

This is an unofficial translation of the Japanese language original.

Securities Code No. 5713

June 3, 2016

To our shareholders

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

Sumitomo Metal Mining Co., Ltd.

Yoshiaki Nakazato, Representative Director and President

Convocation Notice of the 91st Ordinary General Meeting of Shareholders

Sumitomo Metal Mining Co., Ltd. (the "Company") hereby gives notice of the 91st Ordinary General Meeting of Shareholders (the "Meeting") as outlined below and requests your attendance.

If you are unable to attend the Meeting, you may vote in writing or by an electromagnetic method (via the Internet, etc.). In that case, we cordially request that you examine the attached Reference Documents for Shareholders Meeting 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 to arrive no later than 5:00pm (Japan Time) on Friday, June 24, 2016.

Exercise of voting rights by an electromagnetic method (via the Internet, etc.)

Please follow the instructions on page forty six (46) to register your vote either for or against the proposals by 5:00pm (Japan Time) on Friday, June 24, 2016.

1. Date and time: June 27, 2016 (Monday) at 10:00am (Japan Time)
2. Place: Shinagawa Prince Hotel, Prince Hall (Annex Tower, 5F)
10-30, Takanawa 4-chome, Minato-ku, Tokyo
3. Agenda:
Matters for Reporting Report on the contents of the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 91st business year (April 1, 2015 – March 31, 2016) and the results of audits of the Consolidated Financial Statements for the 91st business year by the Accounting Auditor and the Audit & Supervisory Board

Matters for Resolution

Proposal No.1: Appropriation of surplus

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

Proposal No.3: Election of three (3) Audit & Supervisory Board Members

Proposal No.4: Election of one (1) substitute Audit & Supervisory Board Member

Proposal No.5: Renewal of countermeasures to large-scale acquisitions of the Company shares (takeover defense measures)

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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- * When you attend the meeting, you are kindly requested to present the enclosed voting form to the receptionist. Shareholders may attend the meeting by proxy; provided, however, the proxy is just one person who is another shareholder with voting rights. When a proxy votes on behalf of a shareholder, the proxy must submit a document evidencing the authority of proxy together with the voting form of the shareholder voting by proxy.
- * If any amendments to the Shareholders' Meeting Reference Documents, the Business Report, the Consolidated Financial Statements or Non-Consolidated Financial Statements are made, the notification of the details shall be provided on the Company's website (<http://www.smm.co.jp/>).

Reference Documents for Shareholders Meeting

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 the year-end dividends

The Company considers the appropriate return of profits to shareholders as one of the most important management issues.

Regarding the year-end dividends of surplus for the 91st business year, based on the Company's policy of aiming to achieve a consolidated dividend payout ratio of 25% or more, and in comprehensive consideration of factors such as financial performance in the 91st business year, future business development, and financial soundness, the Company proposes to pay a year-end dividend of 10 yen per share as described below. As a result, the total dividend for the 91st business year, including an interim dividend of 21 yen, will amount to 31 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

10 yen per share of common stock of the Company

The total amount: 5,516,319,760 yen

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

June 28, 2016

2. Matters regarding appropriation of other surplus

The Company proposes funding of general reserve for future business development as indicated below.

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

Retained earnings brought forward: 5,000,000,000 yen

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

General reserve: 5,000,000,000 yen

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

The terms of all Directors (eight (8) Directors) will expire at the close of the Meeting. Therefore, the Company proposes the election of eight (8) Directors. When nominating Director candidates, the Company has received advice at the Governance Committee. The candidates for Directors are as follows.

(* indicates new candidate)

Candidate No.	Name Date of Birth	Career summary, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations	Shareholding in the Company
1	Nobumasa Kemori April 12, 1951	September 1980 Joined the Company July 1998 General Manager of Nickel Refinery, Besshi-Niihama District Div. July 2002 General Manager of Nickel Business Unit, Non-Ferrous Metals Div. June 2004 Executive Officer Senior Deputy General Manager of Non-Ferrous Metals Div. June 2006 Director Managing Executive Officer General Manager of Non-Ferrous Metals Div. June 2007 Representative Director (Present Position) President and Director President June 2013 Chairman of the Board (Present Position) Significant concurrent occupations or positions at other organizations President of Japan Mining Engineering & Training Center	42,000 shares
Reasons for his candidacy as Director: After having served as President and Director for 6 years, since June 2013, Mr. Nobumasa Kemori has been discharging his duties as the Chairman of the Board. He has been presented as a candidate for Director because he is expected to strengthen the function of the Board of Directors by utilizing his knowledge and experience regarding the Company's entire business.			

Candidate No.	Name Date of Birth	Career summary, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations	Shareholding in the Company
2	Yoshiaki Nakazato May 13, 1953	<p>April 1976 Joined the Company</p> <p>December 1997 General Manager of Administration Dept., Electronics Div.</p> <p>June 2004 General Manager of Corporate Planning Dept.</p> <p>June 2005 Executive Officer</p> <p>June 2006 Director</p> <p>June 2007 General Manager of Affiliated Business Administration Dept.</p> <p>June 2008 Managing Executive Officer General Manager of Advanced Materials Div.</p> <p>October 2008 General Manager of Semiconductor Materials Div.</p> <p>June 2009 Executive Officer General Manager of Advanced Materials Div.</p> <p>June 2010 Managing Executive Officer</p> <p>June 2012 Representative Director (Present Position) Senior Managing Executive Officer</p> <p>June 2013 President and Director (Present Position) President (Present Position)</p>	29,000 shares
<p>Reasons for his candidacy as Director: Since June 2013, Mr. Yoshiaki Nakazato has served as President and Director. He has been presented as a candidate for Director because he is expected to strengthen the function of the Board of Directors by utilizing his knowledge and experience regarding the Company's entire business.</p>			

Candidate No.	Name Date of Birth	Career summary, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations	Shareholding in the Company
3	Naoyuki Tsuchida December 6, 1954	<p>August 1985 Joined the Company</p> <p>April 2004 Director and Executive Vice-President of Coral Bay Nickel Corporation</p> <p>June 2006 General Manager of Overseas Projects Dept., Non-Ferrous Metals Div.</p> <p>June 2007 Executive Officer Senior Deputy General Manager of Non-Ferrous Metals Div.</p> <p>October 2009 Senior Deputy General Manager of Taganito Project Div.</p> <p>June 2010 Managing Executive Officer General Manager of Taganito Project Div.</p> <p>June 2012 Director (Present Position)</p> <p>April 2013 General Manager of Sierra Gorda Project Div.</p> <p>June 2013 Senior Managing Executive Officer (Present Position)</p> <p>June 2014 General Manager of Engineering Div. (Present Position)</p> <p>March 2016 General Manager of Mineral Resources Div. (Present Position)</p>	14,000 shares
<p>Reasons for his candidacy as Director: Mr. Naoyuki Tsuchida has been presented as a candidate for Director because he is expected to strengthen the function of the Board of Directors by utilizing his knowledge and experience regarding overseas projects, as well as smelting and refining technologies.</p>			

Candidate No.	Name Date of Birth	Career summary, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations	Shareholding in the Company
4	Mikinobu Ogata July 8, 1954	<p>April 1978 Joined the Company</p> <p>October 2005 General Manager of Copper Sales & Raw Materials Dept., Non-Ferrous Metals Div.</p> <p>April 2006 General Manager of Copper & Precious Metals Sales Dept., Non-Ferrous Metals Div.</p> <p>June 2008 Executive Officer Senior Deputy General Manager of Non-Ferrous Metals Div.</p> <p>June 2012 Director (Present Position) Managing Executive Officer General Manager of Non-Ferrous Metals Div.</p> <p>June 2015 Senior Managing Executive Officer (Present Position)</p>	13,000 shares
<p>Reasons for his candidacy as Director: Mr. Mikinobu Ogata has been presented as a candidate for Director because he is expected to strengthen the function of the Board of Directors by utilizing his knowledge and experience regarding smelting & refining business in general, marketing and raw materials procurement.</p>			
5	Akira Nozaki June 20, 1960	<p>April 1984 Joined the Company</p> <p>July 2010 Corporate Planning Dept.</p> <p>May 2012 Administration Dept., Sierra Gorda Project Dept.</p> <p>June 2013 Executive Officer (Present Position) Senior Deputy General Manager of Non-Ferrous Metals Div.</p> <p>June 2014 Director (Present Position) General Manager of Corporate Planning Dept.</p> <p>June 2015 Senior General Manager of Non-Ferrous Metals Div. (Present Position)</p> <p>Significant concurrent occupations or positions at other organizations Managing Director of SUMIC Nickel Netherlands B.V. Commissioner of PT Vale Indonesia Tbk</p>	9,000 shares
<p>Reasons for his candidacy as Director: Mr. Akira Nozaki has been presented as a candidate for Director because he is expected to strengthen the function of the Board of Directors by utilizing his knowledge and experience regarding mineral resources/ smelting & refining business and corporate business strategy.</p>			

Candidate No.	Name Date of Birth	Career summary, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations	Shareholding in the Company
6	Tsutomu Ushijima July 16, 1950	<p>April 1976 Registered as a lawyer</p> <p>April 1982 Established Ushijima Law and Tax Accountant Firm</p> <p>June 1982 Registered as a certified public tax accountant</p> <p>January 1994 Established Ushijima Teramae Law Firm (current Ushijima, Teramae & Wada Law Firm)</p> <p>June 2003 Audit & Supervisory Board Member of the Company</p> <p>June 2007 Director of the Company (Present Position)</p> <p>Significant concurrent occupations or positions at other organizations</p> <p>Lawyer and certified public tax accountant of Ushijima, Teramae & Wada Law Firm</p> <p>Outside Audit & Supervisory Board Member of Kobunsha Co., Ltd.</p> <p>Auditor of Association of Medical Corporation Kenseikai</p>	0 share
<p>Reasons for his candidacy as Outside Director:</p> <p>Mr. Tsutomu Ushijima has special knowledge and a wealth of experience as a lawyer and a certified public tax accountant. He has been presented as a candidate for Outside Director because he has performed the required role of strengthening corporate governance by providing suggestions from the perspective of compliance. He has not participated in corporate management in any form other than as Outside Director or Outside Audit & Supervisory Board Member; however, for the above reasons, the Company determined that he is able to appropriately serve as Outside Director.</p>			

Candidate No.	Name Date of Birth	Career summary, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations	Shareholding in the Company
7	Hitoshi Taimatsu November 20, 1951	<p>April 1979 Research Associate of the Mining College of Akita University</p> <p>October 1988 Lecturer of the Mining College of Akita University</p> <p>April 1990 Associate Professor of the Mining College of Akita University</p> <p>April 1994 Professor of the Mining College of Akita University</p> <p>April 1998 Professor of the Faculty of Engineering and Resource Science of Akita University</p> <p>April 2006 Director of the Radioisotope Research Center of Akita University</p> <p>April 2008 Member of the Education and Research Council of Akita University Vice Dean of the Faculty of Engineering and Resource Science of Akita University</p> <p>April 2010 Professor of the Graduate School of Engineering and Resource Science of Akita University Vice Dean of the Graduate School of Engineering and Resource Science of Akita University</p> <p>June 2015 Director of the Company (Present Position)</p> <p>April 2016 Professor of the Graduate School of Engineering Science of Akita University (Present Position)</p> <p>Significant concurrent occupations or positions at other organizations Professor of the Graduate School of Engineering Science of Akita University</p>	0 share
<p>Reasons for his candidacy as Outside Director: Mr. Hitoshi Taimatsu has specialized knowledge as a researcher in the field of materials science and engineering. He also has experience managing an organization through his services at a university as a member of the Education and Research Council, a vice dean, and in other roles. He has been presented as a candidate for Outside Director because he has performed the required role of strengthening corporate governance by utilizing his knowledge and backed by his learning as a university professor. He has not participated in corporate management in any form other than as Outside Director; however, for the above reasons, the Company determined that he is able to appropriately serve as Outside Director.</p>			

Candidate No.	Name Date of Birth	Career summary, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations	Shareholding in the Company
8	* Kazuhisa Nakano January 4, 1948	<p>April 1971 Joined Idemitsu Kosan Co., Ltd.</p> <p>April 2003 Executive Officer and General Manager of Personnel Department of Idemitsu Kosan Co., Ltd.</p> <p>June 2004 Director of Idemitsu Kosan Co., Ltd.</p> <p>June 2005 Managing Director of Idemitsu Kosan Co., Ltd.</p> <p>June 2007 Executive Vice President and Representative Director of Idemitsu Kosan Co., Ltd.</p> <p>June 2009 President and Representative Director of Idemitsu Kosan Co., Ltd.</p> <p>June 2013 Chairman and Representative Director of Idemitsu Kosan Co., Ltd.</p> <p>June 2015 Executive Advisor of Idemitsu Kosan Co., Ltd. (Present Position)</p> <p>Significant concurrent occupations or positions at other organizations Executive Advisor of Idemitsu Kosan Co., Ltd.</p>	5,000 shares
<p>Reasons for his candidacy as Outside Director: Mr. Kazuhisa Nakano had served as President and Representative director of Idemitsu Kosan Co., Ltd. and has a wealth of experience in managing a company and experience regarding natural resources business. He has been presented as a candidate for Outside Director because he is expected to strengthen corporate governance by supervising the Company's proper business management that is aimed toward the sustainable growth and mid- to long-term enhancement of the corporate value of the Company and its groups by utilizing his knowledge and experience.</p>			

- (Notes) 1. Mr. Tsutomu Ushijima, Mr. Hitoshi Taimatsu and Mr. Kazuhisa Nakano are candidates for Outside Directors as set out in Article 2(3)(vii) of the Enforcement Regulations of the Companies Act of Japan.
2. The followings are items pertaining to the candidates for Outside Directors.
- (1) Number of years since assuming the position of Outside Director
- Mr. Tsutomu Ushijima is currently an Outside Director of the Company and will have served as Outside Director for nine (9) years at the conclusion of this Meeting.
- Mr. Hitoshi Taimatsu is currently an Outside Director of the Company and will have served as Outside Director for one (1) year at the conclusion of this Meeting.
- (2) Contract for Limitation of Liability
- [1] The Company has entered into a Contract for Limitation of Liability with Mr. Tsutomu Ushijima and with Mr. Hitoshi Taimatsu limiting their maximum liability to 10 million yen or the minimum liability amount prescribed by applicable laws and regulations, whichever is higher. The Company intends to extend the Contracts with them.
- [2] The Company plans to enter into a Contract for Limitation of Liability with Mr. Kazuhisa Nakano limiting his maximum liability to 10 million yen or the minimum liability amount prescribed by applicable laws and regulations, whichever is higher.
- (3) Independent Director Notification
- Mr. Tsutomu Ushijima, Mr. Hitoshi Taimatsu and Mr. Kazuhisa Nakano comply with the requirements for outside directors provided for in the Companies Act of Japan, the criteria for independence prescribed by the Tokyo Stock

Exchange and the criteria for independence prescribed by the Company. The Company's criteria for independence are as set out on page forty five (45).

(4) Independent Director Notification

- [1] The Company has appointed Mr. Tsutomu Ushijima and Mr. Hitoshi Taimatsu as Independent Directors who are unlikely to have any conflicts of interest with general investors as specified by the Tokyo Stock Exchange and submitted notice of their appointment to the Exchange.
- [2] The Company plans to appoint Mr. Kazuhisa Nakano as an Independent Director who is unlikely to have any conflicts of interest with general investors as specified by the Tokyo Stock Exchange and submit notice of his appointment to the Exchange.

Proposal No. 3: Election of three (3) Audit & Supervisory Board Members

With respect to Audit & Supervisory Board Members Messrs. Kazuo Nakashige, Hajime Sato and Shigeru Nozaki, their terms of offices will expire at the close of the Meeting. Therefore, the Company proposes the election of three (3) Audit & Supervisory Board Members.

The Company has obtained consent for this proposal from the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members are as follows.

(* indicates new candidates)

Candidate No.	Name Date of Birth	Career summary, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations	Shareholding in the Company
1	Hajime Sato May 11, 1955	<p>April 1979 Joined the Company</p> <p>August 2008 Corporate Planning Dept.</p> <p>June 2010 General Manager of Public Relations & Investor Relations Dept.</p> <p>June 2012 Director Executive Officer General Manager of Corporate Planning Dept.</p> <p>June 2014 Audit & Supervisory Board Member (Standing) (Present Position)</p>	12,000 shares
<p>Reasons for his candidacy as Audit & Supervisory Board Member: Mr. Hajime Sato has been presented as a candidate for Audit & Supervisory Board Member because he is expected to perform the required role by utilizing his knowledge and experience regarding corporate planning and managerial accounting.</p>			
2	* Yasuyuki Nakayama December 7, 1959	<p>April 1982 Joined the Company</p> <p>June 2001 Finance & Accounting Dept.</p> <p>July 2011 Administration Dept., Semiconductor Materials Div.</p> <p>April 2012 General Manager of Administration Dept., Semiconductor Materials Div.</p> <p>July 2012 General Manager of Semiconductor Materials Business Unit, Materials Div.</p> <p>October 2014 President and Representative Director of Shinko Co., Ltd. (Present Position)</p> <p>Significant concurrent occupations or positions at other organizations President and Representative Director of Shinko Co., Ltd.</p>	3,000 shares
<p>Reasons for his candidacy as Audit & Supervisory Board Member: Mr. Yasuyuki Nakayama has been presented as a candidate for Audit & Supervisory Board Member because he is expected to perform the required role by utilizing his knowledge and experience regarding financial accounting.</p>			

Candidate No.	Name Date of Birth	Career summary, position and area of responsibility at the Company, and significant concurrent occupations or positions at other organizations	Shareholding in the Company
3	* Junichi Kondo September 6, 1950	<p>April 1973 Joined Export-Import Bank of Japan</p> <p>April 1999 Director of General, Administration and General Services Department of Export-Import Bank of Japan</p> <p>October 1999 Director of Corporate Finance Department of Japan Bank for International Cooperation (JBIC) (which was formed as a result of integration between the former Export-Import Bank of Japan and the former Overseas Economic Cooperation Fund)</p> <p>April 2001 Director of Personnel Department of JBIC</p> <p>November 2002 Executive Director of JBIC</p> <p>October 2003 Resident Executive Director, Osaka Branch of JBIC</p> <p>October 2005 Senior Executive Director of JBIC</p> <p>September 2007 Resigned from Senior Executive Director of JBIC</p> <p>January 2008 Corporate Advisor of Tokyo Electric Power Company</p> <p>February 2012 Corporate Advisor of Itochu Corporation</p> <p>January 2015 President and Representative Director of Japan Institute for Overseas Investment (Present Position)</p> <p>Significant concurrent occupations or positions at other organizations President and Representative Director of Japan Institute for Overseas Investment Outside Audit & Supervisory Board Member of Maezawa Kasei Industries Co., Ltd. Auditor of Engineering Advancement Association of Japan</p>	0 share
<p>Reasons for his candidacy as an Outside Audit & Supervisory Board Member: Mr. Junichi Kondo has a wealth of experience in financial institutions. He has been presented as a candidate for Outside Audit & Supervisory Board Member because he is expected to perform his role as Outside Audit & Supervisory Board Member by utilizing his knowledge and experience. He has not participated in corporate management in any form other than as Outside Audit & Supervisory Board Member; however, he was involved in the management of JBIC, as well as has been engaged in the operation of Japan Institute for Overseas Investment as President. For this and the above reasons, the Company determined that he is able to appropriately serve as Outside Audit & Supervisory Board Member.</p>			

- (Notes) 1. Mr. Junichi Kondo is a candidate for Outside Audit & Supervisory Board Member as set out in Article 2(3)(viii) of the Enforcement Regulations of the Companies Act of Japan.
2. The following are items pertaining to the candidate for Outside Audit & Supervisory Board Member.
- (1) Contract for Limitation of Liability
The Company plans to enter into a Contract for Limitation of Liability with Mr. Junichi Kondo limiting his maximum liability to 10 million yen or the minimum liability amount prescribed by applicable laws and regulations, whichever is higher.
- (2) Criteria for Independence of Audit & Supervisory Board Member

Mr. Junichi Kondo complies with the requirements for outside audit & supervisory board members provided for in the Companies Act of Japan, the criteria for independence prescribed by the Tokyo Stock Exchange and the criteria for independence prescribed by the Company. The Company's criteria for independence are as set out on page forty five (45).

(3) Independent Audit & Supervisory Board Member Notification

The Company plans to appoint Mr. Junichi Kondo as an Independent Audit & Supervisory Board Member who is unlikely to have any conflicts of interest with general investors as specified by the Tokyo Stock Exchange and submit notice of his appointment to the Exchange.

Proposal No. 4: Election of one (1) substitute Audit & Supervisory Board Member

In case the number of Audit & Supervisory Board Members falls below the number specified by laws and regulations or the Articles of Incorporation, the Company proposes the election of one (1) substitute Audit & Supervisory Board Member as a substitute for Outside Audit & Supervisory Board Member Mr. Hikoyuki Miwa and for Mr. Junichi Kondo, who will be elected as an Outside Audit & Supervisory Board Member if Proposal No. 3 is approved as originally proposed.

The Company has obtained consent for this proposal from the Audit & Supervisory Board.

The candidate for substitute Audit & Supervisory Board Member is as follows.

Name Date of Birth	Career summary, position at the Company, and significant concurrent occupations or positions at other organizations	Shareholding in the Company
Kazuhiro Mishina September 23, 1959	September 1989 Assistant Professor of Harvard Business School October 1995 Assistant Professor of the Center for Research and Investigation of Advanced Science and Technology of Japan Advanced Institute of Science and Technology April 1997 Assistant Professor of the School of Knowledge Science of Japan Advanced Institute of Science and Technology October 2002 Assistant Professor of the Graduate School of Business Administration of Kobe University October 2004 Professor of Graduate School of Business Administration of Kobe University (Present Position) Significant concurrent occupations or positions at other organizations Professor of Graduate School of Business Administration of Kobe University Outside Director of Nichirei Corporation Outside Director of Fuji Oil Holdings Inc.	0 share

Reasons for his candidacy as a substitute Audit & Supervisory Board Member:
 Mr. Kazuhiro Mishina has specialized knowledge as a researcher in the field of corporate strategy and business strategy. He has been presented as a candidate for substitute Audit & Supervisory Board Member because he is expected to perform his role as Outside Audit & Supervisory Board Member by utilizing his knowledge and backed by his learning as a university professor. He has not participated in corporate management in any form other than as Outside Director; however, for the above reasons, the Company determined that he is able to appropriately serve as Outside Audit & Supervisory Board Member.

- (Notes) 1. Mr. Kazuhiro Mishina is a candidate for Outside Audit & Supervisory Board Member as set out in Article 2(3)(viii) of the Enforcement Regulations of the Companies Act of Japan.
2. If Mr. Kazuhiro Mishina assumes the office of Outside Audit & Supervisory Board Member, the Company plans to enter into a Contract for Limitation of Liability with him limiting his maximum liability to 10 million yen or the minimum liability amount prescribed by applicable laws and regulations, whichever is higher.
3. Mr. Kazuhiro Mishina complies with the requirements for outside audit & supervisory board members provided for in the Companies Act of Japan, the criteria for independence prescribed by the Tokyo Stock Exchange and the criteria for independence prescribed by the Company. The Company's criteria for independence are as set out on page forty five (45).

Proposal No.5: Renewal of countermeasures to large-scale acquisitions of Company shares (takeover defense measures)

The effective period of the plan (the “Former Plan”) for countermeasures to large-scale acquisitions of the shares in the Company , for which shareholder approval was obtained at the 88th ordinary general meeting of shareholders held on June 24, 2013 will expire at the conclusion of the Meeting .

The Company’s Board of Directors determined at its meeting held on February 15, 2016 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 Companies Act of Japan; 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)(ii) of the Enforcement Regulations of the Companies Act of Japan) under the Basic Policy after the revision. The Renewal will be subject to the approval of shareholders at the Meeting .

Thus, the Company hereby requests that you approve the Renewal.

I. Reasons for the Proposal

1. Details of the Basic Policy

The Company develops its business in mineral resources such as non-ferrous metals (mainly copper, nickel and gold), and engages in smelting and refining of those mineral resources for its customers under its principal operations, Mineral Resources and Smelting & Refining. The Company continues to promote its growth strategy with its three core businesses, namely, Mineral Resources and Smelting & Refining described above as well as Materials, which is a business in the downstream sector, and consequently has 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 while continuing to increase interests in mineral resources overseas. Non-ferrous metals are materials that not only enrich the lives of people in Japan but are also essential to maintain Japan's international competitiveness, and therefore their stable supply is highly important for the nation's development. The Company believes that, as a leading non-ferrous metal production company in Japan, the Company's social responsibility is to secure interests in non-ferrous metal resources and continue to stably supply non-ferrous metals both domestically and internationally.

Japan is one of the major producers and consumers of non-ferrous metals in the world. However, as it is difficult to domestically procure metal resources, their supply is dependent on countries outside Japan.

Worldwide, there is an oligopoly over non-ferrous metal resources by the super major resource companies and the efforts by emerging countries for securing mineral resources and energy have not abated. In addition, factors

such as the heightening of resource nationalism in countries that possess resources and the increasing difficulty of developing new and promising mines due to their tendency for being in high-lying or remote locations are making it more difficult to secure mineral resources. Taking into consideration these worldwide trends and activities involving “resources,” we cannot deny that there is a possibility that unilateral large-scale acquisitions of shares in the Company, which owns promising resources both domestically and internationally, will be implemented.

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.

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 deteriorate the corporate value of the target company and 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 believes that, in order to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders, it is necessary to ensure and enhance the source of the corporate value of the Company, mainly including those matters described below, over the medium to long term.

- (i) The business model under which the Company consistently conducts smelting and refining and then supplies downstream materials, while owning non-ferrous mineral resources;
- (ii) The owning of mineral resource interests on a global scale and the capacity for mine development;
- (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 & Refining Businesses to the downstream Materials Business;
- (v) Sound financial position such as a high level of equity ratio; and
- (vi) The relationship of trust with shareholders and other stakeholders.

Unless an acquirer who makes a large-scale acquisition of the shares in the Company ensures and enhances the source of the corporate value of the Company over the medium to long term, 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 deteriorate the corporate value of the Company or the common interests of its shareholders would be inappropriate to become a person 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. The Source of the Company's Corporate Value and Special Measures to Realize the Basic Policy

(1) 3-Year Business Plan and Policy for Profit Return to Shareholders

(a) Long-Term Vision and 3-Year Business Plan to Enhance the Corporate Value

In its "2003 3-Year Business Plan," the Company aimed, as a medium to long term target, to be "a major force in the non-ferrous metal industry," and since then has been pursuing its integrated growth strategies, yielding many positive results.

In its "2012 3-Year Business Plan," the Company adopted the long term vision of aiming to be "a world leader in the non-ferrous metals industry" and "an excellent company of Japan." To realize the goal of becoming "a world leader in the non-ferrous metals industry," the Company aims to expand its Mineral Resources Business and Smelting & Refining Business through establishing an annual production capacity of 150 kt for nickel and realizing an annual production volume of 300 kt for copper interests and 30 t for gold interests in 2021. In its Materials Business, the Company further aims to continue to grow its business through building a recurring profit of 5 billion yen from new products by 2021. Also, to continue to be "an excellent company of Japan," the Company aims to evolve into a company that continuously lays out and realizes growth strategy under strong management bases, such as firmly-established corporate philosophy and management vision as well as efforts for further enhancement of corporate governance and fulfillment of CSR (corporate social responsibility) activities based thereon, while achieving scale and profitability in the order of consolidated net sales of 1,000 billion yen and consolidated net income attributable to shareholders of the parent company (Note 1) of 100 billion yen.

(b) Reflection on 2012 3-Year Business Plan

In the Company's "2012 3-Year Business Plan," the Company anticipated being able to achieve a consolidated recurring profit for fiscal year 2015 of 150 billion yen and a net income attributable to shareholders of the parent company of 100 billion yen as the effects of its strategies such as the launching of a development project for the Sierra Gorda Copper Mine in Chile, the completion of construction work for a project in Taganito in the Philippines,

implementation of structural reforms of the Materials Business, and a cost-cutting of 10 billion yen per year. In fiscal year 2014, one year earlier than anticipated, the Company nearly achieved the forecast figures with a consolidated recurring profit of 174.2 billion yen and a net income attributable to shareholders of the parent company of 91.1 billion yen through implementing these measures. In fiscal year 2015, the Company did not achieve its anticipated figures for the net income attributable to shareholders of the parent company due to the occurrence of matters such as a significant drop in the price of non-ferrous metals and an impairment loss in relation to the Sierra Gorda Copper Mine. However, the Company did achieve its two financial targets of achieving an equity ratio of 50% or more by the end of fiscal year 2015 and a consolidated dividend payout ratio of 25% or more during the term of the 2012 3-Year Business Plan.

(c) 2015 3-Year Business Plan

a. Basic Strategy of the 2015 3-Year Business Plan

The Company released its “2015 3-Year Business Plan” related to fiscal years 2016 through 2018 (the “2015 3-Year Plan”) on February 15, 2016.

Through the 2015 3-Year Plan, the Company will respond to changes in the business environment by continuously pursuing growth strategies in the Mineral Resources, Smelting & Refining, and Materials Businesses under the fundamental strategy of aiming to become “a world leader in the non-ferrous metal industry” and “an excellent company of Japan.” In the following items we explain the main content of the 2015 3-Year Plan.

b. Profit Projection

Assuming non-ferrous metals prices in fiscal year 2018 of 6,000 US\$/t for copper, 7.0 US\$/lb for nickel, and 1,150 US\$/Toz for gold, and an exchange rate of 120 yen to US dollar, it is anticipated based on projections that incorporate the effects of the strategies that consolidated recurring profit for fiscal year 2018 will be 170 billion yen and net income attributable to shareholders of the parent company will be 120 billion yen, resulting in an ROE of 9.9%.

c. Capital Expenditure

The aggregate amount of capital expenditure over the term of the 2015 3-Year Plan is planned to be 180 billion yen. In its materials business, the Company will pursue an unprecedented level of strategic investment focused on battery materials and crystal materials, among others. In acquisitions of overseas interests, the Company is also planning an investment of 110 billion yen, in order to increase its interests in the Morenci Copper Mine in Arizona, USA by 13% to a total of 25%.

d. Financial Strategies and Dividend Policy

The Company will maintain a sound financial structure by striving to maintain and strengthen its sturdy financial position while also steadfastly maintaining an equity ratio of 50% or more to prepare for scenarios such as large-scale projects in the mineral resources or smelting & refining business, or mergers and acquisitions by the

Company. The Company will also continue its performance-linked dividend policy, and will raise the consolidated dividend payout ratio from the existing “25% or higher” to “30% or higher.”

e. Core business growth strategies

(i) Mineral Resources Business

- In addition to achieving full production at the Sierra Gorda Copper Mine and expansion of the Cerro Verde Copper Mine, the annual production volume of the Company’s copper equity will reach an average of 280 kt by 2021 after the acquisition of additional interests in the Morenci Copper Mine, which means that the Company will be even closer to realizing its long-term vision of 300 kt.

- Development of lower ore bodies at the Hishikari Mine is in progress, on track to open in fiscal year 2019 expected to secure 30 t in recoverable gold reserves. The Company is planning an annual average gold production volume of 6.0 t over the term of the 2015 3-Year Plan.

- In the Pogo Gold Mine, the Company will actively explore peripheral areas in order to extend mine life. The annual average gold production over the term of the 2015 3-Year Plan is planned to be 7.4 t (as adjusted to reflect share of interests).

- The Company will focus on gold as the main target of exploration.

(ii) Smelting & Refining Business

- The Company will boost production capacity at Taganito HPAL Nickel Corporation. Also, the Company is leading the world in working to develop technology through the HPAL (High-Pressure Acid Leach) process to recover valuable metals contained in ore beyond just nickel and cobalt, and a commercial plant will begin operating during the term of the 2015 3-Year Plan.

- The Company will continue to examine the Pomalaa Project (the construction of an HPAL plant in Indonesia).

- The Toyo Smelter & Refinery will lift profitability further through the full operation and even greater cost reductions.

(iii) Materials Business

- In battery materials, the Company will increase production even further for the lithium nickelate used in cathode materials in secondary vehicle batteries, which are seeing dramatic advances in capacity increases. The Company will also pursue development of ternary cathode materials based on nickel and cobalt, which are seen as the most likely candidate to be used for secondary batteries in electric vehicles into the future.

- In crystal materials, production capacity for lithium tantalate and lithium niobate substrates for use in SAW filters, for which there is booming demand due to the advent of high speed, high capacity telecommunications, will be boosted.

- By focusing its management resources on these growth strategies, the Company will aim for a fiscal year 2018 segment profit of 20 billion yen.

(2) 3-Year Business Plan and Takeover Defense Measures

To date, the Company has renewed its takeover defense measures twice since introducing them in June 2007. During the intervening period, the Company has continuously formulated and realized numerous growth strategies, such as the acquisition of additional interests in the Pogo Gold Mine (in 2009), commencing operation of a second line at the HPAL plant of the Coral Bay Nickel Corporation in the Philippines (in 2009), deciding to participate in the Sierra Gorda Copper Mine development project (in 2011), commencing full operation at the Taganito HPAL Nickel Corporation's HPAL plant (in 2014), deciding to increase production of cathode materials for secondary batteries (lithium nickelate) (in 2014), and deciding to acquire additional interests in the Morenci Copper Mine (in 2016). Even as the business environment continues to undergo dramatic change, the Company will continue to strive toward the realization of becoming “a world leader in the non-ferrous metals industry” and an “excellent company of Japan.” In addition to nearing the realization of an annual copper equity production volume of 300 kt, under the 2015 3-Year Plan the Company will strive to build a core posture that is able to respond even to fluctuations in non-ferrous metal prices, by attaining large growth in its Materials Business through the strategic injection of large-scale investment in materials such as for batteries and crystals.

Throughout the world, it is becoming increasingly challenging to secure mineral resources for non-ferrous metals, which means that there is an ever growing threat that the Company—which possesses advanced technology as well as promising mineral resources both in Japan and abroad—could be the target of a unilateral large-scale acquisition of its shares. If such a large-scale acquisition were to be implemented, it would not only make it difficult for the Company to fulfil what it considers to be its social responsibility of stably supplying non-ferrous metals both domestically and internationally, but it would also become difficult to maintain the Company's unique, integrated business model that spans mineral resources and smelting and refining, to downstream materials. Going forward, by pursuing the 2015 3-Year Plan the Company will continue to strive to increase its corporate value and the common interests of its shareholders over the medium to long term.

(3) Strengthening of Corporate Governance

The Company has adopted a policy of appointing Independent Outside Directors to at least one third of the positions on its Board of Directors, with the aim of increasing managerial transparency. Based on this policy, propose the appointment of Independent Outside Directors at the Meeting such that they constitute more than one third of the Board of Directors (three out of eight Directors).

The Company has four Audit & Supervisory Board Members including two Outside Audit & Supervisory Board Members. The Outside Director and Outside Audit & Supervisory Board Members are independent from the Company. In judging the independence of Outside Directors and Outside Audit & Supervisory Board Members, the Company complies with the requirements for outside officers provided for in the Companies Act of Japan, the criteria for independence prescribed by Tokyo Stock Exchange, and the criteria for independence prescribed by the Company. According to such criteria, the Outside Directors and Outside Audit & Supervisory Board Members of the Company are all independent from the Company and the Independent Committee is to be composed of three Independent Outside Directors after the Renewal (see the attached “Profiles of the Members of the Independent

Committee”). Also, in relation to nominations, compensation and other such matters pertaining to Directors and Executive Officers, the Company obtains advice at the Governance Committee, whose members are the Chairman of the Board (who is not an Executive Officer) and the Independent Outside Directors (so that a majority of the members of the Governance Committee are Independent Outside Directors). Further, the Company continues to aim to further enhance the effectiveness of its Board of Directors through self-evaluation of Directors and Audit & Supervisory Board Members and other means. In addition, the Company has adopted an Executive Officer system, enhancing the business execution function of the Executive Officers by clarifying their powers and responsibilities and transferring a significant amount of authority to them.

3. Purpose of the Plan

The Plan is in line with the Basic Policy set out in Section 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 Company's 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 Company's 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.

Further, the tender offer regulations under the Financial Instruments and Exchange Act of Japan do not fully allow the Company to eliminate the threat of an abusive acquisition of its shares because, as a general rule, the regulations do not apply to on-market trading and do permit partial tender offers. As such, the Company's Board of Directors believes the Plan is a necessary framework for enabling the Company to eliminate such threat.

II. Details of the Proposals

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 Company's Board of Directors 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 will 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 approximately 50%.

In order to eliminate arbitrary decisions by Directors, the Company will, in accordance with the Rules of the Independent Committee (outlined in Note 2), 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 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 Company's Board of Directors may, if set out in the Plan, convene a meeting of shareholders and confirm the intent of the Company's shareholders.

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 3) for such action (except for such action as the Company's 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 4) of a holder (*hoyuusha*) (Note 5) totaling at least 20% of the share certificates, etc. (*kabuken tou*) (Note 6) issued by the Company; or

(ii) A tender offer (*koukai kaitsuke*) (Note 7) that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*) (Note 8) and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*) (Note 9) totaling at least 20% of the share certificates, etc. (*kabuken tou*) (Note 10) issued by the Company.

The party intending to make the Acquisition (the "Acquirer") shall comply with the procedures prescribed in the Plan, and the Acquirer must not effect the Acquisition until and unless the Company's 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 legally binding 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 to which no conditions or reservations are attached) 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, the governing law for establishment, name of the representative, contact information in Japan for the Acquirer and an outline of the intended Acquisition. The Acquirer's Statement and the Acquisition Document set out in (c) below and other materials submitted by the Acquirer to the Company or the Independent Committee 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 Company's 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 Company's 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 2. Business backgrounds and other matters of members of the Independent Committee at the time of the Renewal will be as described in the attached 'Profiles of the Members of the Independent Committee'). If the Company's 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 Company's 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 any trading of the Company’s share certificates, etc. by the Acquirer as well as terms of previous transactions by the Acquirer similar to the Acquisition) of the Acquirer and its group (including joint holders (Note 11), 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 12)). (Note 13)

(ii) The purpose, method and specific terms of the Acquisition (including the type and amount of consideration, the basis for calculation, the timeframe, the scheme of any related transactions, the legality of the Acquisition method, and the feasibility of the Acquisition).

(iii) The details of any agreement between the Acquirer and a third party regarding the share certificates, etc. of the Company.

(iv) 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).

(v) Post-Acquisition management policy, business plan, capital and dividend policies for the Company and the Company group.

(vi) Policies for the Company’s shareholders (other than the Acquirer), employees of the Company group, business partners, and stakeholders in the local communities of the production base where mineral resources are located and smelter & refineries take place.

(vii) Information regarding any relationship with an anti-social force

(viii) 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 Company’s Board of Directors to collect information and consider company value, and request that the Company’s 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 its consideration of the Acquisition terms, collection of information such as the management plans and business plans of the Acquirer and the Company's Board of Directors and comparison thereof, and consideration of any alternative plan presented by the Company's Board of Directors, and the like for the maximum period of 90 days (including the Board Consideration Period; hereinafter referred to as "Independent Committee Consideration Period") after the day immediately after the earlier of (i) the date on which the Independent Committee receives the Acquisition Document from the Acquirer and any information that the Independent Committee requests the Company's Board of Directors provide or (ii) 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. The Independent Committee may, to the extent that it is reasonably 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 up to 30 days. 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

Based on the abovementioned procedures, if the Independent Committee determines that an Acquisition does not fall under any of the trigger events set out below in 2.(2), 'Requirements for the Gratis Allotment of Stock Acquisition Rights' (collectively, "Trigger Events"), the Independent Committee will recommend that the Company's Board of Directors should not implement 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") regardless of whether the Independent Committee Consideration Period has ended or not. Notwithstanding the foregoing, even after the Independent Committee has already made a recommendation for the non-implementation of the gratis allotment of Stock Acquisition Rights, if a Trigger Event arises because of reasons such as a change in the facts on which the recommendation decision was made, the Independent Committee may make a new recommendation that the Company should implement the gratis allotment of Stock Acquisition Rights.

On the other hand, if the Independent Committee determines that an Acquisition falls under a Trigger Event, the Independent Committee will recommend that the Company's Board of Directors should implement the gratis allotment of Stock Acquisition Rights except in any specific case where further provision 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)”), the Independent Committee may recommend implementation of the gratis allotment of Stock Acquisition Rights subject to confirming the intent of shareholders regarding the implementation in advance. Notwithstanding the foregoing, 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 the situation corresponds to either of the cases where (i) the Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation, or (ii) there is no longer any Trigger Events due to a change in the facts on which the recommendation decision was made or the like, 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.

In addition to the foregoing, if there is a possibility that the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed by the Acquisition, the Independent Committee may recommend convocation of a meeting of shareholders (Note 14) to confirm the intent of the shareholders regarding the Acquisition by the Acquirer or make other recommendations, along with the reasons therefore.

(f) Convocation of Shareholders Meeting

The Company’s Board of Directors will, as a general rule, convene a meeting of shareholders (the “Shareholders Meeting”) and confirm the intent of the Company’s shareholders if (i) the Independent Committee recommends implementation of the gratis allotment of Stock Acquisition Rights subject to obtaining approval at the shareholders meeting in accordance with (e) above or recommends confirmation of the intent of shareholders regarding the Acquisition by the Acquirer, or (ii) the applicability of Trigger Event (2) becomes an issue about the Acquisition and the Company’s Board of Directors determines it appropriate to confirm the intent of shareholders 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.

(g) Resolutions by the Board of Directors

If the Shareholders Meeting is held in accordance with (f) above, the Company’s Board of Directors will pass a resolution in line with the resolution of the Shareholders Meeting.

On the other hand, if a recommendation by the Independent Committee in accordance with (e) above is made and the Shareholders Meeting is not held, the Company’s Board of Directors will, by respecting the recommendation by the Independent Committee to the maximum extent, and in its authority under the Companies Act of Japan as a governing organ, pass a resolution for the implementation, non-implementation or otherwise of a gratis allotment of Stock Acquisition Rights.

(h) Information Disclosure

When operating the Plan, the Company will disclose, in a timely manner, information on matters that the Independent Committee or the Company's 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 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 gratis allotment of Stock Acquisition Rights are as follows. As described above at (e) of 1.(1), 'Procedures for Triggering the Plan,' the Company's 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 its 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 consideration and other terms of the Acquisition (including amount and type of consideration, the timeframe, the legality of the Acquisition method, the feasibility of the Acquisition being effected, and post-Acquisition policies dealing with stakeholders such as the Company's other shareholders) 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 smelter & refineries take place (Note 15), 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 Company's 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 those shareholders, other than the Company, who are recorded in the Company's final register of shareholders on the Allotment Date (the "Entitled Shareholders"), 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 Company's 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 16) (the "Applicable Number of Shares") shall, in principle (Note 17), be the number separately determined in the Gratis Allotment Resolution by the Company's Board of Directors in the range of one-half to one share. If there are any resulting fractional shares in the number of shares to be delivered to the 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 an 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 the 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 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 18) 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 19);
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers (Note 20);

- (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 Company's Board of Directors; or
- (VI) Any Affiliated Party (Note 21) 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 the 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 Company's 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 Company's 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 Company's Board of Directors, acquire all of the Stock Acquisition Rights for no consideration.

(ii) On a date separately determined by the Company's 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 Company's Board of Directors, that are held by parties other than Non-Qualified Parties (if any) and, in exchange, deliver shares, etc. (Note 22) in the Company in the number equivalent to the Applicable Number of Shares (Note 23) for each Stock Acquisition Right.

Further, if, on or after the date upon which the acquisition takes place, the Company's 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 Company's 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 Company's 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 Meeting 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 Meeting.

However, if, before the expiration of the Effective Period, the Company's Board of Directors resolves to abolish the Plan, the Plan will be abolished in accordance with the resolution.

Further, the Company's 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, or cases where it is appropriate to revise the wording because of typographical errors and omissions, subject to the approval of the Independent Committee.

If the Plan is abolished, revised or amended, the Company will promptly disclose the fact that such abolition, revision or amendment has taken place, and (in the event of a revision or amendment) the details of the revision, 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, 2016. If it becomes necessary after such date to revise 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.

3. Impact on Shareholders and Investors

(1) Impact on Shareholders and Investors Upon Renewal of the Plan

Upon the Renewal, the Plan will have no direct or material impact on shareholders and investors because no actual gratis allotment of Stock Acquisition Rights will be implemented.

(2) Impact on Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights

(a) Procedures for Shareholders upon Gratis Allotment of Stock Acquisition Rights

If the Company's Board of Directors passes a Gratis Allotment Resolution, it will also decide the Allotment Date in the same resolution and give public notice of this Allotment Date. In this case, the Company will make a gratis allotment of Stock Acquisition Rights to the Entitled Shareholders for one Stock Acquisition Right per share in the Company held by the Entitled Shareholders. All Entitled Shareholders will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights, and no further procedures, such as applying for such gratis allotment, will be necessary.

In addition, even after the Company's Board of Directors passes a Gratis Allotment Resolution, the Company may, by respecting any recommendation of the Independent Committee described above in (e) of 2.(1), 'Procedures for Triggering the Plan,' to the maximum extent, (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights), cancel 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) acquire the Stock Acquisition Rights for no consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is possible that any investors who have sold or bought the shares in the Company expecting to see such a dilution will be subject to unforeseen loss as a result of a fluctuation in the share price.

(b) Procedures for Exercising Stock Acquisition Rights

The Company will deliver, as a general rule, a document necessary to be submitted for the exercise of the Stock

Acquisition Rights (in the form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, and information necessary to allocate shares of the Company to the account of the Entitled Shareholders) and other necessary documents. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued, as a general rule, shares in the Company in the range of one-half to one share in exchange for each Stock Acquisition Right as separately determined in the Gratis Allotment Resolution by the Company's Board of Directors upon submitting these necessary documents during the exercise period of Stock Acquisition Rights and by paying in the prescribed manner an amount equivalent to the exercise price determined in the Gratis Allotment Resolution, which will be an amount within the range of one yen to one-half of the fair market value of the Company's stock per Stock Acquisition Right, as a general rule. The Non-Qualified Parties intending to exercise Stock Acquisition Rights must follow the Company's separate determination in accordance with (g) of 2.(3), 'Outline of the Gratis Allotment of Stock Acquisition Rights.'

If the Company's shareholders do not exercise their Stock Acquisition Rights or pay the amount equivalent to the exercise price, the shares they hold in the Company will be diluted by the exercise of Stock Acquisition Rights by other shareholders.

However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (c) below. If the Company carries out such acquisition procedures, all shareholders other than Non-Qualified Parties will, in principle, come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price and, in principle, there will be no subsequent dilution of the shares in the Company they hold.

(c) Procedures for the Acquisition of Stock Acquisition Rights by the Company

If the Company's Board of Directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures from the shareholders other than Non-Qualified Parties, on the date separately determined by the Company's Board of Directors and, in principle, deliver shares in the Company in exchange. In this case, the shareholders concerned will come to receive shares in the Company in the range of one-half to one share in exchange for each Stock Acquisition Right, in principle, as separately determined in the Gratis Allotment Resolution by the Company's Board of Directors as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying the amount equivalent to the exercise price. However, in such case, the shareholders concerned will be separately requested to provide information necessary to allocate shares of the Company to the account of the Entitled Shareholders and submit, in the form prescribed by the Company, a written undertaking including representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants. (See (i)

of 2.(3), 'Outline of the Gratis Allotment of Stock Acquisition Rights.')

In addition, the Company will disclose information to or notify all of its shareholders with respect to the particulars of the allotment method, exercise method and method for acquisition by the Company after any Gratis Allotment Resolution, so we request that shareholders check these details at that time.

Notes:

1. The Accounting Standard for Business Combinations (ASBJ Statement No. 21, issued on September 13, 2013) and other sources have changed “consolidated net sales” to “net sales attributable to shareholders of the parent company” in consolidated profit and loss accounts. The same will apply throughout this proposal.
2. 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 Company’s Board of Directors shall elect the members from (i) Outside Directors of the Company, and (ii) Outside Audit & Supervisory Board Members of the Company, or (iii) experts, in each case who is independent from the management involved in the execution of the businesses. 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 Companies Act of Japan or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company’s 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 Company’s 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 Meeting. However, the term of office of any member of the Independent Committee who is an Outside Director or Outside Audit & Supervisory Board Members will end simultaneously in the event that they cease to be a Director or Audit & Supervisory Board Member (except in the case of their re-appointment).
 - The Independent Committee may make decisions on the matters put to it by the Board of Directors and certain other matters to be judged by the Board of Directors, such as the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights and the cancellation of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights.
 - As a general rule, meetings of the Independent Committee will be convened by the members of the Independent Committee, and resolutions 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).
3. “Proposal” includes solicitation of a third party to make an Acquisition.
4. Defined in Article 27-23(4) of the Financial Instruments and Exchange Act of Japan. This definition is applied throughout this proposal.
5. Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Act of Japan (including persons who are deemed to fall under the above by the Board of Directors of the Company). The same is applied throughout this proposal.
6. Defined in Article 27-23(1) of the Financial Instruments and Exchange Act of Japan. The same is applied throughout this proposal unless otherwise provided for.
7. Defined in Article 27-2(6) of the Financial Instruments and Exchange Act of Japan. The same is

applied throughout this proposal.

8. Defined in Article 27-2(8) of the Financial Instruments and Exchange Act of Japan. The same is applied throughout this proposal.

9. Defined in Article 27-2(7) of the Financial Instruments and Exchange Act of Japan (including persons who are deemed to fall under the above by the Board of Directors of the Company); 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 Act of Japan. The same is applied throughout this proposal.

10. Defined in Article 27-2(1) of the Financial Instruments and Exchange Act of Japan.

11. Defined in Article 27-23(5) of the Financial Instruments and Exchange Act of Japan, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Act of Japan (including persons who are deemed a joint holder by the Company's Board of Directors). The same is applied throughout this proposal.

12. Defined in Article 9(5) of the Order for Enforcement of the Financial Instruments and Exchange Act of Japan.

13. If an Acquirer is a fund, information relating to the matters described in (i) about each partner and other constituent members is required.

14. A "meeting of shareholders" is not limited to a meeting of shareholders that determines matters provided for in Article 295 of the Companies Act of Japan, and includes meetings convened by procedures similar to those provided for in the Companies Act for general meetings of the shareholders that make advisory resolutions on matters other than those provided for in that Article 295. The same is applied throughout this proposal.

15. In particular, the development and operation, etc. of mines usually requires a long period of time in the order of several decades, so it is very important to gain an understanding of local communities by making efforts, such as communication with the local communities and preservation of the environment to secure a livable environment for the coming generations.

16. Even if the Company becomes a company issuing class shares (Article 2, Item 13 of the Companies Act of Japan) 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 Meeting.

17. In case of a stock split, etc., the Company will adjust the Applicable Number of Shares as necessary.

18. 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 Company's Board of Directors (when calculating the shareholding ratio, Non-Qualified Parties other than the Acquirer and its Joint Holders are deemed to be 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 Company's Board of Directors.

19. "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 Company's Board of Directors); provided, however, that a party that the Company's 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.

20. "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 Act of Japan; the same is applied throughout this Note 20) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act of Japan; the same is applied throughout this Note 20) 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 for Enforcement of the Financial Instruments and Exchange Act of Japan) 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 Company's Board of Directors); provided, however, that a party that the Company's 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 Company's Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same is applied throughout this proposal.

21. 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 Company's Board of Directors), or a party deemed by the Company's 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 Companies Act of Japan) of other corporations or entities.

22. 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 II.2.(3)(d) 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.

23. 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

Born July 1950

Career Summary:

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 Audit & Supervisory Board Member of the Company
June 2007	Appointed Director of the Company

As of June 3, 2016

Lawyer

Certified Public Tax Accountant

Director of the Company

Outside Audit & Supervisory Board Member of Kobunsha Co., Ltd.

Auditor of Association of medical corporation Kenseikai

Mr. Tsutomu Ushijima is a candidate for Outside Director of the Company, under Article 2(3)(vii) of the Enforcement Regulations of the Companies Act of Japan, as set out in Proposal No. 2. Should Mr. Ushijima be reelected at the Meeting, he is expected to assume his office as an Outside Director of the Company.

He does not have any special interests in the Company.

The Company has appointed him as an Independent Director who is unlikely to have any conflicts of interest with general investors as specified by the Tokyo Stock Exchange and submitted notification of his appointment to the Exchange.

Hitoshi Taimatsu

Born November 1951

Career Summary:

April 1979	Research Associate of the Mining College of Akita University
October 1988	Lecturer of the Mining College of Akita University
April 1990	Associate Professor of the Mining College of Akita University
April 1994	Professor of the Mining College of Akita University
April 1998	Professor of the Faculty of Engineering and Resource Science of Akita University
April 2006	Director of the Radioisotope Research Center of Akita University
April 2008	Member of the Education and Research Council of Akita University Vice Dean of the Faculty of Engineering and Resource Science of Akita University
April 2010	Professor of the Graduate School of Engineering and Resource Science of Akita University Vice Dean of the Graduate School of Engineering and Resource Science of Akita University
June 2015	Appointed Director of the Company
April 2016	Professor of the Graduate School of Engineering Science of Akita University

As of June 3, 2016

Professor of the Graduate School of Engineering Science of Akita University

Director of the Company

Mr. Hitoshi Taimatsu is a candidate for Outside Director of the Company, under Article 2(3)(vii) of the Enforcement Regulations of the Companies Act of Japan, as set out in Proposal No. 2. Should Mr. Taimatsu be reelected at the Meeting, he is expected to assume his office as an Outside Director of the Company.

He does not have any special interests in the Company.

The Company has appointed him as an Independent Director who is unlikely to have any conflicts of interest with general investors as specified by the Tokyo Stock Exchange and submitted notification of his appointment to the Exchange.

Kazuhisa Nakano

Born January 1948

Career Summary:

April 1971	Joined Idemitsu Kosan Co., Ltd.
April 2003	Executive Officer and General Manager of Personnel Department of Idemitsu Kosan Co., Ltd.
June 2004	Director of Idemitsu Kosan Co., Ltd.
June 2005	Managing Director of Idemitsu Kosan Co., Ltd.
June 2007	Executive Vice President and Representative Director of Idemitsu Kosan Co., Ltd.
June 2009	President and Representative Director of Idemitsu Kosan Co., Ltd.
June 2013	Chairman and Representative Director of Idemitsu Kosan Co., Ltd.
June 2015	Executive Advisor of Idemitsu Kosan Co., Ltd.

As of June 3, 2016

Executive Advisor of Idemitsu Kosan Co., Ltd.

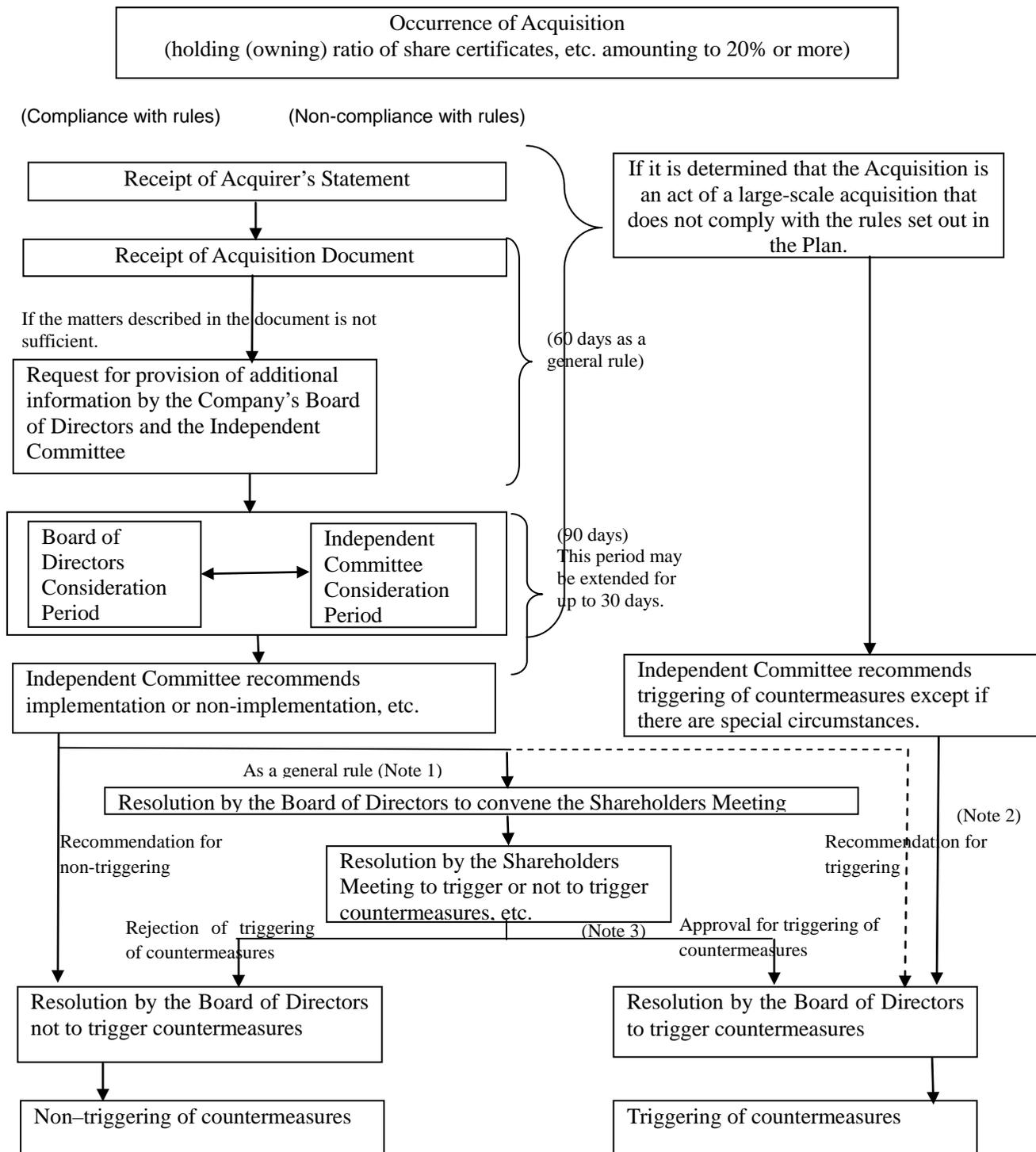
Mr. Kazuhisa Nakano is a candidate for Outside Director of the Company, under Article 2(3)(vii) of the Enforcement Regulations of the Companies Act of Japan, as set out in Proposal No. 2. Should Mr. Nakano be elected at the Meeting, he is expected to assume his office as an Outside Director of the Company.

He does not have any special interests in the Company.

The Company plans to appoint him as an Independent Director who is unlikely to have any conflicts of interest with general investors as specified by the Tokyo Stock Exchange and submit notification of his appointment to the Exchange.

Reference Material 1

Flowchart of Countermeasures to Large-scale Acquisition of Shares in the Company



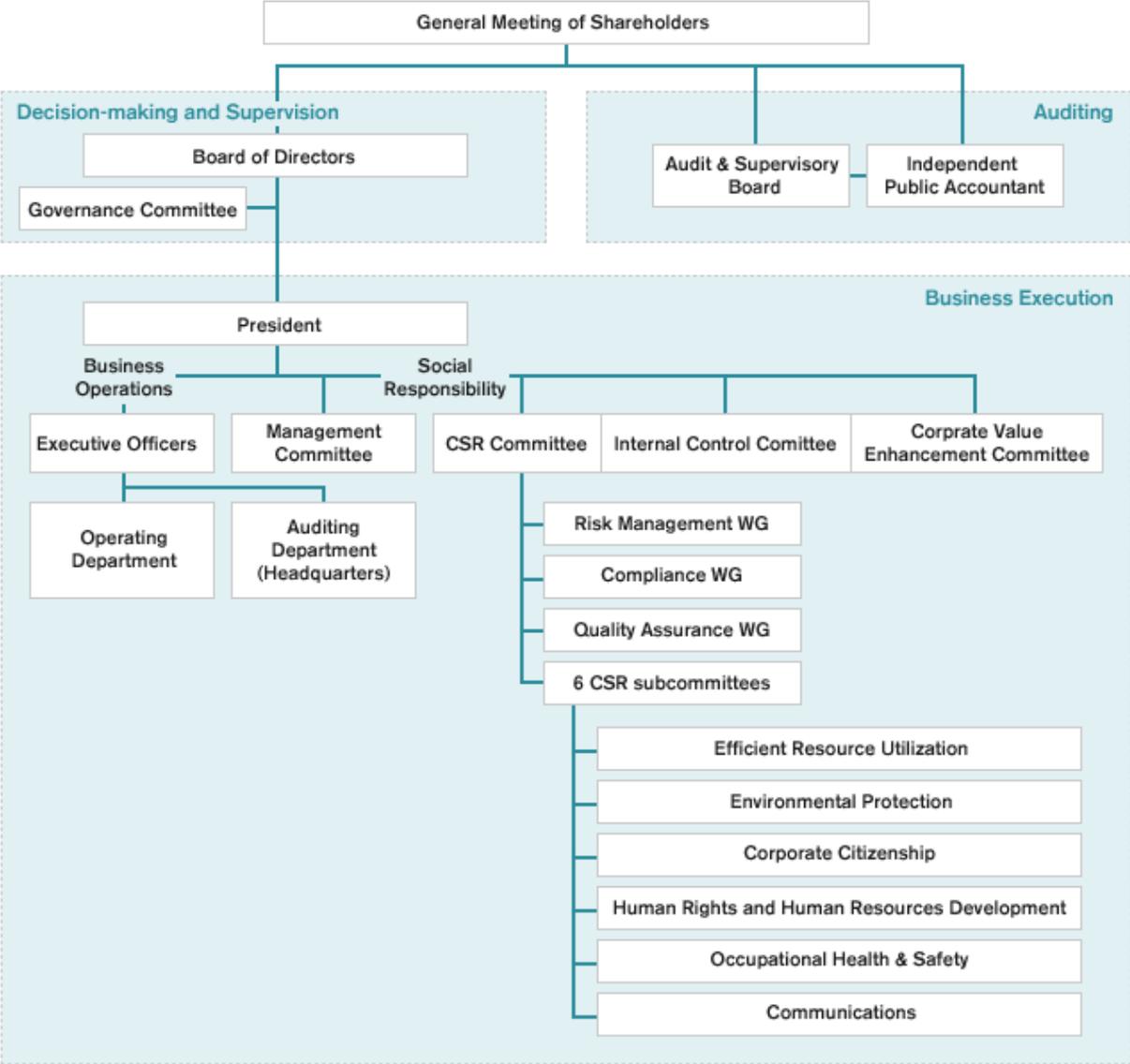
Note 1: In the cases where (i) the Independent Committee recommends implementation of the gratis allotment of Stock Acquisition Rights subject to obtaining approval at the shareholders meeting or recommends confirmation of the intent of shareholders regarding the Acquisition by the Acquirer, or (ii) the applicability of Trigger Event (2) becomes an issue with respect to the Acquisition and the Company's Board of Directors determines it appropriate to confirm the intent of shareholders taking into consideration the time required to convene a shareholders meeting or other matters pursuant to the duty of care of a director, the Shareholders Meeting will be convened as a general rule and the Company will confirm the intent of shareholders.

Note 2: Case where the Independent Committee recommends triggering of countermeasures and the Shareholders Meeting is not convened.

Note 3: In addition to the cases expressly indicated in this flowchart, if the Independent Committee recommends confirmation of the intent of shareholders regarding the Acquisition by the Acquirer when there is a possibility that the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed by the Acquisition, the Company's Board of Directors will take measures respecting such recommendation to the maximum extent.

Reference Material 2

Corporate Governance Framework



Reference Material 3

Criteria for Independence

The Company will follow the requirements for Outside Directors provided for the Companies Act of Japan and the criteria for independence prescribed by the Tokyo Stock Exchange in judging the independence of Outside Directors and Outside Audit & Supervisory Board Members (collectively, "Outside Officers"). However, even if an Outside Officer belongs to a business partner of the Company or in other such situations, the Outside Officer will, in principle, be judged to be independent when falling under the following immateriality standards prescribed by the Company.

<p>Business Partners and Banks</p>	<ul style="list-style-type: none"> • In the most recent business year, sales of the Company (non-consolidated) to the business partner (non-consolidated) were less than 2% of the sales of the Company (non-consolidated). • In the most recent business year, sales of the business partner (non-consolidated) to the Company (non-consolidated) were less than 2% of the sales of the business partner (non-consolidated). • In the most recent business year, the outstanding balance of loans from the business partner to the Company (non-consolidated) was less than 2% of the total assets of the Company (non-consolidated).
<p>Consultants, Experts, etc.</p>	<ul style="list-style-type: none"> • Consultants, accounting experts, legal experts, or other such experts who received money or other such assets (if the recipient of such assets is a corporation, partnership, or other such organization, then any person belonging thereto), other than officer compensation, of less than an annual amount of 10 million yen in the most recent business year from the Company (non-consolidated).
<p>Contributions, etc.</p>	<ul style="list-style-type: none"> • If the recipient is an individual Directors or Audit & Supervisory Board Members: The amount of money or other such assets received from the Company (non-consolidated) in the most recent business year is less than an annual amount of 1 million yen. • If the recipient is a corporation, etc. to which a Director or Audit & Supervisory Board Member belongs (in case of national university corporations, incorporated educational institutions, or the like, the recipient will be the department or post-graduate course to which the Director or Audit & Supervisory Board Member belongs will be deemed to a recipient): The amount of money or other such assets received from the Company (non-consolidated) in the most recent business year is less than an annual amount of 10 million yen.

Instructions for Exercising Voting Rights by an electromagnetic method

1. Exercise of voting rights via the Internet

- (1) Please access the voting rights exercise site (<http://www.web54.net>), enter your 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.
- (2) The deadline for the exercise of voting rights via the Internet is 5:00pm (Japan Time), Friday, June 24, 2016.
- (3) Any connection fees to providers or telephone charges, etc. for accessing the voting rights exercise site shall be borne by the shareholders.
- (4) 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® version 5.01 SP2 or newer.
 - 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. You may also exercise your voting rights using smartphones or the full browser function of cell phones; however, please understand that depending on the model of your cell phone, in some cases this method may not work.

(Microsoft and Internet Explorer is a registered trademark of Microsoft Corporation used in the United States, Japan and other countries.)

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

Administrator of Shareholder Registry :

Securities Agent Web Support

Sumitomo Mitsui Trust Bank, Limited

0120-652-031 (toll-free within Japan only; open from 9:00am to 9:00pm (Japan Time))

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.