

June 3, 2010

To our shareholders

11-3, Shimbashi 5-chome, Minato-ku, Tokyo

Sumitomo Metal Mining Co., Ltd.

Nobumasa Kemori, Representative Director and President

Convocation Notice of the 85th Ordinary General Meeting of Shareholders

Sumitomo Metal Mining Co., Ltd. hereby gives notice of the 85th Ordinary General Meeting of Shareholders as outlined below and requests your attendance.

If you are unable to attend the meeting in person, you are entitled to vote by mail or electronically. In this regard, we cordially request that you study the attached Reference Document for the Ordinary General Meeting of Shareholders and exercise your voting rights.

[Exercise of voting rights in writing]

Please indicate whether for or against the proposals on the enclosed voting form and send it to us by 5:40pm (Japan Time) on Thursday, June 24, 2010.

[Exercise of voting rights electronically]

Please follow the instructions on page 3 to register your vote either for or against the proposals by 5:40pm (Japan Time) on Thursday, June 24, 2010.

1. Date and time: June 25, 2010 (Friday) at 10:00am

2. Location: Grand Prince Hotel Akasaka, Crystal Palace (New Tower, 2F)
1-2, Kioi-cho, Chiyoda-ku, Tokyo

3. Agenda

Matters to be reported Reporting of the business report, consolidated financial statements and non-consolidated financial statements for the 85th business year (April 1, 2009 – March 31, 2010) and the results of audits of the consolidated financial statements for the 85th business year (April 1, 2009 – March 31, 2010) by the accounting auditor and the Board of Corporate Auditors

Matters to be resolved

Proposal No.1: Appropriation of surplus

Proposal No.2: Election of eight (8) directors

Proposal No.3: Election of one (1) corporate auditor

Proposal No.4: Election of one (1) substitute corporate auditor

Proposal No.5: Renewal of Countermeasures to Large-Scale Acquisitions of Sumitomo Metal Mining Co., Ltd.
Shares (Takeover Defense Measures)

Proposal No.6: Payment of bonuses to directors

(Matters to be reported are shown in the document entitled "Report for the 85th Business Year" enclosed herein).

4. Matters concerning the exercise of voting rights

- (1) In the event of having voted multiple times electronically (via the Internet, etc.) or both by PC and by cell phone and the content of the vote, whether for or against, with respect to one proposal differs, the last vote exercised shall prevail.
- (2) In the event of having voted both in writing and electronically (via the Internet, etc.) and the content of the vote, whether for or against, with respect to one proposal differs, the vote exercised electronically shall prevail.

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\* If attending on the day, please submit the enclosed voting form to reception.

\* If any amendments to the Shareholders' Meeting Reference Documents, the business report, the consolidated financial statements or non-consolidated financial statements are made, notification of the details shall be provided on the Company's website (<http://www.smm.co.jp/>).

## **Instructions for Exercising Voting Rights**

### **1. Exercise of voting rights electronically**

#### **(1) Exercise of voting rights via the Internet**

- (i) Please access the voting rights exercise site (<http://webdk.net>), enter the voting rights exercise code and password appearing on the enclosed voting form and follow the instructions to register your vote either for or against the proposals. The voting rights exercise site can also be accessed on the Internet from a cell phone.
- (ii) The deadline for the exercise of voting rights via the Internet is 5:40pm (Japan Time), Thursday, June 24, 2010.
- (iii) Any connection fees to providers or telephone charges, etc. for accessing the voting rights exercise site shall be borne by the shareholders.
- (iv) The following system environments are necessary to access the voting rights exercise site.
  - a. The Internet browser software necessary to access the voting rights exercise site using a PC is Microsoft® Internet Explorer 6.0.
  - b. In order to ensure security when accessing the voting rights exercise site using a cell phone, a model enabling 128 bit SSL encrypted communication is necessary.

Please contact the direct number below if you have any questions concerning the exercise of voting rights via the Internet.

Registrar of Shareholders :

Transfer Agent Department

Sumitomo Trust and Banking Company, Ltd.

0120-186-417 (toll-free within Japan only; open 24 hours)

### **2. Voting rights exercise platform for institutional investors**

Institutional investors may use voting rights exercise platform operated by ICJ (Investor Communications Japan Inc.) for institutional investors if having made an application for its use in advance.

## Shareholders' Meeting Reference Documents

### Proposals and Reference Matters

#### Proposal No.1: Appropriation of surplus

The Company proposes that the appropriation of surplus be made in the following manner.

1. Matters regarding year-end dividend

The Company considers the appropriate return of profits to shareholders as one of the most important management issue. In light of future business development, financial stability, performance and dividend payout ratio and other factors on the whole, the Company will determine the balance between the distribution of dividend of surplus and retained earnings.

The Company has changed its surplus distribution policy to performance-linked from the previous policy of emphasizing stable dividend to shareholders, and aims to achieve consolidated dividend payout ratio of 20% or more from the distribution of dividend of surplus in FY2009.

The Company proposes to distribute the year-end dividend for the business year under review as 13 yen per share as described below based on the above policy.

As a result, the total dividend for the business year under review including an interim dividend will amount to 20 yen per share.

(1) The kind of the dividend property

Cash

(2) The matters regarding the allotment of the dividend property to shareholders and the total amount thereof

13 yen per share of common stock of the Company

Total amount: 7,307,599,754 yen

As a result, the total dividend for the business year under review including an interim dividend will amount to 20 yen per share.

(3) The day on which the distribution of dividend of surplus will take affect

June 28, 2010

2. Matters regarding appropriation of other surplus

The company proposes provision of general reserve for future business deployment as indicated below.

(1) The item of surplus showing a decrease, and the amount thereof

Retained earnings brought forward: 15,000,000,000 yen

(2) The item of surplus showing an increase, and the amount thereof

General reserve: 15,000,000,000 yen

**Proposal No.2: Election of eight (8) directors**

All directors (eight directors) will have finished their term of office at the conclusion of this Meeting. Therefore, the Company proposes the election of eight (8) directors.

The candidates for director are as follows.

| Candidate No. | Name<br>D.O.B.                    | Brief history, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations                                                                                                                                                                                                                                                                                                                                                                                                | Shareholding of the Company |
|---------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 1             | Nobumasa Kemori<br>April 12, 1951 | <p>September 1980<br/>Joined the Company</p> <p>June 2004<br/>Executive Officer<br/>Senior Deputy General Manager of Non-Ferrous Metals Div.</p> <p>June 2006<br/>Director<br/>Managing Executive Officer<br/>General Manager of Non-Ferrous Metals Div.</p> <p>June 2007<br/>Representative Director<br/>President and Director<br/>President</p> <p>As of June 1, 2010<br/>Representative Director<br/>President and Director<br/>President</p>                                                                                            | 19,000 shares               |
| 2             | Masashi Koike<br>August 7, 1948   | <p>April 1972<br/>Joined the Company</p> <p>June 2002<br/>Executive Officer</p> <p>October 2002<br/>General Manager of General Affairs Dept.</p> <p>June 2003<br/>Director</p> <p>June 2005<br/>Managing Executive Officer</p> <p>June 2007<br/>Senior Managing Executive Officer</p> <p>June 2008<br/>Representative Director</p> <p>October 2009<br/>General Manager of Taganito Project Div.</p> <p>As of June 1, 2010<br/>Representative Director<br/>Senior Managing Executive Officer<br/>General Manager of Taganito Project Div.</p> | 22,000 shares               |

| Candidate No. | Name<br>D.O.B.                 | Brief history, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Shareholding of the Company |
|---------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 3             | Ichiro Abe<br>January 18, 1948 | <p>April 1970<br/>Joined the Company</p> <p>June 2003<br/>Executive Officer</p> <p>February 2004<br/>General Manager of Mineral Resources Div.</p> <p>June 2005<br/>Managing Executive Officer</p> <p>June 2007<br/>Director<br/>Senior Managing Executive Officer</p> <p>April 2010<br/>General Manager of Mineral Resources Div.</p> <p>As of June 1, 2010<br/>Director<br/>Senior Managing Executive Officer<br/>General Manager of Mineral Resources Div.</p> <p>Significant concurrent occupations or positions at other organizations<br/>Director of Sociedad Minera Cerro Verde S.A.A.</p> | 18,000 shares               |
| 4             | Kozo Baba<br>April 25, 1949    | <p>April 1975<br/>Joined the Company</p> <p>June 2004<br/>Executive Officer<br/>Senior Deputy General Manager of Technology Div.</p> <p>June 2007<br/>Managing Executive Officer<br/>General Manager of Technology Div.</p> <p>June 2008<br/>Director</p> <p>As of June 1, 2010<br/>Director<br/>Managing Executive Officer<br/>General Manager of Technology Div.</p>                                                                                                                                                                                                                             | 6,000 shares                |

| Candidate No. | Name<br>D.O.B.                    | Brief history, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Shareholding of the Company |
|---------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 5             | Yoshiaki Nakazato<br>May 13, 1953 | <p>April 1976<br/>Joined the Company</p> <p>June 2004<br/>General Manager of Corporate Planning Dept.</p> <p>June 2005<br/>Executive Officer</p> <p>June 2006<br/>Director</p> <p>June 2007<br/>General Manager of Affiliated Business Administration Dept.</p> <p>June 2008<br/>Managing Executive Officer<br/>General Manager of Advanced Materials Div.</p> <p>October 2008<br/>General Manager of Semiconductor Materials Div.</p> <p>June 2009<br/>Executive Officer<br/>General Manager of Advanced Materials Div.</p> <p>As of June 1, 2010<br/>Director<br/>Executive Officer<br/>General Manager of Advanced Materials Div.</p>                                                                                                                                      | 12,000 shares               |
| 6             | Takeshi Kubota<br>August 26, 1954 | <p>April 1977<br/>Joined the Company</p> <p>June 2004<br/>General Manager of Nickel Dept. of Non-Ferrous Metals Div.</p> <p>October 2005<br/>General Manager of Nickel Sales &amp; Raw Materials Dept. of Non-Ferrous Metals Div.</p> <p>June 2006<br/>Executive Officer<br/>Senior Deputy General Manager of Non-Ferrous Metals Div.</p> <p>June 2007<br/>General Manager of Non-Ferrous Metals Div.</p> <p>June 2009<br/>Managing Executive Officer</p> <p>As of June 1, 2010<br/>Managing Executive Officer<br/>General Manager of Non-Ferrous Metals Div.</p> <p>Significant concurrent occupations or positions at other organizations<br/>Director of P.T. International Nickel Indonesia<br/>Director of NICKEL ASIA CORPORATION<br/>Director of MS Zinc Co., Ltd.</p> | 7,000 shares                |

| Candidate No. | Name<br>D.O.B.                    | Brief history, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Shareholding of the Company |
|---------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 7             | Takashi Ito<br>January 29, 1953   | <p>April 1975<br/>Joined the Company</p> <p>June 2003<br/>Director of Sumitomo Metal Mining Siporex Co., Ltd.</p> <p>June 2005<br/>Representative Director and President of Sumitomo Metal Mining Siporex Co., Ltd.</p> <p>June 2008<br/>Executive Officer of the Company<br/>General Manager of Finance &amp; Accounting Dept.<br/>General Manager of Management Service Center</p> <p>As of June 1, 2010<br/>Executive Officer<br/>General Manager of Finance &amp; Accounting Dept.</p>                                                                                                                                                                                                | 6,000 shares                |
| 8             | Tsutomu Ushijima<br>July 16, 1950 | <p>April 1976<br/>Registered as a lawyer</p> <p>April 1982<br/>Established Ushijima Law and Tax Accountant Firm</p> <p>June 1982<br/>Registered as a Certified Public Tax Accountant</p> <p>January 1994<br/>Established Ushijima Teramae Law Firm (current Ushijima, Teramae &amp; Wada Law Firm)</p> <p>June 2003<br/>Corporate Auditor of the Company</p> <p>June 2007<br/>Director of the Company</p> <p>As of June 1, 2010<br/>Lawyer and Certified Public Tax Accountant of Ushijima, Teramae &amp; Wada Law Firm<br/>Director of the Company</p> <p>Significant concurrent occupations or positions at other organizations<br/>Outside Corporate Auditor of Kobunsha Co., Ltd.</p> | 0 shares                    |

- (Notes)
1. Mr. Tsutomu Ushijima is a candidate for outside director as set out in Article 2.3 (7) of the Enforcement Regulations of the Company Law of Japan.
  2. The following are items pertaining to the candidate for outside director.
    - (1) Reasons for his candidacy as outside director  
Mr. Tsutomu Ushijima has special knowledge and a wealth of experience as a lawyer. He has been presented as a candidate for outside director because he is expected to strengthen corporate governance by providing suggestions on overall management of the Company particularly from the perspective of compliance based on his knowledge and experience.  
He has not participated in corporate management in any form other than as outside director or outside corporate auditor, however, we determined that he is able to appropriately serve as outside director for the above reasons.
    - (2) Number of years from the appointment as outside director  
Mr. Tsutomu Ushijima is currently an outside director of the Company and will have served as outside director for three (3) years at the conclusion of this Meeting.



(3) Limited liability agreement with outside director

The Company has entered into a limited liability agreement with Mr. Tsutomu Ushijima limiting his maximum liability to ¥10 million or the minimum liability amount prescribed by applicable laws and regulations, whichever is higher, if this proposal is approved in its original version, the Company shall continue the agreement with him.

**Proposal No. 3: Election of one (1) corporate auditor**

Corporate auditor Motoki Kitamura will resign at the conclusion of this Meeting. Therefore the Company proposes the election of one (1) corporate auditor as his substitute.

The Company has obtained the consent from the Board of Corporate Auditors.

The candidate for corporate auditor is as follows.

| Name<br>D.O.B.                                                     | Brief history, position at the Company, and significant concurrent occupations or positions at other organizations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Shareholding of the Company                      |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| <p style="text-align: center;">Naoki Tajiri<br/>March 10, 1949</p> | <p>April 1972<br/>Joined the Company</p> <p>June 2001<br/>General Manager of Finance &amp; Accounting Dept.</p> <p>June 2003<br/>Executive Officer</p> <p>July 2004<br/>General Manager of Management Service Center</p> <p>June 2005<br/>General Manager of Information Systems Dept.</p> <p>June 2006<br/>Managing Executive Officer</p> <p>June 2008<br/>Director<br/>Senior Managing Executive Officer<br/>General Manager of Corporate Planning Dept.<br/>General Manager of Information Systems Dept.<br/>General Manager of Affiliated Business Administration Dept.</p> <p>As of June 1, 2010<br/>Director<br/>Senior Managing Executive Officer<br/>General Manager of Corporate Planning Dept.</p> | <p style="text-align: center;">13,000 shares</p> |

**Proposal No. 4: Election of one (1) substitute corporate auditor**

In case the number of corporate auditors falls below the number specified by laws and regulations or the Articles of Incorporation, the Company proposes the election of one (1) substitute corporate auditor as a substitute for Mr. Katsumi Maeda, who is an outside corporate auditor, or Mr. Takayuki Kurata who is an outside corporate auditor. The Company has obtained the consent from the Board of Corporate Auditors. The candidate for substitute corporate auditor is as follows.

| Name<br>D.O.B.                    | Brief history, position at the Company, and significant concurrent occupations or positions at other organizations                                                                                                                                                                                                                                                                                                                                                            | Shareholding of the Company |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Norihiro Fukatsu<br>July 13, 1947 | April 1974<br>Teaching Fellow at the Faculty of Engineering of Osaka University<br>October 1981<br>Lecturer at Faculty of Engineering of Nagoya Institute of Technology<br>June 1989<br>Associate Professor of Faculty of Engineering of Nagoya Institute of Technology<br>April 2003<br>Professor of Graduate School of Engineering of Nagoya Institute of Technology<br>As of June 1, 2010<br>Professor of Graduate School of Engineering of Nagoya Institute of Technology | 0 shares                    |

- (Notes)
1. Mr. Norihiko Fukatsu is a candidate for outside corporate auditor as set out in Article 2.3 (8) of the Enforcement Regulations of the Company Law of Japan.
  2. Mr. Norihiko Fukatsu has specialized knowledge as a researcher in the field of metallurgical engineering. He has been presented as a candidate for substitute outside corporate auditor because he is expected to perform his role as outside corporate auditor by utilizing his knowledge and backed by his learning as a university professor. He has not participated in corporate management, however, we determined that he is able to appropriately serve as outside corporate auditor for above reasons.

**Proposal No. 5: Renewal of Countermeasures to Large-Scale Acquisitions of Sumitomo Metal Mining Co., Ltd. Shares (Takeover Defense Measures)**

The Board of Directors resolved at a meeting held on February 19, 2007 to introduce a plan for countermeasures to large-scale acquisitions of the shares in the Company (the "Former Plan") and the Company obtained the shareholders' approval at the ordinary general meeting of shareholders held on June 28, 2007 for the 82<sup>nd</sup> fiscal year. As the effective period of the Former Plan expires at the conclusion of the Ordinary General Meeting of Shareholders, the Board of Directors determined at the meeting held on February 15, 2010 to partially revise the basic policy regarding the persons who control decisions on the Company's financial and business policies (as provided in Article 118, Item 3 of the Enforcement Regulations of the Corporation Law; the "Basic Policy") and to partially revise the Former Plan and introduce a renewed plan (the introduction is to be referred to as the "Renewal", and the renewed plan is to be referred to as the "Plan") as a measure to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate (Article 118, Item 3(b)(2) of the Enforcement Regulations of the Corporation Law) under the Basic Policy. The Renewal will be subject to approval by the shareholders at the Ordinary General Meeting of Shareholders.

Therefore, the Company is seeking the shareholders' approval for the Plan at the Ordinary General Meeting of Shareholders.

**1. Reason for Proposal**

**(1) Details of Basic Policy**

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who understand the source of the Company's corporate value and who will make it possible to continually and steadily ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

Recently, unilateral large-scale acquisitions of shares carried out without approval by the management of the target company have been gradually surfacing.

The Company will not unconditionally reject a large-scale acquisition of the shares from the outset if it will contribute to the corporate value of the Company and, in turn, the common interests of its shareholders. The Company also believes that any decision on a proposed acquisition that would involve a change of control of the Company must ultimately be made by its shareholders as a whole.

Nonetheless, there are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, those with the potential to substantially coerce shareholders into selling their shares, those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition

or for the target company's board of directors to make an alternative proposal, and those that require the target company to negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

The Company develops its business in Mineral Resources such as non-ferrous metals (including copper, nickel, and gold), and engages in Smelting & Refining for its customers under its principal operations involving Mineral Resources and Smelting & Refining. The Company continues to promote its growth strategy of "becoming a major non-ferrous metals player" on a global scale, and consequently become one of the few Japanese companies to hold a position as a non-ferrous metal company that owns and operates multiple mines and refineries both in Japan and overseas. On the other hand, in the non-ferrous metal business, super major resource companies have emerged due to large-scale mergers and acquisitions so that global resources have been in an oligopoly. Moreover, emerging countries are rather remarkably actively obtaining resources, and the so-called "competition for securing mineral resources" has intensified. The rise of resource nationalism has also driven up competition.

Under these circumstances, the Company has set its policy from Japan, which is lacking mineral resources, to own multiple non-ferrous metal resources both in Japan and overseas, and to continue to develop foreign resources and expand its interests in the future. The Company is characterized by internationally-recognized technological and developmental capabilities as represented by its plant that could be said to be the only one of its type in the world that commercially produces nickel and cobalt from low-grade nickel oxide ore through the high-pressure acid leaching (HPAL) process.

In order for the Company to promptly and stably provide its customers with the safe, high quality, and high value added products they desire, and to ensure and enhance the corporate value of the Company and its common interests of shareholders, an acquirer in a large-scale acquisition of the shares in the Company should ensure and enhance the source of Company's corporate value. This is found in (i) the business model under which the Company consistently conducts Smelting & Refining and downstream business regarding Electronic and Advanced Materials, while owning Mineral Resources in the non-ferrous metal business, (ii) the capacity for mine development and the resource interests on a global scale, (iii) original and advanced smelting and refining technology and know-how, (iv) the business model under which the Company applies its technological capabilities developed in the mineral resources and smelting and refining business to the downstream business of electronic and advanced materials, and (v) management enrooted in the Sumitomo Business Spirit and the relationship of trust with shareholders as well as employees, business partners and stakeholders in the local communities of the production base where mineral resources are located and smelting and refining take place. Unless an acquirer ensures and enhances those elements, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed.

The Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders

would be inappropriate to become persons who would control decisions on the Company's financial and business policies. The Company also believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition by such persons.

## (2) Purpose of the Plan

The Plan is in line with the Basic Policy set out in Section 1. (1) above for the purpose of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders.

As set out in the Basic Policy, the Board of Directors believes that persons who would propose a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The purpose of the Plan is to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate, to deter large-scale acquisitions that are detrimental to the corporate value of the Company and the common interests of its shareholders, and on the occasion that it receives a large-scale acquisition proposal from an acquirer, to enable the Board of Directors to present an alternative proposal to the shareholders or ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and to enable the Board of Directors to negotiate for the benefit of the shareholders.

## 2. Details of Proposal

### (1) Plan Outline

The Plan sets out procedures necessary to achieve the purpose stated above, including requirements for acquirers to provide information in advance in the case that the acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other equity securities.

The acquirer must not effect a large-scale acquisition of the shares in the Company until and unless the Board of Directors or general meeting of shareholders determines not to trigger the Plan in accordance with the procedures for the Plan.

In the event that an acquirer does not follow the procedures set out in the Plan, or a large-scale acquisition of shares in the Company could harm the corporate value of the Company and the common interests of its shareholders, and if the acquisition satisfies the triggering requirements set out in the Plan, the Company will allot stock acquisition rights (*shinkabu yoyakuken mushou wariate*) with (a) an exercise condition that does not allow the acquirer to exercise the rights as a general rule, and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from persons other than the acquirer, by means of a gratis allotment of stock acquisition rights to all shareholders, except the Company, at that time. If a gratis allotment of stock acquisition rights were to take place in accordance with the Plan and all

shareholders other than the acquirer received shares in the Company as a result of those shareholders exercising or the Company acquiring those stock acquisition rights, shares in the Company would be issued in the range of one-half to one share per stock acquisition right, as a general rule. Therefore, the ratio of voting rights in the Company held by the acquirer may be diluted by up to a maximum of 50%.

In order to eliminate arbitrary decisions by directors, the Company will, in accordance with the Rules of the Independent Committee (outlined in Note 1), establish the Independent Committee, which is solely composed of members who are independent from the management of the Company such as outside directors of the Company (the expected members of the Independent Committee at the time of the Renewal are as described in Attachment 'Profiles of the Members of the Independent Committee'), to make objective decisions with respect to matters such as the implementation or non-implementation of the gratis allotment of stock acquisition rights or the acquisition of stock acquisition rights, under the Plan. In addition, the Board of Directors may, if prescribed in the Plan, convene a meeting of shareholders and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the stock acquisition rights.

Transparency with respect to the course of those procedures will be ensured by timely disclosure to all of the Company's shareholders.

## (2) Plan Details

### 1) Procedures for Triggering the Plan

#### (a) Targeted Acquisitions

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under (i) or (ii) below or any similar action, or a proposal (Note 2) for such action (except for such action as the Board of Directors separately determines not to be subject to the Plan; the "Acquisition") takes place.

- (i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariai*) (Note 3) of a holder (*hoyuusha*) (Note 4) totaling at least 20% of the share certificates, etc. (*kabuken tou*) (Note 5) issued by the Company; or
- (ii) A tender offer (*koukai kaitsume*) (Note 6) that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*) (Note 7) and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*) (Note 8) totaling at least 20% of the share certificates, etc. (*kabuken tou*) (Note 9) issued by the Company.

The party intending to make the Acquisition (the "Acquirer") shall follow the procedures prescribed in the Plan, and the Acquirer must not effect the Acquisition until and unless the Board of Directors resolves not to implement the gratis allotment of Stock Acquisition Rights in accordance with the Plan.

(b) Submission of Acquirer's Statement

The Company will request the Acquirer to submit to the Company in the form separately prescribed by the Company a document that includes an undertaking that the Acquirer will comply with the procedures set out in the Plan (signed by or affixed with the name and seal of the representative of the Acquirer) and a qualification certificate of the person who signed or affixed its name and seal to that document (collectively, "Acquirer's Statement") before commencing or effecting the Acquisition. The Acquirer's Statement must include the name, address or location of headquarters, location of offices, governing law for establishment, name of the representative, contact information in Japan for the Acquirer and outline of the intended Acquisition. The Acquirer's Statement and the Acquisition Document set out in (c) below must be written in Japanese.

(c) Request to the Acquirer for the Provision of Information

The Company will provide the Acquirer the format for the Acquisition Document (defined below), including a list of information that the Acquirer should provide to the Company, no later than 10 business days after receiving the Acquirer's Statement. The Acquirer must provide the Board of Directors with the document in the form provided by the Company (the "Acquisition Document"), which includes the information described in each item of the list below ("Essential Information").

If the Board of Directors receives the Acquisition Document, it will promptly send it to the Independent Committee (standards for appointing members, requirements for resolutions, resolution matters, and other matters concerning the Independent Committee are as described in Note 1 and business backgrounds and other matters of members of the Independent Committee at the time of the Renewal will be as described in Attachment 'Profiles of the Members of the Independent Committee'). If the Board of Directors and the Independent Committee determine that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period and request that the Acquirer provide additional information. In such case, the Acquirer should provide the additional information within the set time limit. The Board of Directors and the Independent Committee may repeatedly request the Acquirer provide additional Essential Information until the Acquirer provides the necessary and sufficient Essential Information; however, such information should be provided, as a general rule, no later than 60 days from the receipt of the Acquisition Document (the "Final Response Deadline") even if it is not determined that necessary and sufficient information has been provided. (The Final Response Deadline may be extended to the extent necessary, if the Acquirer so requests.)

- (i) Details (including name, capital relationship, financial position, operation results, details of violation of laws or ordinances in the past (if any), and terms of previous transactions by the Acquirer similar to the Acquisition) of the Acquirer and its group (including joint holders (Note 10), persons having a special relationship and persons having a special relationship with a person in relation to whom the Acquirer is the controlled corporation (Note 11)). (Note 12)
- (ii) The purpose, method and specific terms of the Acquisition (including the amount and type of consideration, the timeframe, the scheme of any related transactions, the legality of the Acquisition



method, and the feasibility of the Acquisition).

- (iii) The amount and basis for the calculation of the purchase price of the Acquisition.
- (iv) Information relating to any previous acquisition of shares in the Company by the Acquirer.
- (v) Financial support for the Acquisition (specifically including the names of providers of funds for the Acquisition (including all indirect providers of funds), financing methods and the terms of any related transactions).
- (vi) Post-Acquisition management policy, business plan, capital and dividend policies for the Company and the Company group.
- (vii) Policies for the Company's shareholders (other than the Acquirer), employees, business partners, and stakeholders in the local communities of the production base where mineral resources are located and smelting and refining take place.
- (viii) Specific measures to avoid any conflict of interest with other shareholders in the Company.
- (ix) Any other information that the Independent Committee reasonably considers necessary.

(d) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal

(i) Request to the Company's Board of Directors for the Provision of Information

If the Acquirer submits the Acquisition Document and any additional information that the Independent Committee requests or the Final Response Deadline arrives, the Independent Committee may set a reply period (the "Board Consideration Period") considering the time required for the Board of Directors to collect information and consider company value, and request that the Board of Directors present an opinion (including an opinion to refrain from giving such opinion; hereinafter the same) on the Acquirer's Acquisition terms, materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

(ii) Independent Committee Consideration

The Independent Committee should conduct, after receipt of the opinion, materials supporting such opinion, and any alternative plan from the Board of Directors in accordance with (i) above, its consideration of the Acquisition terms, collection of information such as the management plans and business plans of the Acquirer and the Board of Directors and comparison thereof, and consideration of any alternative plan presented by the Board of Directors, and the like for the maximum period of 90 days, in principle, (including the Board Consideration Period; hereinafter referred to as "Independent Committee Consideration Period") after the day immediately after the earlier of (A) the date on which the Independent Committee receives the Acquisition Document and any additional information that the Independent Committee requests from the Acquirer or (B) the Final Response Deadline. If it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer.

In order to ensure that the Independent Committee's decision contributes to the Company's corporate value and, in turn, the common interests of its shareholders, the Independent Committee may at the cost of the Company obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, tax accountants, consultants or any other experts). If the Independent Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Independent Committee, the Acquirer must promptly respond to such request.

(e) Recommendation by the Independent Committee

The Independent Committee will make recommendations to the Board of Directors as follows based on the abovementioned procedures.

(i) Recommendations for the Triggering of the Plan

If the Independent Committee determines that the Acquisition falls under one of the trigger events set out below in (2) 2), 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' the Independent Committee will recommend the implementation of the gratis allotment of stock acquisition rights (as detailed in (2) 3) 'Outline of the Gratis Allotment of Stock Acquisition Rights'; the relevant stock acquisition rights hereinafter referred to as "Stock Acquisition Rights") to the Board of Directors except in any specific case where further disclosure of information by the Acquirer or discussion or negotiation with the Acquirer is necessary. If it is concerned that an Acquisition may fall under the second Trigger Event ("Trigger Event (2)") set out in (2) 2), 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' the Independent Committee may recommend implementation of the gratis allotment of Stock Acquisition Rights subject to obtaining approval at a shareholders meeting in advance.

Notwithstanding the foregoing paragraph, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines that either of the events in (A) or (B) below applies, it may make a new recommendation that (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights) the Company should suspend the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) the Company should acquire the Stock Acquisition Rights for no consideration.

(A) The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation.

(B) There is no longer any Trigger Event due to a change or the like in the facts or other matters on which the recommendation decision was made.

(ii) Recommendations for the Non-Triggering of the Plan

If the Independent Committee determines the Acquisition does not fall under either Trigger Event, the Independent Committee will recommend the non-implementation of the gratis allotment of Stock Acquisition Rights to the Board of Directors, regardless of whether the Independent Committee Consideration Period has ended.

Notwithstanding the foregoing paragraph, even after the Independent Committee has already made one recommendation for the non-implementation of the gratis allotment of Stock Acquisition Rights, if there is a change in the facts or other matters on which the recommendation decision was made and a Trigger Event arises, the Independent Committee may make a new recommendation that the Company should implement the gratis allotment of Stock Acquisition Rights.

(iii) Extension of the Independent Committee Consideration Period

If the Independent Committee does not reach a recommendation for either the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights during the initial Independent Committee Consideration Period, the Independent Committee may, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Acquirer's Acquisition, consideration of an alternative proposal and discussion and negotiation with the Acquirer, extend the Independent Committee Consideration Period once or multiple times, in principle up to 30 days. If the Independent Committee Consideration Period is extended, the Independent Committee will continue to collect information, deliberate, discuss, negotiate and perform similar activities, and use its best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights within the extended period.

(f) Resolutions by the Board of Directors

The Board of Directors, in exercising their role under the Corporation Law, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights respecting to the maximum extent any recommendation of the Independent Committee described above. If the meeting of shareholders is convened in accordance with (g) below, the Board of Directors will make a resolution in accordance with the resolution at the shareholders meeting.

(g) Convocation of the Shareholders Meeting

Upon the implementation of the gratis allotment of the Stock Acquisition Rights pursuant to the Plan, the Board of Directors may convene a meeting of shareholders (the "Shareholders Meeting") and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights, if (i) the Independent Committee recommends implementation of the gratis allotment of Stock Acquisition Rights subject to obtaining approval at a shareholders meeting in advance in accordance with (e)(i) above, or (ii) the applicability of Trigger Event (2) becomes an issue and the Board of Directors determines it appropriate to confirm the shareholders' intent for the Acquisition taking into consideration the time required to convene a general

meeting of shareholders or other matters pursuant to the duty of care of a director.

(h) Information Disclosure

When operating the Plan, the Company will disclose, in a timely manner, information on matters that the Independent Committee or the Board of Directors considers appropriate including the progress of each procedure set out in the Plan (including the fact that the Acquirer's Statement and Acquisition Document have been submitted, the fact of whether the Acquirer has provided sufficient information, the fact that an Acquirer who intends to effect the Acquisition without submitting the Acquirer's Statement and Acquisition Document emerges, the fact the Independent Committee Consideration Period has commenced, and the fact that the Independent Committee Consideration Period has been extended, as well as the extended period and the reason for the extension), an outline of recommendations made by the Independent Committee, an outline of resolutions by the Board of Directors and an outline of resolutions by the Shareholders Meeting, in accordance with the relevant laws and ordinances or the regulations and rules of the financial instruments exchange.

2) Requirements for the Gratis Allotment of Stock Acquisition Rights

The requirements to trigger the Plan to implement a gratis allotment of Stock Acquisition Rights are as follows. As described above in (e) of (2) 1), 'Procedures for Triggering the Plan,' the Board of Directors will make a determination as to whether any of the following requirements applies to an Acquisition for which the recommendation by the Independent Committee has been obtained.

Trigger Event (1)

The Acquisition is not in compliance with the procedures prescribed in the Plan (including cases where reasonable time and information necessary to consider the details of the Acquisition is not offered) and it is reasonable to implement the gratis allotment of Stock Acquisition Rights.

Trigger Event (2)

The Acquisition falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights.

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through any of the following actions:
- (i) A buyout of share certificates to require such share certificates to be compulsorily purchased by the Company's affiliates at a high price.
  - (ii) Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company group's material assets.
  - (iii) Diversion of the Company group's assets to secure or repay debts of the Acquirer or a group company.
  - (iv) Temporary control of the Company's management to bring about the disposal of high-value assets that

have no current relevance to the Company group's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.

- (b) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear).
- (c) Acquisitions to which the terms (including the amount and type of consideration, timeframe, legality of the Acquisition method, feasibility of the Acquisition being effected, and post-Acquisition policies dealing with the Company's other shareholders, employees, business partners, and stakeholders in the local communities of the production base where mineral resources are located and smelting and refining take place) are inadequate or inappropriate in light of the Company's intrinsic value.
- (d) Acquisitions that materially threaten to oppose the corporate value of the Company and, in turn, the common interests of shareholders, by destroying relationships with the Company's shareholders, employees, business partners, and the local communities of the production base where mineral resources are located and smelting and refining take place, which are indispensable to the generation of the Company's corporate value.

### 3) Outline of the Gratis Allotment of Stock Acquisition Rights

An outline of the gratis allotment of Stock Acquisition Rights scheduled to be implemented under the Plan is described below.

#### (a) Number of Stock Acquisition Rights

The maximum number of Stock Acquisition Rights to be allotted upon implementation of a gratis allotment of Stock Acquisition Rights is the most recent total number of issued shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the "Allotment Date") that is separately determined in a resolution by the Board of Directors relating to the gratis allotment of Stock Acquisition Rights (the "Gratis Allotment Resolution").

#### (b) Shareholders Eligible for Allotment

The Company will allot the Stock Acquisition Rights to shareholders, other than the Company, who are recorded in the Company's register of shareholders on the Allotment Date, at a ratio of one Stock Acquisition Right for each share in the Company held.

#### (c) Effective Date of Gratis Allotment of Stock Acquisition Rights

The effective date of the gratis allotment of Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

(d) Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights

The number of shares to be acquired upon exercise of the Stock Acquisition Rights shall, in principle, be the number of Stock Acquisition Rights multiplied by the number separately determined in the Gratis Allotment Resolution by the Board of Directors in the range of one-half to one share. The number of shares to be acquired upon exercise of each Stock Acquisition Right (Note 13) (the "Applicable Number of Shares") shall, in principle (Note 14), be the number separately determined in the Gratis Allotment Resolution by the Board of Directors in the range of one-half to one share (Note 15). If there is any resulting fractional shares in the number of shares to be delivered to Stock Acquisition Right holders who exercise the Stock Acquisition Rights, the Company will dispose of the fractional shares in accordance with the applicable laws and ordinances.

(e) Amount to be Contributed upon Exercise of Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum of the amount equivalent to one-half of the fair market value of one share in the Company. "Fair market value" means the amount equivalent to the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the 90 day period prior to the Gratis Allotment Resolution (excluding the days on which trades are not made), with any fraction less than one yen after such calculation to be rounded up to the nearest whole yen.

(f) Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the "Exercise Period Commencement Date"), and the period will, in principle, be a period from one month to six months long as separately determined in the Gratis Allotment Resolution; provided, however, that the Exercise Period for the Stock Acquisition Rights acquired by the Company in accordance with (ii) of paragraph (i) below (Acquisition of Stock Acquisition Rights by the Company) ends on the business day immediately prior to the acquisition date. If the last day of the Exercise Period falls on a holiday for the place handling cash payments, the Exercise Period will end on the business day immediately prior to that date.

(g) Conditions for Exercise of Stock Acquisition Rights

Except where any exceptional event (Note 16) occurs, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below shall collectively be referred to as "Non-Qualified Parties"):

- (I) Specified Large Holders; (Note 17)
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers; (Note 18)
- (IV) Persons having a Special Relationship with Specified Large Purchasers;

- (V) Any transferee of, or successor to, the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Board of Directors; or
- (VI) Any Affiliated Party (Note 19) of any party falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and ordinances to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares, etc. in the Company as set out in (ii) of paragraph (i) below (Acquisition of Stock Acquisition Rights by the Company) subject to compliance with applicable laws and ordinances). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, may not exercise the Stock Acquisition Rights.

(h) Assignment of Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Board of Directors.

(i) Acquisition of Stock Acquisition Rights by the Company

- (i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Board of Directors deems that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately determined by the Board of Directors, acquire all of the Stock Acquisition Rights for no consideration.
- (ii) On a date separately determined by the Board of Directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to such date determined by the Board of Directors, that are held by parties other than Non-Qualified Parties (if any) and, in exchange, deliver shares, etc. (Note 20) in the Company in the number equivalent to the Applicable Number of Shares (Note 21) for each Stock Acquisition Right.

Further, if, on or after the date upon which the acquisition takes place, the Board of Directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a date determined by the Board of Directors that falls after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Board of Directors (if any) and, in exchange, deliver shares, etc. in the Company in the number equivalent to the number of the Applicable Number of Shares for each Stock Acquisition Right. The same will apply thereafter.

(j) Delivery of Stock Acquisition Rights in Case of Merger, Absorption-type Demerger (*kyushu bunkatsu*),

Incorporation-type Demerger (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)

These matters will be separately determined in the Gratis Allotment Resolution.

(k) Issuance of Certificates Representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

(l) Other

In addition, the details of the Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

4) Procedures for the Renewal of the Plan

The Company will renew the Plan subject to shareholder approval at the Ordinary General Meeting of Shareholders of the agenda item regarding the Renewal.

5) Effective Period, Abolition and Amendment of the Plan

The effective period of the Plan (the "Effective Period") will be the period until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within three years after the conclusion of the Ordinary General Meeting of Shareholders.

However, if, before the expiration of the Effective Period, the Company's general meeting of shareholders or the Board of Directors resolves to abolish the Plan, the Plan will be abolished at that time.

Further, the Board of Directors may revise or amend the Plan even during the Effective Period of the Plan, in cases where any law, ordinance, or regulation or rule of a financial instruments exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, and subject to the approval of the Independent Committee.

If the Plan is abolished, modified or amended, the Company will promptly disclose the fact that such abolition, modification or amendment has taken place, and (in the event of a modification or amendment) the details of the modification, amendment and any other matters.

6) Revision Due to Amendment to Laws and Ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of February 15, 2010. If it becomes necessary after such date to amend the terms and conditions or definitions of terms set out in the paragraphs above due to the establishment, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read



accordingly as required to a reasonable extent, taking into consideration the purposes of such formulation, amendment or abolishment.

Note 1: The outline of the Rules of the Independent Committee is as follows:

- There will be no less than three members in the Independent Committee, and the Board of Directors shall elect the members from (i) outside directors of the Company, and (ii) outside corporate auditors of the Company, or (iii) experts, in each case who is independent from the management involved in the execution of the business of the Company. Such experts must be experienced corporate managers, parties with knowledge of the investment banking industry, parties with knowledge of the Company's business, lawyers, certified public accountants, researchers whose research focuses on the Corporation Law or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Board of Directors that contains a provision obligating the experts to exercise their duty of care to the Company or a similar provision.
- Unless otherwise determined in a resolution by the Board of Directors, the term of office of members of the Independent Committee will be until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within three years of the Ordinary General Meeting of Shareholders. However, the term of office of any member of the Independent Committee who is an outside director or outside corporate auditor will end simultaneously in the event that they cease to be a director or corporate auditor (except in the case of their re-appointment).
- The Independent Committee will make decisions on the matters, including without limitation, the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, the cancellation of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights, or any other matters that are for determination by the Board of Directors in respect to which it has consulted the Independent Committee.
- Any member of the Independent Committee may convene a meeting of the Independent Committee, and as a general rule, resolutions of meetings of the Independent Committee will pass with a majority vote when at least two-thirds of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference).

Note 2: "Proposal" includes solicitation of a third party.

Note 3: Defined in Article 27-23(4) of the Financial Instruments and Exchange Law. This definition is applied throughout this proposal.

Note 4: Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the Board of Directors). The same is applied throughout this proposal.

Note 5: Defined in Article 27-23(1) of the Financial Instruments and Exchange Law. The same is applied throughout this proposal unless otherwise provided for.

Note 6: Defined in Article 27-2(6) of the Financial Instruments and Exchange Law. The same is applied throughout this proposal.

Note 7: Defined in Article 27-2(8) of the Financial Instruments and Exchange Law. The same is applied throughout this proposal.

Note 8: Defined in Article 27-2(7) of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the Board of Directors); provided, however, that persons provided for in Article 3(2) of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2(7)(i) of the Financial Instruments and Exchange Law. The same is applied throughout this proposal.

Note 9: Defined in Article 27-2(1) of the Financial Instruments and Exchange Law.

Note 10: Defined in Article 27-23(5) of the Financial Instruments and Exchange Law, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Law (including persons who are deemed a joint holder by the Board of Directors). The same is applied throughout this proposal.

Note 11: Defined in Article 9(5) of the Enforcement Regulation for the Financial Instruments and Exchange Law.

- Note 12: If an Acquirer is a fund, information relating to the matters described in (i) about each partner and other constituent members is required.
- Note 13: Even if the Company becomes a company issuing class shares (Article 2, Item 13 of the Corporation Law) in the future, both (i) the shares in the Company to be delivered upon exercise of Stock Acquisition Rights and (ii) the shares to be delivered in exchange for acquisition of Stock Acquisition Rights are the same class of shares of common stock that have been issued at the time of the Ordinary General Meeting of Shareholders.
- Note 14: In case of a stock split, etc., the Company will adjust the Applicable Number of Shares as necessary.
- Note 15: At the time of the Renewal, the number of issuable shares of the Company is 1,000,000,000 shares, and the total number of issued shares is 581,628,031 shares (as of March 31, 2010). Therefore the Company may have to increase the number of issuable shares by amending its Articles of Incorporation before the commencement date of the Exercise Period of the Stock Acquisition Rights, depending on the Applicable Number of Shares.
- Note 16: Specifically, the Company intends to set out that an “exceptional event” means when (x) the Acquirer cancels or revokes the Acquisition, or promises that it will not conduct any subsequent Acquisition, after the Gratis Allotment Resolution and the Acquirer or other Non-Qualified Parties dispose of their shares in the Company through a securities firm appointed and authorized by the Company to do so, and (y) the Acquirer’s shareholding ratio determined by the Board of Directors (when calculating the shareholding ratio, Non-Qualified Parties other than the Acquirer and its Joint Holders are deemed to be the Acquirer’s Joint Holders, and Stock Acquisition Rights held by Non-Qualified Parties, the conditions of which have not been satisfied, are excluded) (the “Non-Qualified Parties’ Shareholding Ratio”) falls below the lower of (i) the Non-Qualified Parties’ Shareholding Ratio before the Acquisition, or (ii) 20%, the Acquirer or other Non-Qualified Parties making the disposal may exercise Stock Acquisition Rights to the extent that the number of shares to be issued or delivered upon exercise of the Stock Acquisition Rights is up to the number of shares disposed of and to the extent of the ratio under either (i) or (ii) above. Detailed conditions and procedures for exercise of Stock Acquisition Rights by Non-Qualified Parties will be determined separately by the Board of Directors.
- Note 17: “Specified Large Holder” means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed applicable to the above by the Board of Directors); provided, however, that a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or a certain other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same is applied throughout this proposal.
- Note 18: “Specified Large Purchaser” means, in principle, a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note 18) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note 18) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order of the Enforcement of the Financial Instruments and Exchange Law) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including any party who is deemed to fall under the above by the Board of Directors); provided, however, that a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or certain other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same is applied throughout this proposal.
- Note 19: An “Affiliated Party” of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Board of Directors), or a party deemed by the Board of Directors to act in concert with such given party. “Control” means to “control the determination of the financial and business policies” (as defined in Article 3(3) of the Enforcement Regulations of the Corporation Law) of other corporations or entities.
- Note 20: For the purpose of the Plan, shares in the Company are to be delivered, in principle, as consideration for acquiring the

Stock Acquisition Rights. As stated in (d) of 2. (2) 3) above, under this Plan, fractions in the Applicable Number of Shares may result, in which case, property other than shares in the Company may be delivered to the extent necessary to dispose of the fraction.

Note 21: The Company intends to properly dispose of any fraction in the Applicable Number of Shares in accordance with applicable laws and ordinances. In that case, the number of shares, etc. in the Company to be delivered for each Stock Acquisition Right may differ from the Applicable Number of Shares.

---End---

## Attachment

### Profiles of the Members of the Independent Committee

The following three persons are scheduled to be the initial members of the Independent Committee upon the Renewal.

#### **Tsutomu Ushijima**

##### Career Summary:

|              |                                                                                   |
|--------------|-----------------------------------------------------------------------------------|
| July 1950    | Born                                                                              |
| April 1976   | Registered as a lawyer                                                            |
| April 1982   | Established Ushijima Law and Tax Accountant Firm                                  |
| June 1982    | Registered as a certified public tax accountant                                   |
| January 1994 | Established Ushijima Teramae Law Firm (current Ushijima, Teramae & Wada Law Firm) |
| June 2003    | Appointed Corporate Auditor of the Company                                        |
| June 2007    | Appointed Director of the Company                                                 |

As of June 1, 2010

Lawyer and Certified Public Tax Accountant of Ushijima, Teramae & Wada Law Firm  
Director of the Company

As proposed in the Proposal No.2, Mr. Tsutomu Ushijima is a candidate for the outside director who satisfies the requirements of an outside director set out in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Corporation Law, and is scheduled to be appointed as an outside director after he is elected as such by the Ordinary General Meeting of Shareholders. He is currently an outside director of the Company, as set out in Article 2, Item 15 of the Corporation Law.

He does not have any special interests in or business relationships with the Company.

#### **Katsumi Maeda**

##### Career Summary:

|                |                                                                                  |
|----------------|----------------------------------------------------------------------------------|
| September 1940 | Born                                                                             |
| March 1969     | Registered as a certified public accountant                                      |
| July 1989      | Appointed Partner of ASAHI SHINWA & Co. (current KPMG AZSA & Co.)                |
| June 1991      | Appointed Administrative Officer of ASAHI SHINWA & Co. (current KPMG AZSA & Co.) |
| May 1995       | Appointed Board Member of ASAHI & Co. (current KPMG AZSA & Co.)                  |
| June 2006      | Retired from KPMG AZSA & Co. having reached retirement age                       |
| June 2007      | Appointed Corporate Auditor of the Company                                       |

As of June 1, 2010

Certified Public Accountant

[part-time employee/Employed part-time] at the self-regulatory head office of the Japanese Institute of Certified

Public Accountants  
Corporate Auditor of the Company

Mr. Katsumi Maeda is an outside corporate auditor of the Company, as set out in Article 2, Item 16 of the Corporation Law.

He does not have any special interests in or business relationships with the Company.

**Takayuki Kurata**

Career Summary:

|              |                                                                                                 |
|--------------|-------------------------------------------------------------------------------------------------|
| January 1945 | Born                                                                                            |
| April 1968   | Joined Export-Import Bank of Japan                                                              |
| July 1995    | Appointed Manager of Second Sales Department of Export-Import Bank of Japan                     |
| April 1997   | Appointed Manager of Financial Department of Export-Import Bank of Japan                        |
| April 1998   | Appointed Executive Director in charge of finance of Export-Import Bank of Japan                |
| June 1998    | Appointed Manager of Osaka branch of Export-Import Bank of Japan                                |
| October 1999 | Appointed Manager of Osaka branch of Japan Bank for International Cooperation                   |
| October 2000 | Appointed Director / Vice President of Barracuda Oil Field Development and Investment Co., Ltd. |
| May 2007     | Appointed Counsel of Marubeni Power Development Corporation                                     |
| June 2008    | Appointed Corporate Auditor of the Company                                                      |

As of June 1, 2010

Corporate Auditor of the Company

Mr. Takayuki Kurata is an outside corporate auditor of the Company, as set out in Article 2, Item 16 of the Corporation Law.

He does not have any special interests in or business relationships with the Company.

---End---

For an outline of Proposal No.5, please refer to the enclosed document titled "Renewal of Countermeasures to Large-Scale Acquisitions of Sumitomo Metal Mining Co., Ltd. Shares (Takeover Defense Measures)".

**Proposal No.6: Payment of bonuses to directors**

The Company proposes the payment of a total of ¥65 million as bonuses to the seven (7) directors excluding outside director Mr. Tsutomu Ushijima among eight (8) directors who were in office as of the end of the business year under review in order to reward their distinctive merits. The directors' bonuses of the Company are calculated by considering the performance of the Company and reflecting the job performance of each director.