rights. Once the Rights have been issued, a shareholder may receive common stock in the number equivalent to the number of shares to be received upon exercise of a Right for each Right upon submitting such documents and paying one (1) Japanese Yen per share of common stock to be paid to the payment

handling agent during the exercise period; *provided*, however, that in the event that NSSMC follows the process for acquisition of the Rights, the holders of such Rights will receive NSSMC's shares of common stock in exchange for the Rights without paying the exercise price (in such case, holders of the Rights may be required to submit a form designated by NSSMC which certifies that he or she is not, or does not hold the Rights on behalf of, an Acquiring Person).

In addition to the above, for details regarding the procedures for the exercise of the Rights by shareholders and the acquisition of the Rights by NSSMC, the shareholders of NSSMC will be required to refer to the public announcement or notice to shareholders when the Board has determined to issue the Rights by way of a gratis allotment.

As of today, no Takeover Proposal has been made to NSSMC.

The currently effective Plan and the Revised Plan are also posted on NSSMC's website at <http://www.nssmc.com/en/>.

(Attachments)

- EXHIBIT 1 (Revised) Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measure for the Protection and Enhancement of Shareholders' Common Interests)
- EXHIBIT 2 Members of the Independent Committee
- EXHIBIT 3 Principal Shareholders Information

For inquiries,  
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This document is the English translation of the official Japanese version (the “Official Japanese Version”). The English translation was prepared for your reference, to help you understand what is stated in the Official Japanese Version. In the event of any discrepancy between the Official Japanese Version and the English translation, the Official Japanese Version will prevail.

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FAIR RULES FOR THE ACQUISITION OF SUBSTANTIAL SHAREHOLDINGS

(TAKEOVER DEFENSE MEASURES FOR THE PROTECTION AND  
ENHANCEMENT OF SHAREHOLDERS’ COMMON INTERESTS)

OF

NIPPON STEEL & SUMITOMO METAL CORPORATION

Enacted on [June 24], 2016



1. Purpose of Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measures for the Protection and Enhancement of Shareholders' Common Interests).

Nippon Steel & Sumitomo Metal Corporation (the "Company") believes that in the event a third party proposes the acquisition of substantial shareholdings of the Company (a "Takeover Proposal"), the ultimate decision as to whether or not to accept the Takeover Proposal should be made by the then shareholders of the Company. On the other hand, the Company believes that such Takeover Proposals could include proposals with the potential to cause clear damage to the corporate value of the Company or the common interests of the shareholders of the Company or proposals with the potential to practically coerce shareholders into selling their shares of the Company.

In order to avoid such detriments to the shareholders of the Company, these Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measures for the Protection and Enhancement of Shareholders' Common Interests) (the "Plan") are designed to put in place clear and transparent rules, and for such occasions where a Takeover Proposal has actually been made, create an environment in which the shareholders of the Company can make an appropriate informed judgment based on sufficient information and with a reasonable time period to consider the Takeover Proposal.

2. Definition of an Acquiring Person.

As used in this Plan, "Acquiring Person" shall mean any person who is the holder of 15% or more of the Voting Rights Ratio<sup>1</sup> of the Shares, Etc.<sup>2</sup> of the

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<sup>1</sup> "Voting Rights Ratio", as used in this Plan, shall mean, as the case may be, the one that is not lower of (a) the "Shareholding Ratio" (as defined in Article 27-23(4) of the Financial Instruments and Exchange Law of Japan (the "FIEL")) with respect to the holder (including those deemed to be holders pursuant to Article 27-23(3) of the FIEL) and the Co-Holder (as defined in footnote 4 below) of the Shares, Etc. of the Company (as provided in Article 27-23(1) of the FIEL), and (b) the aggregate of (x) the "Shareholding Ratio" (as defined in Article 27-2(8)(i) of the FIEL) applied to a bidder of a Tender Offer and (y) the "Shareholding Ratio" (as defined in Article 27-2(8)(ii) of the FIEL) applied to the Special Related Party (as defined in footnote 3 below) of the Company's Shares, Etc. (as provided in Article 27-2(1) of the FIEL). In the calculation of such Shareholding Ratio, the Company may refer to the total number of voting rights (as provided in Article 27-2(8) of the FIEL) and the total number of issued shares (as provided in Article 27-23(4) of the FIEL) most recently disclosed by the Company. Following the promulgation of any (continued . . .)

Company, and shall include Special Related Parties<sup>3</sup> and Co-Holders<sup>4</sup> of the Acquiring Person; provided, however, that the term “Acquiring Person” shall not include:

(i) Any person who becomes the holder of 15% or more of the Voting Rights Ratio of the Shares, Etc. of the Company as a result of an acquisition of the Company’s own stock by the Company or any other acts of the Company until such time thereafter as such person increases the Voting Rights Ratio by acquisition of additional Shares, Etc. or other acts (other than by means of an exercise of Rights (as defined in Section 6(1) by such person));

(ii) Any person who is the holder of 15% or more of the Voting Rights Ratio of the Shares, Etc. of the Company but who became such holder without the aim of controlling or influencing the business activities of the Company, if such person promptly divests, or promptly enters into an agreement with, and satisfactory to, the Company to divest (without exercising or retaining any power, including voting power, with respect to such shares) sufficient Shares, Etc., and thereafter divests such shares so that such person ceases to be the holder of 15% or more of the Voting Rights Ratio; or

(iii) The Company, any subsidiary of the Company and any employee stock ownership or other employee benefit plan of the Company or a subsidiary of the Company (or any entity or trustee holding Shares, Etc. for or pursuant to the terms of any such plan or for the purpose of funding any such employee stock ownership or other employee benefit plan of the Company or of any subsidiary of the Company).

3. Requirement for a Qualifying Offer.

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laws and regulations succeeding the FIEL and its related cabinet orders, cabinet ordinances and ministerial ordinances, each provision of the FIEL and its related regulations cited herein shall refer to the provision corresponding thereto in such succeeding laws and regulations, unless otherwise determined by the Board of Directors of the Company (the “Board”).

<sup>2</sup> “Shares, Etc.”, as used in this Plan, is as defined in Article 27-23(1) or Article 27-2(1) of the FIEL.

<sup>3</sup> “Special Related Party”, as used in this Plan, is as defined in Article 27-2(7) of the FIEL, excluding such persons as set forth in Article 3(2) of the Cabinet Ordinance Regarding Disclosures in a Tender Offer by Third Parties.

<sup>4</sup> “Co-Holders”, as used in this Plan, is as defined in Article 27-23(5) of FIEL, including those deemed as Co-Holders pursuant to Article 27-23(6) of the FIEL.

In order to be considered by the shareholders of the Company, any proposal by a person which, if consummated, would result in the creation of an Acquiring Person (including an Acquiring Person who has an aim to increase its Voting Rights Ratio) (a “Bidder”), must be a Qualifying Offer. A “Qualifying Offer”, as used in this Plan, is a binding offer to acquire Shares, Etc. with an aim to become an Acquiring Person (including increases of its Voting Rights Ratio by an Acquiring Person) in a Tender Offer<sup>5</sup> or any other transaction which provides all shareholders of the Company an equal opportunity to participate, which binding offer shall not be subject to any conditions that could not be conditions to a Tender Offer and satisfies all the following requirements. Furthermore, if the Board determines, based upon then existing objective bases, that there exists a strong probability that (i) the Bidder’s proposal will become a Qualifying Offer and (ii) the Board will receive all of the Required Information described below, the Board shall promptly make a public announcement thereof; provided, however, that, if it is reasonably considered that such announcement would harm the common interests of the shareholders of the Company, such as in the case where the Bidder and the Company consider that it would be premature to make such announcement since they are in the process of negotiations and are not certain of the result of such negotiations, where the Bidder and the Company have entered into a confidentiality agreement or where the announcement would result in a violation by the Company of any laws or regulations or a breach of any contract entered into by the Company, the Board can refrain from making such an announcement.

In addition, upon the Bidder’s request, the Board will respond to the Bidder whether or not the information submitted by the Bidder has satisfied the requirements for the Required Information provided below and, if not, the Company will inform the Bidder of what information is lacking in order to satisfy the requirements for the Required Information.

(i) As to such offer, the information that is listed in Exhibit A attached hereto and meets the requirements of Section 3(i)(A) or Section 3(i)(B)(x) and Section 3(i)(B)(y) below (the “Required Information”) has been provided to the Board in the manner provided in Exhibit A, (A) which information is not on its face deficient or materially inaccurate in light of information publicly available at the time; or (B) (x) as to which information an outside counsel to the Bidder of international reputation (the “Outside Counsel to the Bidder”) has provided a written opinion to the Board that the Required Information contains no untrue statement of a material fact or omission of any material fact or any fact necessary to make the Required Information, in light of the circumstances under which it is provided, not misleading and (y) if there is a regulatory condition to the transaction described in such offer, such Outside Counsel to the Bidder has advised the Board in writing that the Bidder has provided

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<sup>5</sup> “Tender Offer”, as used in this Plan, is as defined in Article 27-3(1) of the FIEL.

the Company with all material information to determine the likelihood of regulatory approval or any divestitures that may be required;

(ii) The Bidder shall not commence a Tender Offer or acquisition of Shares, Etc. through other means, or any other acts that increase its Voting Rights Ratio until after, at a “Shareholders Vote” (as defined in Section 4(2)), the shareholders of the Company do not approve the issuance of the Rights by way of a gratis allotment; and

(iii) As to such offer, the Board has not determined, following consultation with, and/or receipt of advice from, its outside counsel and an investment banking firm, both of international reputation, that the Bidder may fit within one of the following categories, as a result of which clear damage to the common interests of the shareholders of the Company may be caused. The Board shall consult in advance with the Independent Committee provided in Section 5(1) and make this judgement, respecting the opinion of the Independent Committee as much as possible.

(A) A so-called “green mailer”, or a person who acquires shares with no intention to participate in the management of the Company in order to raise the Company’s share price and sell his/her holdings to parties concerned with the Company at a higher price;

(B) A person who acquires the Company’s shares to engage in so-called “scorched earth” management, or temporarily takes control over the Company and causes it to transfer operationally indispensable assets (including plants and equipment, intellectual property rights, expertise, trade secrets, major business partners and customers) to the purchaser or its group companies;

(C) A person who acquires the Company’s shares to divert its assets as collateral for or repayment of debts of the acquirer or its group companies after taking control over the Company; or

(D) A person who temporarily takes control over the Company to cause it to dispose of significant assets, including properties and trading securities, not immediately related to its operations, in order to cause it to temporarily distribute high dividends or to allow the acquirer to sell the Company’s shares at a higher price through a rise in share price resulting from the temporarily high dividend payments, or is otherwise planning to prey on the Company.

#### 4. Shareholders Vote.

If a Qualifying Offer is proposed, a Shareholders Vote shall be held as follows:

(1) Review Period. When the Board has received all of the Required Information as defined in Section 3(1), the Company shall promptly make a public announcement to such effect (the day on which the Board has received all of the Required Information shall be referred to as the “Review Period Commencement Date”). The Board shall review as to whether or not the proposed Qualifying Offer is in the best interests of the Company and its shareholders. The Company, if the Board

determines that the Qualifying Offer is in the best interests of the Company and its shareholders, will announce such determination by the Board. Otherwise, the Company shall set a record date for the Shareholders Vote (the "Shareholder Voting Record Date"), which shall be publicly announced at least two weeks in advance. The Shareholder Voting Record Date shall be set after the expiration of the applicable period set forth in (i) through (iii) below necessary to consider the Qualifying Offer (the "Review Period") and within one month from the earliest possible day in light of applicable laws and the practices of shareholder determination based upon the General Shareholders Notification by Japan Securities Depository Center, Inc. relating to setting a record date :

(i) In the event that the proposal is a Qualifying Offer that is a Tender Offer for all Shares, Etc. for cash and does not involve a two-tiered structure (a takeover which coerces shareholders into accepting a higher priced front-end tender offer by setting unfavorable terms or not specifically indicating terms for the back-end of the transaction for any shareholders who do not accept the front-end tender offer), the time period shall be 12 weeks starting on the Review Period Commencement Date.

(ii) For any proposal other than the proposal described in (i) above, the time period shall be 18 weeks starting on the Review Period Commencement Date.

(iii) Notwithstanding the foregoing (i) and (ii),

(A) In the event the Board has received an opinion (a so-called "Inadequacy Opinion") with respect to such Qualifying Offer from an internationally recognized investment banking firm which states that the offer price is inadequate from a financial point of view, the time period provided in (i) or (ii) above, as the case may be, shall be extended for an additional reasonable period, which period will not exceed eight weeks. If such extension of the period is made under this paragraph, the Board will promptly make a public announcement of the length of and the reason for the extension; and

(B) If the Bidder has neither submitted the securities registration statement(s), the securities reports, the quarterly securities reports, the semi-annual securities reports and extraordinary reports (including any amendment of each of such statement(s) and reports) (collectively, hereinafter the "Securities Registration Statements, Etc."), each prepared in Japanese, that it is required to submit under the FIEL (as amended, including any law succeeding it; the same shall apply hereinafter) covering the past five years (if five years have not passed since it became subject to such obligation, then in the period since it became subject to such obligation), nor published any documents corresponding thereto in Japanese covering the past five years (if five years have not passed since it became subject to such obligation, then in the period since it became subject to such obligation) (excluding any summary in Japanese of such documents that were available only in a foreign language, except for the summaries and supplementary documents in Japanese prepared pursuant to the FIEL with respect to documents in English similar to the securities reports, the quarterly securities reports and the semi-annual securities reports (including any amendment of each of such reports) defined under the FIEL as

the Foreign Securities Reports, the Foreign Quarterly Securities Reports and the Foreign Semi-Annual Reports (including any amendment of each of such reports) (collectively, the “Foreign Companies’ Reports, Etc.”) if such summaries and supplementary documents in Japanese are submitted together with the Foreign Securities Reports, the Foreign Quarterly Securities Reports and the Foreign Semi-annual Securities Reports in accordance with the FIEL), the time period provided in (i) or (ii) above, as the case may be, and as extended in accordance with (iii)(A) above, as applicable, shall be extended for an additional reasonable period, which period shall not exceed four weeks. If such extension of the period is made under this paragraph, the Board will promptly make a public announcement of the length of and the reason for the extension.

(2) Shareholders Vote. A “Shareholders Vote” shall mean the Company’s shareholders’ voting to be conducted as promptly as possible after the Shareholder Voting Record Date by either a written ballot or at a meeting held to confirm the shareholders’ will in relation to the implementation of the Rights (a “Shareholders Will Confirmation Meeting”). A Shareholders Will Confirmation Meeting may be held in conjunction with an ordinary general shareholders meeting or at an extraordinary general shareholders meeting of the Company. The Board shall, on or before the Shareholder Voting Record Date, determine which method to use to obtain a Shareholders Vote, including the form of voting instruction. In case of a written ballot, the required vote shall be the affirmative vote of a majority of the shares with voting rights voting, with at least one-third of the Shares, Etc. being required to vote. In the case of a Shareholders Will Confirmation Meeting, there shall be a requirement for a quorum of one-third of the Shares, Etc. and the required vote shall be the affirmative vote of a majority of the shares with voting rights of the shareholders present.

The shareholders who are entitled to vote by the written ballot or at a Shareholders Will Confirmation Meeting as provided in Section 4(1) shall be limited to those recorded in the latest register of shareholders of the Company as of the Shareholder Voting Record Date determined by the Board. Each shareholder is entitled to one vote per one voting right.

In case of a written ballot, the Company shall dispatch to the shareholders recorded as of the Shareholder Voting Record Date a voting form that shall state, or enclose a form stating, the matters to be voted on, by what date (the “Voting Date”) the voting form shall be returned to the Company and other matters as determined by the Board at least three weeks prior to the Voting Date.

The provisions for the convocation of and the exercise of voting rights at an ordinary general shareholders meeting and an extraordinary general shareholders meeting under the applicable laws and the Company’s Articles of Incorporation shall apply *mutatis mutandis* to the convocation of and the exercise of voting rights at a Shareholders Will Confirmation Meeting.

A Shareholders Vote in which a majority of the shares voted are cast in favor of the implementation of the Rights being allowed to proceed pursuant to the Plan shall constitute “Shareholder Approval for the Implementation of the Rights”.

The Board may, in order to preserve the corporate value of the Company and the common interests of the shareholders of the Company, recommend that the shareholders vote in favor of the implementation of the Rights.

In the event that the Board commences the process for the Shareholders Vote based on a determination that a specific proposal constitutes a Qualifying Offer, if, prior to the completion of the Shareholders Vote, such proposal is subsequently determined not to be a Qualifying Offer, the Board may at any time terminate such process for the Shareholders Vote and implement the Rights in accordance with the provisions of Section 6(1).

(3) Amendments to Qualifying Offer. If, following delivery of the Required Information, the Bidder shall in any material manner amend its proposal described in the Required Information (the “Revised Takeover Proposal”) in a manner that the Board, after consultation with an internationally recognized investment banking firm, determines is less favorable to the Company and the common interest of the shareholders of the Company than the previously made Takeover Proposal, the Board shall terminate any process underway with respect to obtaining a Shareholders Vote and shall consider such amended proposal as a new proposal by separately applying a Review Period under the terms of this Plan. If, following delivery of the Required Information, the Bidder shall in any material manner amend the Revised Takeover Proposal in a manner that the Board, after consultation with an internationally recognized investment banking firm, determines is not less than favorable to the Company and the common interest of the shareholders of the Company than the previously made Takeover Proposal (such Revised Takeover Proposal, the “Improved Takeover Proposal”), the Board shall, to the extent practicable in light of the current status of the process contemplated by this Plan, submit the Improved Takeover Proposal to the shareholders of the Company in accordance with the currently applicable time periods under this Plan. In order to be assured of a timely submission of an Improved Takeover Proposal, all Required Information with respect to such Improved Takeover Proposal must be submitted no later than two weeks before any Shareholder Voting Record Date; to the extent any proposal is submitted after such date or it is not otherwise practicable to submit the Improved Takeover Proposal to the shareholders of the Company in accordance with the currently applicable time period, the proposal shall be considered a new proposal by separately applying a Review Period under the terms of this Plan unless the Board otherwise determines in its sole discretion. In such case the Improved Takeover Proposal becomes subject to review in accordance with the process underway with respect to obtaining a Shareholders Vote for the previously made Qualifying Offer, even if the Voting Date or the date for the Shareholders Will Confirmation Meeting is set, the Board may extend the date of the Shareholders Vote already determined to any date within a three-month period.

#### 5. Independent Committee.

(1) The Company shall establish an Independent Committee (the “Independent Committee”) comprised of three members appointed from the Company’s outside directors and outside audit & supervisory board members based on a resolution of the Board.

(2) If the event set forth in (i) or (ii) below occur, the Independent Committee shall state its opinion regarding the matters set forth in such (i) or (ii), as the Board consults with the Independent Committee:

(i) In case the Board makes judgements stated in Section 3(iii): Opinion as to whether or not the Bidder fits within one of the categories of Section 3(iii)(A) through (D) and the Bidder's Takeover Proposal threatens to cause clear damage to the common interests of shareholders of the Company.

(ii) In case the Board intends to pass a resolution for issuance of the Rights by way of a gratis allotment as stipulated in Section 6(1) (excluding the cases where the "Shareholder Approval for the Implementation of the Rights" was obtained pursuant to Section 4(2)): Opinion as to whether or not Section 6(1)(i) or (ii) is applicable (including whether or not Section 6(1)(A) or (B) is applicable).

6. Issuance of Rights by Way of a Gratis Allotment.

(1) If the event set forth in (i) or (ii) below occurs (excluding the cases of (A) and (B) in the proviso below), the Board will promptly pass a resolution to issue stock acquisition rights with such terms as described in Section 6(2) (the "Rights") by way of a gratis allotment and will set a record date (the "Allotment Date") to determine those shareholders of the Company who will be allotted the Rights. Furthermore, except for the cases where the "Shareholder Approval for the Implementation of the Rights" was obtained pursuant to Section 4(2), the Board shall consult in advance with the Independent Committee regarding whether either (i) or (ii) below is applicable (including whether or not this Section 6(1)(A) or (B) is applicable) and make a judgement as to whether or not the issuance of the Rights by way of a gratis allotment shall be made, respecting the opinion of the Independent Committee as much as possible:

(i) A Tender Offer which may result in the creation of an Acquiring Person is commenced; or

(ii) A "Stock Acquisition Date" (which shall mean the first date on which the Company makes a public announcement by any means that a person has become an Acquiring Person or an Acquiring Person has increased its Voting Rights Ratio) occurs;

other than (A) where the Tender Offer is commenced and consummated or the Stock Acquisition Date occurs promptly after the shareholders of the Company do not approve the issuance of the Rights by way of a gratis allotment at a Shareholders Vote, and on the terms of the Qualifying Offer considered by the shareholders of the Company at the Shareholders Vote, or (B) where the Tender Offer is commenced and consummated or the Stock Acquisition Date occurs promptly after the Board has determined that the Qualifying Offer is in the best interests of the Company and its shareholders and on the terms of the Qualifying Offer considered by the Board.

Note that in order for a Shareholders Vote as referred to in (A) of the proviso above to take place, the Bidder must first make a Qualifying Offer and comply with



the procedures set forth herein. Therefore, if, for example, a Bidder fails to provide the Required Information or ignores the Review Period or the procedures toward a Shareholder Vote, and a Tender Offer reference in (i) above is commenced or a Stock Acquisition Date referenced in (ii) above occurs, the Board will pass a resolution to issue the Rights by way of a gratis allotment.

In the event that an Allotment Date has been determined because a Tender Offer has been commenced and the relevant Tender Offer period is extended, the Allotment Date so determined may be changed by the Board to the extent permitted under applicable law. In addition, if a Tender Offer is terminated or cancelled before the Rights are issued by way of a gratis allotment and thus no Acquiring Person is created, the Rights issuance will be terminated to the extent permitted under applicable law.

(2) Terms of Rights. The terms of the Rights are as follows:

(i) Shareholders to Whom Rights Are Allotted. The shareholders of the Company, other than the Company, recorded in the latest register of shareholders of the Company as of the Allotment Date will have the right to be allotted Rights.

(ii) Types of Shares to be Issued upon Exercise of Rights. Each Right will entitle the holder thereof to receive shares of common stock of the Company (“Common Stock”).

(iii) Number of Shares to be Received upon Exercise of a Right. The number of shares to be received upon exercise of a Right shall be, in principle, one share or more as determined by the Board at the time of its resolution to make the issuance by way of a gratis allotment of the Rights (the “Number of Shares Receivable”).

(iv) Total Number of Rights. The total number of Rights shall be the number as determined by the Board at the time of its resolution to make the issuance by way of a gratis allotment of the Rights, provided that such number shall be no more than the number of the outstanding shares of Common Stock available (excluding the number of shares of Common Stock held by the Company) as at the close of the Allotment Date.

(v) Effective Date of Issuance By the Way of a Gratis Allotment of Rights. The effective date of issuance by way of a gratis allotment of the Rights shall be the date as determined by the Board at the time of its resolution to make the issuance by way of a gratis allotment of the Rights.

(vi) Exercise Price for Rights. The exercise price for the Rights shall be one (1) Japanese Yen in cash per one share of Common Stock to be received upon the exercise of the Rights. Any fraction less than one (1) Japanese Yen in the total amount of the exercise price for the Rights to be paid in by the holder of the Rights shall be rounded up to the nearest one (1) Japanese Yen.

(vii) Exercise Period of Rights. The exercise period of the Rights shall be a period determined by the Board at the time of its resolution to make the issuance by way of a gratis allotment of the Rights, and which shall be no more than two months. Further, if the final day of the exercise period for the cash payable upon exercise falls on a holiday of the payment place, the final day shall become the preceding business day of such payment place.

(viii) Conditions of Exercise of Rights. The Rights are exercisable subject to the conditions set forth in (3) below.

(ix) Acquisition by the Company. The Company may acquire for no consideration any Rights then allotted in the event (A) that the Plan is terminated in accordance with the provisions of Section 7; (B) that the Board, in its discretion and at any time before the Stock Acquisition Date occurs, deems it appropriate to acquire the Rights as of a certain date; or (C) upon a date as determined by the Board (the "Exchange Date"), the Company may acquire all of the Rights that have not been exercised before the Exchange Date and that are held by any holder other than the holders who may not exercise the Rights in accordance with (3) below (the "Non-eligible Holders"), in exchange for delivering Common Stock in the number equivalent to the Number of Shares Receivable per Right. Further, if, at any time or times on or after the Exchange Date, the Board shall recognize the existence of any holder of the Rights other than any Non-eligible Holders, the Company may acquire, upon the date as determined by the Board which shall occur after the Exchange Date, all of the Rights held by such holders that have not been exercised before the date so determined by the Board, in exchange for delivering Common Stock in the number equivalent to the Number of Shares Receivable per Right. The same shall apply thereafter. In addition, the Board may, taking into consideration the number of authorized shares available, issue stock acquisition rights by way of a gratis allotment, in lieu of or in addition to the Rights, which can be acquired by the Company in exchange for any other Shares, Etc. or any assets other than Shares, Etc.

(x) Non-transferability of Rights. The Rights will be transferable only with the approval of the Board.

(3) Conditions to Exercise of Rights. The Rights are exercisable only to the extent that the Stock Acquisition Date has occurred. Notwithstanding the foregoing, any Rights that are beneficially owned by an Acquiring Person may not be exercised under any provision of this Plan. As a condition to exercising the Rights (or, if the Board so determines, as a part of any compulsory acquisition of the Rights, as a condition for acquisition), the Company shall be entitled to require the holder of the Rights to certify that such holder is not an Acquiring Person and does not hold the Rights on behalf of an Acquiring Person and to provide such additional evidence as the Company shall reasonably request, and in the absence of such certification and evidence, then the Company shall be entitled conclusively to deem the beneficial owner thereof to be an Acquiring Person and accordingly will deem such Rights to be not exercisable. In the event that a holder of the Rights agrees to transfer the Common Stock to be issued upon the exercise of the Rights to an Acquiring Person, the Company shall be entitled conclusively to deem

the Rights to be beneficially owned by the Acquiring Person. In the event that a shareholder of the Company to whom the Rights have been allotted has transferred or agreed to transfer his or her shares of Common Stock held as of the Allotment Date to an Acquiring Person, the Company shall be entitled conclusively to deem such shareholder to have agreed to transfer to the Acquiring Person the Common Stock to be issued upon the exercise of the Rights. Any Rights which are attempted to be transferred in violation of this Plan may not be exercised.

(4) Other Matters. Any other matters required under applicable laws for the issuance of the Rights by way of a gratis allotment not otherwise contained herein shall be determined by the Board. Further, because the allotment of Rights may be cancelled or the Rights may be acquired by the Company for no consideration in accordance with the provisions under the Plan, the Board may allot the Rights any number of times in response to the Bidder's actions, such as the Bidder's re-making a similar Offer after its cancellation of a previous Offer.

#### 7. The Term of the Plan, Supplements, Amendments and Termination.

(1) Term. The term of the Plan (the "Term") shall be until the closing of the ordinary general shareholders meeting relating to the last business year ending within three (3) years from June 24, 2016. The Company may renew the Term (and may continue to renew each renewed Term) with approval of a majority of the voting rights of the shareholders of the Company present at the Company's shareholders meeting. In addition, one-third (1/3) or more of the voting rights of shareholders of the Company who can exercise voting rights shall constitute a quorum.

If the Term is not renewed in accordance with this Section 7(1), the Plan shall be terminated. Upon the renewal of the Term or the termination of the Plan with no renewal, the Company shall promptly announce such renewal or termination; provided, however, that the Company shall not be required to give any notice to individual shareholders of the Company or other parties in connection therewith.

(2) Termination of the Plan During the Term. The Plan shall be terminated during the Term at the time which is the earlier of (i) when an Acquiring Person, in terms of its Voting Rights Ratio, acquires a majority of Shares, Etc. of the Company pursuant to the Qualifying Offer in response to which the implementation of the Rights has been rejected by the Shareholders Vote, and (ii) the termination of this Plan by a resolution of the Board under Section 7(4). Upon termination of this Plan under this Section 7(2), the Company shall promptly announce such termination; provided, however, that the Company shall not be required to give any notice to individual shareholders of the Company or other parties in connection therewith.

(3) Supplements or Amendments of the Plan by the shareholders meeting of the Company. The Company may supplement or amend this Plan with the approval of a majority of the voting rights of the shareholders of the Company present at the shareholders meeting of the Company. One-third (1/3) or more of the voting rights of shareholders of the Company who are authorized to exercise voting rights shall constitute a quorum. If the Company supplements or amends this Plan under

this Section 7(3), the Company shall promptly announce such supplements or amendments; provided, however, that the Company shall not be required to give any notice to individual shareholders of the Company or other parties in connection therewith.

(4) Supplements, Amendments and Termination of the Plan by the Board. Notwithstanding (3) above, the Company may supplement or amend this Plan by a resolution of the Board by making supplements or amendments to the relevant sections within a minimum possible scope in cases where it becomes appropriate to amend the sections of this Plan in connection with the formulation, amendment or abolishment of laws and regulations or the rules of the financial instruments exchanges or where it becomes necessary to make modifications to formalities of the wordings of this Plan (including modifications in connection with the changes to the address and the attention of the Company as stipulated in Section 8 and Exhibit A) which do not involve any substantive changes.

The Company may terminate this Plan at any time by a resolution of the Board. Further, any shareholder or shareholders of the Company jointly (except for a Bidder) having held consecutively for the preceding six months or more not less than one hundredth (1/100) of the votes of all shareholders of the Company or not less than three hundred votes of all shareholders of the Company may express their opinion in writing to the Board as to the termination of the Plan during the period from four weeks prior to the last day of each business year within the Term to the last day of each business year within the Term. If such shareholders of the Company jointly express their opinion, one single document stating their opinion must be submitted to the Board. In the event that opinions are expressed, the Board shall review the termination of the Plan at a meeting of the Board. In such case, the Board shall review the termination of the Plan, reviewing such shareholder's or shareholders' opinion thoroughly and taking into consideration the views of the outside audit & supervisory board members and audit & supervisory board members of the Company, and if it determines that the Plan shall be terminated, it shall make a necessary resolution.

If the Company supplements, amends or terminates this Plan under this Section 7(4), the Company shall promptly announce such supplements, amendments or termination; provided, however, that the Company shall not be required to give any notice to individual shareholders of the Company or other parties in connection therewith.

8. Notices. Notices or demands authorized or required by this Plan to be given or made by any holder of any Rights to or on the Company shall be sufficiently given or made if delivered or sent by mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

Name:	Nippon Steel & Sumitomo Metal Corporation
Address:	6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8071, Japan
Attention:	General Administration Department, General Administration Division

Notices or demands authorized or required by this Plan to be given or made by the Company to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of stock acquisition rights of the Company. Any notice to any holder of any Rights which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

9. Suspension of Exercisability. Notwithstanding Section 6, to the extent that the Company determines that some action will or need be taken to comply with law (which, for the purpose of this Section, includes any foreign law), the Company may, to the extent permitted by law, suspend the exercise of the Rights for a reasonable period in order to take such action or comply with such laws. In such case, the Company will as promptly as practicably possible make an announcement that an exercise of Rights has been suspended. The Company shall not be required to give any notice to the holders of the Rights or any other parties in connection with such suspension, unless otherwise required by applicable law.

10. GOVERNING LAW. THIS PLAN AND THE RIGHTS ISSUED HEREUNDER SHALL FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF JAPAN.

In order to deliver Required Information under the Plan to the Board, the following written information (the “Information Statement”) must be provided in Japanese, to the attention of the General Administration Department of the General Administration Division, Nippon Steel & Sumitomo Metal Corporation, at 6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8071, Japan (or to any other contact address designated by the Company in writing). Capitalized terms not defined herein have the meaning set forth in the Plan.

1. Identity

Provide the name, business address and business telephone number of each Bidder, any person directly or indirectly controlling each Bidder including the ultimate controlling person (the “Ultimate Parent”) as well as all Co-Holders and Special Related Parties of each Bidder and the Ultimate Parent, directors and officers of each Bidder and of the Ultimate Parent and each person acting in concert with any Bidder or Ultimate Parent in respect of the offer (collectively, “Disclosing Persons”). Describe the relationship between each Disclosing Person and each Bidder.

For Disclosing Persons which are natural persons, provide such persons’ principal occupation or employment for the past five years through the present, including the principal business and address of any corporation or other organization (“Entity”) in which the occupation or employment is or was conducted, giving the applicable starting and ending dates for each employment, and the age and citizenship of such persons.

Disclosing Persons which are Entities should provide the principal business of such Entity and the jurisdiction of organization and audited consolidated financial statements (however, the most recent financial statements may be unaudited, if not audited at that time) and non-consolidated financial statements, both covering the past five years (or if five years have not been passed since its incorporation, then covering the period from the incorporation), and if such Entity is under statutory obligation to file an annual securities report in Japan, registration statement(s), the annual securities report, the quarterly securities reports, semi-annual securities reports and extraordinary reports, and any amendment thereto, filed in the past five years (if five years have not been passed since it became subject to such obligation, then in the period since it became subject to such obligation).

All Disclosing Persons should disclose if they have been (i) convicted in a criminal proceeding in the past ten years (excluding traffic violations or similar misdemeanors), and if so, the crime committed, the penalty (or other disposition) imposed, and the court involved or (ii) a party to a judicial or administrative proceeding in the past ten years that resulted in, or where the relief sought is, a judgment, decree or final order finding such person in violation of, or enjoining future violations or prohibiting activities related to, the Financial Instruments and Exchange Law of Japan, the Commercial Code, the Corporate Law, the Act Concerning Prohibition of Private Monopolization and Maintenance of Fair Trade or environmental laws, or laws of any jurisdiction that are counterparts of the foregoing, or of any other litigation which would reasonably be likely to be material to a decision by the Company’s shareholders, and shall disclose the terms of any such judgment, decree or order.

Describe the nature of any material pending litigation or other legal proceedings in or outside Japan in which any Disclosing Person is currently involved.

2. Interest in Securities

Disclose all securities of the Company held by the Disclosing Persons, all transactions involving securities of the Company by any Disclosing Person in the last 180 days (including nature of transaction, price, where and how the transaction occurred, and, if known, the other party to the transaction), and all agreements, arrangements and understandings of any Disclosing Person with any other person, whether or not in writing and whether or not legally enforceable, relating to any securities of the Company.

3. Terms of the Takeover Proposal

Provide the terms of the Tender Offer or other proposal made or proposed to be made by the Disclosing Persons, including the method of the acquisition, the total number and class of securities sought, the amount and nature of the consideration to be offered, the contemplated expiration date, the contemplated commencement date of the settlement, whether the Tender Offer may be extended (if the Tender Offer may be extended, together with the contemplated commencement date of the settlement after such extended Tender Offer), any withdrawal or amendment rights to be provided, any condition to the reduction of the offer price, any other conditions to the Tender Offer or other transaction, the method to amend the conditions (including how parties who have applied before the amendment of the condition will be treated), any provisions regarding the pro rata acceptance of securities if the Tender Offer is to be for less than all shares, whether a two-tiered structure is contemplated, and if so, the terms of such two-tiered structure, and the tax consequences of the Tender Offer or other transaction. Provide a concrete description of the basis for the determination of the proposed amount of the consideration. If there is any difference between the proposed amount of the consideration and the market price or the price at which any of the Disclosing Persons has recently purchased or sold Shares, Etc., provide such difference. If the Tender Offer is made for various classes of the securities at different prices, provide a concrete description of the method of determination of such different prices. If an opinion from a third party has been obtained in order to determine the proposed amount of the consideration, provide the name of such party, a summary of such opinion and a concrete description of the process of determination of the proposed amount of the consideration.

4. Purpose of the Transaction; Plans after the Acquisition of the Shares, Etc. of the Company

- (1) State the purpose of, and provide a description of, the transaction, any plans, proposals or negotiations that the Bidder contemplates to conduct or execute after or concurrently with the acquisition of the Shares, Etc. of the Company and would result in any of the following transactions: a share transfer, transfer of business, Reorganization (as defined in Article 2-2(1) of the FIEL and its Enforcement Order), any conversion of the Company's form, restructuring of the Company's group, a sale, transfer, provision or assignment of material assets

(including intellectual property rights), a dissolution or any other extraordinary transaction or action, any change in present dividend rate or policy, indebtedness or capitalization, any change in the present management of the Company, any material change in the Company's corporate structure, business, relations with employees (including hiring, transferring or dismissing of employees), the Company's business plans (including plans for business operations of the Company's steel plants and factories), or relations with the Company's business partners, customers, affiliates, local communities or any other interested parties, the acquisition or disposition of securities of the Company, any delisting of the Common Stock from any stock exchange, or any changes in the Company's articles of incorporation or other constituent documents, or any other act which may cause any material change in, or have any substantial effect on, the Company's management policy.

- (2) If the Bidder's purpose is for acquiring a control right or participating in management, state the method to acquire such control right or participate in management and management policy after acquiring the control right or plan after participating in management in detail.
- (3) If the Bidder's purpose is making a pure investment or a strategic investment, state the policy for holding, selling and purchasing, and exercising voting rights with respect to the Shares, Etc. of the Company after the acquisition thereof, as well as the reasons therefor. If the Bidder's purpose is for a strategic investment for a long-term capital alliance, state the necessity for such capital alliance in detail.
- (4) If the Bidder's purpose is for transferring the Shares, Etc. of the Company to a third party other than any of the Disclosing Persons after the acquisition thereof, disclose information about such third party equivalent to the information required for the identity of the Bidder under Section 1 through Section 3 above, as if such third party is deemed to be the Bidder. In such case, also state the relationship between the Bidder and such third party, the third party's purpose in acquiring the Shares, Etc. of the Company, and the numbers of the Shares, Etc. of the Company held by such third party as of the date of the Information Statement.
- (5) If there is any possibility that the Shares, Etc. of the Company could be delisted on any stock exchange after the acquisition of the Shares, Etc. of the Company, state such possibility and the reasons therefor in detail.

5. Source of Funds

State the specific sources and total amount of funds to be used in the Tender Offer or other acquisition of the Shares, Etc. of the Company, including the material



terms and conditions of any financing (including, without limitation, the identity of parties, term, collateral, and stated and effective interest rates) and any plans to repay such financing.

6. Arrangements with the Company

Describe any present or proposed material agreement, arrangement or understanding between the Disclosing Persons and the Company or any of its management or affiliates.

7. Regulatory Approvals

Describe in detail any applicable regulatory requirements which must be complied under laws or regulations of Japan or any other jurisdiction or approvals which must be obtained from Japanese or foreign regulatory entities under antitrust laws or any other laws or regulations or from any third parties. Provide in detail any information regarding compliance with the applicable regulatory requirements or regarding the likelihood of approval.

**Members of the Independent Committee**

NSSMC adopted a resolution, at the meeting of the Board held today, to appoint Mr. Mutsutake Otsuka (the Outside Director of NSSMC), Mr. Ichiro Fujisaki (the Outside Director of NSSMC) and Mr. Hiroshi Obayashi (the Outside Audit & Supervisory Board Member of NSSMC) as three members of the Independent Committee to be established under the Revised Plan, on condition that the Revised Plan is approved at the General Meeting of Shareholders, and that for Mr. Otsuka or Mr. Fujisaki, he is reappointed as an Outside Director at the General Meeting of Shareholders.

The term of office of a member of the Independent Committee will expire when such member retires from the position of Outside Director or Outside Audit & Supervisory Board Member of NSSMC (in case that such member is reappointed as an Outside Director or an Outside Audit & Supervisory Board Member of NSSMC at the general meeting of shareholders, the term of office of such member will be automatically renewed.). In this case, the Board will promptly appoint a successor among Outside Directors and Outside Audit & Supervisory Board Members of NSSMC and announce its appointment.

Each member's brief personal history is as follows;

<Brief Personal History of Members>

Name : Mutsutake Otsuka

Brief personal history

- January 5, 1943 : Born
- April 1965 : Joined Japanese National Railways
- June 1990 : Director and General Manager of Personnel Dept. of East Japan Railway Company
- June 1992 : Executive Director and General Manager of Personnel Dept. of East Japan Railway Company
- January 1994 : Executive Director of East Japan Railway Company
- June 1996 : Executive Director and Deputy Director General of Corporate Planning Headquarters of East Japan Railway Company
- June 1997 : Executive Vice President and Director General of Corporate Planning Headquarters of East Japan Railway Company
- June 2000 : President and CEO of East Japan Railway Company
- April 2006 : Chairman and Director of East Japan Railway Company
- April 2012 : Executive Advisor to the Board of East Japan Railway Company (current position)
- June 2014 : Director (Outside Director) of NSSMC (current position)

Name : Ichiro Fujisaki

Brief personal history

- July 10, 1947 : Born
- April 1969 : Joined Ministry of Foreign Affairs of Japan
- August 1999 : Director-General, North American Affairs Bureau, Ministry of Foreign Affairs of Japan
- September 2002 : Deputy Minister for Foreign Affairs
- January 2005 : Ambassador of Japan to the United Nations and WTO in Geneva
- April 2008 : Ambassador of Japan to the United States of America
- November 2012 : Retired from Ambassador of Japan to the United States of America
- January 2013 : Distinguished Professor of Sophia University (current position)
- June 2014 : Director (Outside Director) of NSSMC (current position)

Name : Hiroshi Obayashi

Brief personal history

- June 17, 1947 : Born
- April 1972 : Prosecutor, Tokyo District Public Prosecutor's Office
- May 2001 : Director-General, Rehabilitation Bureau, Ministry of Justice
- January 2002 : Deputy Vice-Minister, Ministry of Justice
- June 2004 : Director-General, Criminal Affairs Bureau, Ministry of Justice
- June 2006 : Vice-Minister, Ministry of Justice
- July 2007 : Superintending Prosecutor, Sapporo High Public Prosecutors Office
- July 2008 : Superintending Prosecutor, Tokyo High Public Prosecutors Office
- June 2010 : Prosecutor General, the Supreme Public Prosecutors Office
- December 2010 : Retired from Prosecutor General, the Supreme Public Prosecutors Office
- March 2011 : Registered as Attorney-at-law (current position)
- June 2014 : Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of NSSMC (current position)

**Principal Shareholders Information**

(as of March 31, 2016)

Name of Shareholder	Address	Number of Shares Held (thousand shares)	Percentage of Shares Held (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11 Harumi 1-chome, Chuo-ku, Tokyo, Japan	39,879	4.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo, Japan	26,806	2.8
Nippon Life Insurance Company	6-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	24,532	2.6
Sumitomo Corporation	8-11 Harumi 1-chome, Chuo-ku, Tokyo, Japan	18,269	1.9
Mizuho Bank, Ltd.  (Standing Agent: Trust and Custody Services Bank, Ltd.)	5- 5 Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan  (8-12 Harumi 1-chome, Chuo-ku, Tokyo, Japan)	16,299	1.7
Sumitomo Mitsui Banking Corporation	1-2 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	14,647	1.5
Meiji Yasuda Life Insurance Company (Standing Agent: Trust and Custody Services Bank, Ltd.)	1-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan  (8-12 Harumi 1-chome, Chuo-ku, Tokyo, Japan)	13,960	1.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	13,655	1.4
STATE STREET BANK WEST CLIENT – TREATY 505234  (Standing Agent: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	Quincy, the U.S.  (16-13 Tsukishima 4-chome, Chuo-ku, Tokyo, Japan)	11,676	1.2
Japan Trustee Services Bank, Ltd. (Trust Account7)	8-11 Harumi 1-chome, Chuo-ku, Tokyo, Japan	11,346	1.2
Total	-	191,074	20.1

(Notes)

1. Mizuho Bank, Ltd. also sets up 2,235 thousand shares of the company (ownership of 0.2%) besides the above for retirement benefit trusts.
2. Sumitomo Mitsui Banking Corporation also sets up 6,638 thousand shares of the company (ownership of 0.7 %) besides the above for retirement benefit trusts.
3. We have treasury stock of 46,713 thousand shares (ownership of 4.9%) other than the above.