Revised on February 15,2019

[Translation]

February 14, 2019

To whom it may concern:

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Renewal of Countermeasures to Large-Scale Acquisitions of Sumitomo Metal Mining Co., Ltd. Shares (Takeover Defense Measures)

The Board of Directors of Sumitomo Metal Mining Co., Ltd. (the "Company" or "SMM") resolved at its meeting held on February 15, 2016 to renew a plan for countermeasures to large-scale acquisitions of the shares in the Company (the "Former Plan") and obtained the shareholders' approval at the ordinary general meeting of shareholders held on June 27, 2016 for the 91st fiscal year. The effective period of the Former Plan is until the conclusion of the ordinary general meeting of shareholders of the Company for the 94th fiscal year to be held toward the end of June 2019 (the "Ordinary General Meeting of Shareholders").

The Company announces that the Company's Board of Directors determined at its meeting held on February 14, 2019 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; 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) under the Basic Policy after the revision. The Renewal will be subject to the approval of shareholders at the Ordinary General Meeting of 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. Nonetheless, there are some forms of corporate acquisition that deteriorate the corporate value of the target company and the common interests of its

shareholders. Further, tender offer regulations under the Financial Instruments and Exchange Act of Japan do not generally apply to on-market trading. Therefore, when any large-scale acquisition of shares is made in the market, sufficient time and information are not necessarily secured for the target company and its shareholders to consider the acquisition. In addition, the regulations do not fully eliminate the threat of abusive acquisitions of shares, such as coercive takeovers, since partial tender offers are permitted. As such, the Company's Board of Directors believes the Plan provides the necessary framework to address the above purposes.[1]

At the Board of Directors meeting described above, the Company Directors who attended unanimously approved the Renewal and none of the Company's Audit & Supervisory Board Members who attended raised any objections in respect of the Renewal. The members of the Company's Independent Committee have also unanimously approved the Renewal.

Major amendments to the Former Plan are, among others, (i) the Company shall confirm the intent of the Company's shareholders at the Shareholders Meeting regarding the need to trigger the Plan, unless there is not enough time to convene such Shareholders Meeting and (ii) modification of the Trigger Events.

I. Basic Policy Regarding the Persons Who Control Decisions on the Company's Financial and Business Policies

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

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[1] The tender offer regulations under the Financial Instruments and Exchange Act of Japan provide for takeover defense measures on the premise that individual companies may introduce them, and therefore do not negate the existence of such measures.
The Company believes that the necessity of takeover defense measures is not negated even under the tender offer regulations of Japan. First, the regulations do not apply to on-market trading. Therefore, when a large-scale acquisition is made in the market, time and information are not secured for the target company and its shareholders to make a decision about the acquisition. Second, when a tender offer is made, the target company may ask questions through its position statement but the acquirer is not obliged to answer them. In addition, the tender offer regulations permit partial tender offers, and oblige the acquirer to make a mandatory offer only when its shareholding ratio after the offer will be two-thirds or more. Therefore, there is no legal framework to address coercive takeovers, and the Company believes that not having an effective injunction system against the abusive acquisition of shares is another problem that must be addressed.

interests in mineral resources overseas and manufacturing non-ferrous metal such as cooper and nickel. 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, remote locations, or low-grading are making it more difficult to secure mineral resources. Further, in these days, there are many worries regarding securing non-ferrous metals as battery material in the trend of rapid EV conversion of automobiles. 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 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.

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.

II. The Source of the Company's Corporate Value and Special Measures to Realize the Basic Policy

1. Corporate Philosophy and Management Vision

Sumitomo Group has for more than 400 years been developing its business, focusing on its founding business of copper smelting, by carrying out its operations based on the Sumitomo Business Spirit. Meanwhile, the Company have acknowledged the importance of the values and ethics our forerunners built into the Sumitomo Business Spirit and have made every effort to strengthen the business and consolidate society's trust in us. We have formulated the "SMM Group Corporate Philosophy" and the "SMM Group Management Vision" below based on the Sumitomo Business Spirit.

SMM Group Corporate Philosophy

- SMM, in accordance with the Sumitomo Business Spirit, shall, through the performance of sound corporate activities and the promotion of sustainable co-existence with the global environment, seek to make positive contributions to society and to fulfill its responsibilities to its stakeholders, in order to win ever greater trust.
- SMM shall, based on respect for all individuals and recognizing each person's dignity and value, seek to be a forward-minded and vibrant company.

SMM Group Management Vision

- By improving technical capabilities, we shall fulfill our social responsibilities as a manufacturing enterprise.
- Based on the principles of compliance, environmental protection and operational safety, SMM Group shall pursue maximum corporate value through the securing of resources and the provision of high-quality materials such as non-ferrous metals and advanced materials via its global network.

2. Source of Corporate Value

The Company has accumulated original and advanced technology and know-how in the field of mineral resources and the smelting and refining business for no less than 400 years. This allows us to discover and develop mines, and stably operate those mines in the long-term,

to establish our original processing technology in metal smelting & refining, and to provide a steady supply of products. These strengths of the Company are based on the source of the corporate value of the Company as described below.

(i) The integrated business model under which the Company owns non-ferrous mineral resources, conducts smelting and refining, and then supplies downstream materials

The Company has not only been engaged in the procurement of non-ferrous metal resources and the smelting and refining of non-ferrous metals but also has accumulated advanced technology and extensive knowledge and know-how related to materials and processing of metal materials that have been cultivated through these businesses. The Company is developing a cutting-edge materials business by using such advanced technology and extensive knowledge and know-how, thereby providing world class products.

(ii) The owning of mineral resource interests on a global scale and the capacity for mine development

The Company strives to secure human resources with skills and knowledge necessary to operate overseas mines and train them at our Hishikari Mine in Japan, and to secure resources and steady supply of them by actively participating in overseas resources projects.

(iii) Original and advanced smelting and refining technology and know-how

In the nickel business, the Company has succeeded in developing the HPAL (High Pressure Acid Leaching) process, a process for producing nickel and cobalt from low-grade nickel oxide ore (which was previously not considered a useful resource), on a commercial basis, which makes the Company a world-leading pioneer. In addition, through endeavors such as working on the recovery of new by-products, the Company leads the world in both technology and cost effectiveness.

(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

In the supply of battery materials, the Company has realized a business model

that integrates the Smelting & Refining Business and Materials Business, such as by owning an integrated processing system that extends from the smelting and refining of raw materials using HPAL technology, producing nickel sulfide from the resulting intermediate product, and then to processing the materials into battery materials. With this, the Company has established a stable supply system and produced a technology advantage and cost competitiveness that other companies do not have. Also, this business model has earned deep trust from our customers in the Materials Business, and this has led the Company to secure its status as an important supplier for its customers.

(v) Sound financial position such as high level of equity ratio

It is necessary to maintain sound financial position in order to realize our growth strategy over the medium to long term. While the Company remains in a sound financial position as seen from an extremely high level of an equity ratio of over 50% for example, the Company will strive to maintain and strengthen its financial position in the future.

(vi) The relationship of trust with shareholders and other stakeholders

For the steady and continuous development of the diverse business of the Company, it is essential to keep strong relationships with shareholders, as well as employees, business partners, and stakeholders in the local communities of the production base where mineral resources are located and smelting and refining take place, based on the Company's corporate culture based on the Sumitomo Business Spirit. In addition, the development and operation of mines usually requires a long period of time in the order of several decades, so we are aware that contributing to the local communities is an important mission for us. The Company continues its efforts to preserve the environment to secure a livable environment for the coming generations so that it can win the trust of society.

The Company's basic business management policy is to own multiple non-ferrous metal resources both in Japan, where resources are scarce, and overseas, and to develop and increase interests it procures in overseas resources in the future, while utilizing its strengths based on the source of the corporate value of the Company described above, and the Company is determined to promote its growth strategy in order to realize this, and in turn, continue to enhance the corporate value of the Company and the common interests of its shareholders over

the medium to long term.

3. 3-Year Business Plan and Policy for Profit Return to Shareholders

(1) Long-Term Vision and 3-Year Business Plan to enhance the corporate value

Since the Company aimed to be "a major force in the non-ferrous metal industry" as a medium to long term target in its "2003 3-Year Business Plan," the Company has been pursuing its integrated growth strategies, yielding many positive results such as succeeding in the world-first commercialization of a nickel HPAL plant, equity participation in the Cerro Verde Copper Mine in Peru, acquisition of additional interest in Morenci Copper Mine in the US, and expansion of the battery materials business.

The Company's Board of Directors resolved to review the long-term vision at its meeting held today and announced together with its "2018 3-Year Business Plan." Specifically, as "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, while for gold, the Company aims for new participation in mining operations by acquiring quality interests. In addition, in its Materials Businesses, the Company further aims to continue to grow its business through realizing an annual profit before taxes of 25 billion yen including from new products. The Company aims to evolve into a company that continuously plans and realizes growth strategy under strong management bases, such as its 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.

(2) Reflection on 2015 3-Year Business Plan

In the Company's "2015 3-Year Business Plan," the Company anticipated being able to achieve a consolidated net income for the final year, fiscal year 2018, of more than 1 trillion yen and a consolidated recurring profit of 170 billion yen as an effect of the shifting to full production at the Sierra Gorda Copper Mine and the acquisition of a new interest in the gold mine, the expansion of the Taganito HPAL project and putting new metal on the market, monetization of battery and crystal (lithium tantalite and lithium niobate substrates) expansion projects, further promotion of growth strategy, development of new products and processes through promotion of research and development, and so on. However, achieving the plan in fiscal year 2018 is out of reach due to the occurrence of matters such as failure to achieve operation plan at the Sierra Gorda Copper Mine, reduction in production at the Morenci Copper Mine and Cerro Verde Copper Mine due to degradation of feed quality, and reduction in production at the Taganito due to the equipment problem. The Company expects to achieve its two financial targets of achieving an equity ratio at the end of the fiscal year 2018 of 50% or

more and a consolidated dividend payout ratio during the period of the “2015 3-Year Business Plan” of 30% or more.

(3) 2018 3-Year Business Plan

(a) Basic strategy of the 2018 3-Year Business Plan

The Company today released its “2018 3-Year Business Plan” related to fiscal years 2019 through 2021 (the “2018 3-Year Plan”).

Through the 2018 3-Year Plan, the Company will respond to changes in the business environment, while also following on the basic management strategies 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.” In the following items we explain the main content of the 2018 3-Year Plan. (Please also refer to the press release and presentation materials about the 2015 3-Year Plan that were released by the Company today.)

(b) Profit projection

(i) Projected consolidated profit (loss) and assumptions

Assuming non-ferrous metals prices and exchange rate in fiscal year 2021 of 6,500 US$/t for copper, 7.0 US$/lb for nickel, 27.5 US$/lb for cobalt, and 1,300 US$/Toz for gold, and an exchange rate of 105 yen to the US dollar, it is anticipated based on projections that incorporate the effects of the strategies that annual profit before taxes for fiscal year 2021 will be 135 billion yen and net income will be 97 billion yen, resulting in an ROE of 7.9%.

(ii) Segment profit

Segment profit in fiscal year 2021 is anticipated to be 47 billion yen in the Mineral Resources Business, 65 billion yen in the Smelting & Refining Business, and 25 billion yen in the Materials Business.

(c) Capital expenditure investment and loans

The aggregate amount of capital expenditure, investment and loans over the term of the 2018 3-Year Plan is planned to be 490 billion yen, including 160 billion yen for investment and loans in overseas mines, which on a segment basis will comprise 72 billion yen for Mineral Resources, 163 billion yen for Smelting & Refining, 68 billion yen for Materials, and 27 billion yen for other items. The Company is also planning to invest 140 billion yen in the Quebrada Blanca Copper

Mine Development Project , which is a new copper mine development project in Chile, and 35 billion yen in enhancement of the battery material business.

(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 mineral resources or metals, 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 "30% or higher" to "35% or higher."

(e) Core business growth strategies

(i) Mineral Resources Business

- Working on the Quebrada Blanca Copper Mine Development Project and the realization of stable operations at the Sierra Gorda Copper Mine, the copper equity volume will reach 280 kt in 2021, and the Company will be closer to realizing its long-term vision of 300 kt.

- The Company will aim for long-term stable operations by maintaining the annual gold production volume of 6.0 t at the Hishikari Mine.

- As to the Côté Gold Project (Canada), we are going to utilize overall capabilities during construction phase to begin production in 2021.

- The Company will continue to focus on gold as the top priority of exploration.

(ii) Smelting & Refining Business

- The Company will promote the Pomalaa Project in Indonesia, aiming for an annual nickel production base of 150 kt.

- The Company will strive to stably supply nickel and cobalt as raw materials in line with the quantitative expansion of the battery materials business and pursue a product portfolio that will always be optimal.

- Regarding the copper smelting business, the Company will maintain its 450 kt annual electrolytic copper production at the Toyo Smelter & Refinery and lift profitability further through the improvement of operating rate and recovery.

(iii) Materials Business

- In battery materials business, where increased demand is anticipated, the Company will establish the Battery Materials Division as an independent

business division, strengthen cooperation with the Mineral Resources Division and Non-Ferrous Metals Division more than before, and increase production even further for the lithium nickelate and ternary cathode materials used in cathode materials in lithium-ion secondary batteries.

- Although the current market environment of lithium tantalite and lithium niobate substrates for use in SAW filters is sluggish, demand is expected to increase with the progress of 5G and IoT in the near future. The Company will work on intensive yield improvement and cost reduction.

- By focusing its management resources on these growth strategies, the Company will aim for a fiscal year 2021 segment profit of 25 billion yen.

(f) 3-Year Business Plan and takeover defense measures

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." In the 2018 3-Year Plan, the Company aims to further increase its corporate value by placing the Quebrada Blanca Copper Mine Development Project , Pomalaa Project and production increase of battery materials as the three major projects and concentrating management resources in these projects.

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 fulfill 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 2018 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.

4. Strengthening of Corporate Governance

The Company views corporate governance as one of the most important management issues, providing a disciplinary framework both for maximizing the corporate value of the SMM Group and for ensuring sound management practices. The Company has adopted the "company with Audit & Supervisory Board" and Executive Officer systems to ensure effective execution, monitoring and control functions within management. The Company is managed

by three organs, namely (i) the Board of Directors, in charge of major decisions and supervision, (ii) Representative Directors and Executive Officers, in charge of the execution of business, and (iii) the Audit & Supervisory Board Members and Accounting Auditor, in charge of auditing.

The Company has established a policy of having one third or more of the directors independent directors, aiming for more transparent management, and on the basis of this policy, the Company has eight Directors, including three Outside Directors. and there are 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, the criteria for independence prescribed by Tokyo Stock Exchange, Inc., 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 have been appointed as independent officers who are unlikely to have any conflicts of interest with general investors as specified by the Tokyo Stock Exchange and the Company has submitted notification of their appointment to the Exchanges. Also, in relation to nominations, compensation and other such matters pertaining to Directors and Executive Officers and matters regarding corporate governance, the Company convenes a 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), and obtains advice from the Governance Committee from an objective standpoint. In addition, based on the self-evaluation of Directors and Audit & Supervisory Board Members, the Board of Directors will conduct the assessment with the outside law firm to further enhance the effectiveness of the Board of Directors.

Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members attend, in addition to the Board of Directors meetings, important meetings such as Management Committee chaired by the President, and they actively raise questions and state opinions in those meetings. Practical functions of corporate governance of the Company are strengthened in this way.

In addition, the Company has adopted an Executive Officer system, and in addition to enhancing the business execution function of the Executive Officers and strengthening its oversight function in respect of the Executive Officers by clarifying their powers and responsibilities and transferring a significant amount of authority to them.

The Company will pursue the transparency and effectiveness of management and strive

to maintain and establish the most appropriate management system so that the Company wins the trust of all the stakeholders including its shareholders and meets their expectations.

III. Purpose of the Plan and Plan Outline

1. Purpose of the Plan

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

The purpose of the Plan is 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 deter large-scale acquisitions that are detrimental to the corporate value of the Company and the common interests of its shareholders and take other necessary actions on the occasion that it receives a proposal for a large-scale acquisition of the shares in the Company.

The major shareholders of the Company as of December 31, 2018 are set out in Attachment 1. The Company has not received any specific proposal of a large-scale acquisition of the shares in the Company as of the date of this press release.

2. 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.

In the event that an acquirer does not follow the procedures set out in the Plan or if a large-scale acquisition of shares in the Company satisfies the triggering requirements set out in the Plan and the Company obtains the approval of a general meeting of shareholders of the Company, the Company may allot share options (*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 share options in exchange for shares in the Company from persons other than the acquirer, by means of a gratis allotment of share options to all shareholders, except the Company, at that time. If a gratis allotment of share options 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 share options, shares in the Company will be issued in the range of one-half to one share per share option, 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 Attachment 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 (the expected members of the Independent Committee at the time of the Renewal are three members who are Outside Directors independent from the management as described in Attachment 3 'Profiles of the Members of the Independent Committee') to make objective decisions with respect to matters such as the implementation or non-implementation of the gratis allotment of share options or the acquisition of share options under the Plan. In addition, the Company's Board of Directors will, if it implements the gratis allotment of share options in accordance with the Plan, convene a general 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.

3. Plan Details (Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by Persons Deemed Inappropriate Under the Basic Policy)

3.1 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[2] 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*)[3] of a holder (*hoyuusha*)[4] totaling at least

[2] "Proposal" includes solicitation of a third party.
[3] Defined in Article 27-23(4) of the Financial Instruments and Exchange Act. This definition applies throughout this document.
[4] Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors of the Company). The same applies throughout this document.

20% of the share certificates, etc. (*kabuken tou*)[5] issued by the Company; or

(ii) A tender offer (*koukai kaitsuke*)[6] that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)[7] and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)[8] totaling at least 20% of the share certificates, etc. (*kabuken tou*)[9] 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 share options 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,

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[5] Defined in Article 27-23(1) of the Financial Instruments and Exchange Act. The same applies throughout this document unless otherwise provided for.

[6] Defined in Article 27-2(6) of the Financial Instruments and Exchange Act. The same applies throughout this document.

[7] Defined in Article 27-2(8) of the Financial Instruments and Exchange Act. The same applies throughout this document.

[8] Defined in Article 27-2(7) of the Financial Instruments and Exchange Act (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. The same applies throughout this document.

[9] Defined in Article 27-2(1) of the Financial Instruments and Exchange Act.

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 Attachment 2 'Outline of the Rules of the Independent Committee' and business backgrounds and other matters of members of the Independent Committee at the time of the Renewal will be as described in Attachment 3 '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 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,[10] persons having a special relationship and persons having a special relationship with a person in relation to whom the Acquirer is the controlled corporation[11]).[12]

(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

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

[11] Defined in Article 9(5) of the Order for Enforcement of the Financial Instruments and Exchange Act.

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

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 3.2, 'Requirements for the Gratis Allotment of Share Options' (collectively, "Trigger Events"), the Independent Committee will recommend that the Company's Board of Directors should not implement the gratis allotment of share options (as detailed in 3.3 'Outline of the Gratis Allotment of Share Options'; the relevant share options hereinafter referred to as "Share Options") 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 Share Options, 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 Share Options.

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 Share Options except in any specific case where further provision of information by the Acquirer or discussion or negotiation with the Acquirer is necessary. Notwithstanding the foregoing, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Share Options, 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 Share Options) the Company should suspend the gratis allotment of Share Options, or (ii) (from the effective date of the gratis allotment of Share Options and until the day immediately prior to the commencement date of the exercise period of the Share Options) the Company should acquire the Share Options 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 general meeting of shareholders 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

If the Company's Board of Directors seeks to implement a gratis allotment of Share Options, it shall convene a general meeting of shareholders (the "Shareholders Meeting") and confirm the intent of the Company's shareholders, unless there is not enough time to convene such Shareholders Meeting.

(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 as a governing organ, pass a resolution for the implementation, non-implementation or otherwise of a gratis allotment of Share Options.

(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.

3.2 Requirements for the Gratis Allotment of Share Options

The requirements to trigger the Plan to implement gratis allotment of Share Options are as follows. As described above at (e) of 3.1, '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 Share Options.

Trigger Event (2)

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

(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).

3.3 Outline of the Gratis Allotment of Share Options

An outline of the gratis allotment of Share Options scheduled to be implemented under the Plan is described below.

(a) Number of Share Options

The maximum number of Share Options to be allotted upon implementation of a gratis allotment of Share Options 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 Share Options (the "Gratis Allotment Resolution").

(b) Shareholders Eligible for Allotment

The Company will allot the Share Options 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 Share Option for each share in the Company held.

(c) Effective Date of Gratis Allotment of Share Options

The effective date of the gratis allotment of Share Options will be separately determined in the Gratis Allotment Resolution.

(d) Number of Shares to be Acquired upon Exercise of the Share Options

The number of shares to be acquired upon exercise of the Share Options shall, in principle, be the number of Share Options 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 Share Option[13] (the "Applicable Number of Shares") shall, in principle,[14] be the number separately determined in

[13] Even if the Company becomes a company issuing class shares (Article 2, Item 13 of the Companies Act) in the future, both (i) the shares in the Company to be delivered upon exercise of Share Options and (ii) the shares to be delivered in exchange for acquisition of Share Options are the same class of shares of common stock that have been issued at the time of the Ordinary General Meeting of Shareholders.

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

the Gratis Allotment Resolution by the Company's Board of Directors in the range of one-half to one share.[15] If there are any resulting fractional shares in the number of shares to be delivered to the Share Option holders who exercise the Share Options, the Company will dispose of the fractional shares in accordance with the applicable laws and ordinances.

(e) Amount to be Contributed upon Exercise of Share Options

Contributions upon exercise of the Share Options are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Share Options 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 Share Options

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 Share Options acquired by the Company in accordance with (ii) of paragraph (i) below (Acquisition of the Share Options 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 Share Options

Except where any exceptional event[16] occurs, the following parties may not exercise the

[15] At the time of the Renewal, the number of issuable shares of the Company is 1,000,000,000 shares, and the total number of issued shares is 581,628,031 shares (as of December 31, 2012). Therefore the Company may have to increase the number of issuable shares by amending its Articles of Incorporation before the commencement date of the Exercise Period of the Share Options, depending on the Applicable Number of Shares.

[16] Specifically, the Company intends to set out that an "exeptional 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 Share Options 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

Share Options (the parties falling under (I) through (VI) below shall collectively be referred to as "Non-Qualified Parties"):

(I) Specified Large Holders;[17]

(II) Joint Holders of Specified Large Holders;

(III) Specified Large Purchasers;[18]

(IV) Persons having a Special Relationship with Specified Large Purchasers;

(V) Any transferee of, or successor to, the Share Options of any party falling under (I) through (IV) without the approval of the Company's Board of Directors; or

(VI) Any Affiliated Party[19] of any party falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and ordinances to exercise the Share Options may not as a general rule exercise the Share Options (provided, however, that the Share Options held by nonresidents

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Parties' Shareholding Ratio before the Acquisition, or (ii) 20%, the Acquirer or other Non-Qualified Parties making the disposal may exercise Share Options to the extent that the number of shares to be issued or delivered upon exercise of the Share Options 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 Share Options by Non-Qualified Parties will be determined separately by the Company's Board of Directors.

[17] "Specified Large Holder" means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed applicable to the above by the 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 applies throughout this document.

[18] "Specified Large Purchaser" means, in principle, a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same applies throughout this Note 18) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same applies throughout this Note 18) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order for Enforcement of the Financial Instruments and Exchange Act) 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 applies throughout this document.

[19] An "Affiliated Party" of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the 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 Enforcment Regulations of the Companies Act) of other corporations or entities.

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 Share Options 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 Share Options, indemnity clauses and other covenants, may not exercise the Share Options.

(h) Assignment of Share Options

Any acquisition of the Share Options by assignment requires the approval of the Company's Board of Directors.

(i) Acquisition of Share Options 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 Share Options, the Company may, on a day that falls on a date separately determined by the Company's Board of Directors, acquire all of the Share Options for no consideration.

(ii) On a date separately determined by the Company's Board of Directors, the Company may acquire all of the Share Options 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.[20] in the Company in the number equivalent to the Applicable Number of Shares[21] for each Share Option.

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 Share Options 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 Share Options 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

[20] For the purpose of the Plan, shares in the Company are to be delivered, in principle, as consideration for acquiring the Share Options. As stated in (d) of III.3.3 above, under this Plan, fractions in the Applicable Number of Shares may result, in which case, property other than shares in the Company may be delivered to the extent necessary to dispose of the fraction.

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

exchange, deliver shares, etc. in the Company in the number equivalent to the number of the Applicable Number of Shares for each Share Option. The same will apply thereafter.

(j) Delivery of Share Options 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 Share Options

Certificates representing the Share Options will not be issued.

(l) Other

In addition, the details of the Share Options will be separately determined in the Gratis Allotment Resolution.

3.4 Procedures for the Renewal of the Plan

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

3.5 Effective Period, Abolition and Amendment of the Plan

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

However, if, before the expiration of the Effective Period, the Company's 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.

3.6 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 14, 2019. 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.

4. Impact on Shareholders and Investors

4.1 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 Share Options will be implemented.

4.2 Impact on Shareholders and Investors at the Time of the Gratis Allotment of Share Options

(a) Procedures for Shareholders upon Gratis Allotment of Share Options

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 Share Options to the Entitled Shareholders for one Share Option per share in the Company held by the Entitled Shareholders. All Entitled Shareholders will become Share Option holders as a matter of course on the effective date of the gratis allotment of Share Options, 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 3.1, '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 Share Options), cancel the gratis allotment of Share Options, or (ii) (from the effective date of the gratis allotment of Share Options and until the day immediately prior to the commencement date of the exercise period of the Share Options) acquire the Share Options 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 Share Options

The Company will deliver, as a general rule, a document necessary to be submitted for the exercise of the Share Options (in the form prescribed by the Company and containing necessary matters such as the terms and number of the Share Options for exercise and the exercise date for the Share Options, as well as representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Share Options, 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 Share Options, 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 Share Option 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 Share Options 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 Share Option, as a general rule. The Non-Qualified Parties intending to exercise Share Options must follow the Company's separate determination in accordance with (g) of 3.3, 'Outline of the Gratis Allotment of Share Options.'

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

However, it is also possible for the Company to acquire the Share Options 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 Share Options 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 Share Options by the Company

If the Company's Board of Directors determines to acquire the Share Options, the Company will acquire the Share Options 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 Share Option, 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 Share Options, 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 3.3, 'Outline of the Gratis Allotment of Share Options.')

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.

IV. Rationale of the Plan

1. Ensure and Enhance the Company's Corporate Value and the Common Interests of Shareholders

The Plan is in line with the Basic Policy for the purpose of maintaining the corporate value of the Company and, in turn, the common interests of its shareholders by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept the Acquisition of share certificates, etc. of the Company and for the Board of Directors to present an alternative proposal to the shareholders, and by enabling the Board of Directors to negotiate with the Acquirer for the benefit of the shareholders when the Acquisition is to be effected.

2. Satisfying the Requirements of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, namely, the principles of:

- ensuring and enhancing the corporate value and shareholders' common interests;
- prior disclosure and shareholder intent; and
- ensuring necessity and appropriateness.

3. Placing High Value on the Intent of Shareholders

The Renewal will be subject to shareholder approval at the Ordinary General Meeting of Shareholders.

Also, if the Company's Board of Directors seeks to implement a gratis allotment of Share Options, it shall confirm the intent of the Company's shareholders at the Shareholders Meeting regarding the need to trigger the Plan, unless there is not enough time to convene such Shareholders Meeting.

Further, the Plan is subject to a so-called sunset clause setting the Effective Period of approximately three years and if, even before the expiration of the Effective Period of the Plan, the Company's Board of Directors resolves to abolish the Plan, the Plan will be abolished in accordance with the resolution. In this regard, the Plan is one in which the intent of the Company's shareholders is reflected in all aspects.

4. Emphasis on the Decisions of Independent Parties Such As Outside Directors and Obtaining the Advice of Third-Party Experts

The Company must obtain a recommendation from the Independent Committee, composed only of members who are independent, such as Outside Directors, when making decisions for triggering the Plan.

Further, the Independent Committee may obtain advice from independent third-party experts at the Company's expense, which is a mechanism to even further ensure the objectivity and fairness of the decisions made by the Independent Committee.

5. Establishment of Reasonable Objective Requirements

As set out above in (e) of III.3.1, 'Procedures for Triggering the Plan,' and III.3.2, 'Requirements for the Gratis Allotment of Share Options,' the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements have been satisfied and ensures a structure to eliminate arbitrary triggering by the Company's Board of Directors.

6. No Dead-Hand or Slow-Hand Takeover Defense Measures

The Plan may be abolished by a meeting of the Board of Directors composed of Directors who are nominated by a person who acquires a large number of share certificates and appointed at the Company's general meeting of shareholders. Therefore, the Plan is not a dead-hand

takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped). Also, as the Company has not adopted a system of staggered terms of office for the Board of Directors, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that all members of the Board of Directors cannot be replaced at once).

Attachments

Attachment 1: Major Shareholders of the Company
Attachment 2: Outline of the Rules of the Independent Committee
Attachment 3: Profiles of the Members of the Independent Committee

Reference materials

Reference Material 1: Flowchart of Countermeasures to Large-Scale Acquisition of Shares in the Company
Reference Material 2: Corporate Governance Framework

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Attachment 1

Major Shareholders of the Company

Major shareholders of the Company as of December 31, 2018 are as follows.

Name of Shareholder	Investment in the Company	
	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Limited (Trust Account)	24,119	8.29
Japan Trustee Services Bank, Limited (Trust Account)	17,723	6.09
Toyota Motor Corporation	11,058	3.80
JP MORGAN CHASE BANK 385632	8,097	2.78
Japan Trustee Services Bank, Limited (Trust Account 5)	5,314	1.82
STATE STREET BANK WEST CLIENT – TREATY 505234	4,061	1.39
STATE STREET BANK CLIENT OMNIBUS OM04	3,856	1.32
Sumitomo Mitsui Banking Corporation	3,825	1.31
Sumitomo Realty & Development Co., Ltd	3,745	1.28
JP MORGAN CHASE BANK 385151	3,606	1.23

(Note) In addition to the shares above, the Company owns 16,025,041 shares of treasury stocks.

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Attachment 2

Outline of the Rules of the Independent Committee

- The Independent Committee will be established by resolution of the Company's Board of Directors.
- 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 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 Ordinary General Meeting of Shareholders. 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 listed below and make recommendations to the Company's Board of Directors containing the details of and reasons for the decisions. If the Shareholders Meeting is held, the Company's Board of Directors will follow the resolution passed by the Shareholders Meeting. Further, if the Independent Committee made recommendations on the matters listed below (on which the Independent Committee is entitled to make decisions) and the Shareholders Meeting is not held, the Company's Board of Directors will, by respecting such recommendations by the Independent Committee to the maximum extent, and in its authority under the Company's Act as a governing organ, pass a resolution for the implementation, non-implementation or otherwise of a gratis allotment of Share Options. Each member of the Independent Committee and each Director of the Company must make such decisions from the perspective of whether or not the corporate value of the Company and the common interests of its

shareholders will be enhanced, and they must not solely serve their own interests or those of the management of the Company.

(a) The implementation or non-implementation of the gratis allotment of Share Options.
(b) The cancellation of the gratis allotment of Share Options or the gratis acquisition of Share Options.
(c) Determination whether the Acquisition should be made subject to the Plan.
(d) Determination of the information that the Acquirer and the Company's Board of Directors should provide to the Independent Committee, and the deadline for the provision of that information.
(e) Examination and consideration of the terms of the Acquirer's Acquisition.
(f) Discussion and negotiation with the Acquirer.
(g) Request for an alternative proposal to the Company's Board of Directors and consideration of the alternative proposal by the Company's Board of Directors.
(h) Determination regarding extension of the Independent Committee Consideration Period.
(i) Determination whether a general meeting of shareholders should be convened.
(j) Approval of revision or amendment to the Plan.
(k) Determination whether or not takeover defense measures other than the Plan should be introduced.
(l) Any other matters prescribed in the Plan that the Independent Committee may conduct.
(m) Any matters that the Company's Board of Directors separately consulted with the Independent Committee about or the Company's Board of Directors separately determines that the Independent Committee may conduct.

- In order to collect the necessary information, the Independent Committee may request the attendance of a Director, Audit & Supervisory Board Member or employee of the Company, or any other party that the Independent Committee considers necessary, and may require explanation of any matter it requests.
- The Independent Committee may, at the Company's expense, obtain advice from an independent third party (including financial advisers, certified public accountants, lawyers, tax accountants, consultants and other experts) or conduct similar actions.
- Any member of the Independent Committee may convene a meeting of the Independent Committee when the Acquisition arises, or at any other time.
- As a general rule, resolutions of meetings of the Independent Committee will pass with a majority vote when at least two-thirds of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference).

---End---

Attachment 3

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.

Hitoshi Taimatsu

Career Summary:

November 1951	Born
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
April 2017	Visiting professor of Akita University

As of February 14, 2019
Director of the Company
Visiting professor of Akita University

Mr. Hitoshi Taimatsu is an Outside Director of the Company, as set out in Article 2.15 of the Companies Act.
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 Exchanges.

Kazuhisa Nakano

Career Summary:

January 1948	Born
April 1971	Joined Idemitsu Kosan Co., Ltd
April 2003	Executive Officer, 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	Representative Director, Executive Vice President of Idemitsu Kosan Co., Ltd
June 2009	Representative Director, President of Idemitsu Kosan Co., Ltd
June 2013	Representative Director, Chairman of Idemitsu Kosan Co., Ltd
June 2015	Advisor of Idemitsu Kosan Co., Ltd
June 2016	Appointed Director of the Company
June 2017	Retired Advisor of Idemitsu Kosan Co., Ltd.

As of February 14, 2019
Director of the Company

Mr. Kazuhisa Nakano is an Outside Director of the Company, as set out in Article 2.15 of the Companies Act.
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 Exchanges.

Taeko Ishii

Career Summary:

May 1956	Born
April 1986	Registered as a lawyer
	Joined Ryoichi Wada Law Firm
March 1992	Established Ohta & Ishii Law Firm
June 2018	Appointed Director of the Company

As of February 14, 2019
Director of the Company
Outside Audit & Supervisory Board Member of NEC Corporation
Outside Audit & Supervisory Board Member of DTS Corporation
Outside Audit & Supervisory Board Member of Furusato Service Co., Ltd.

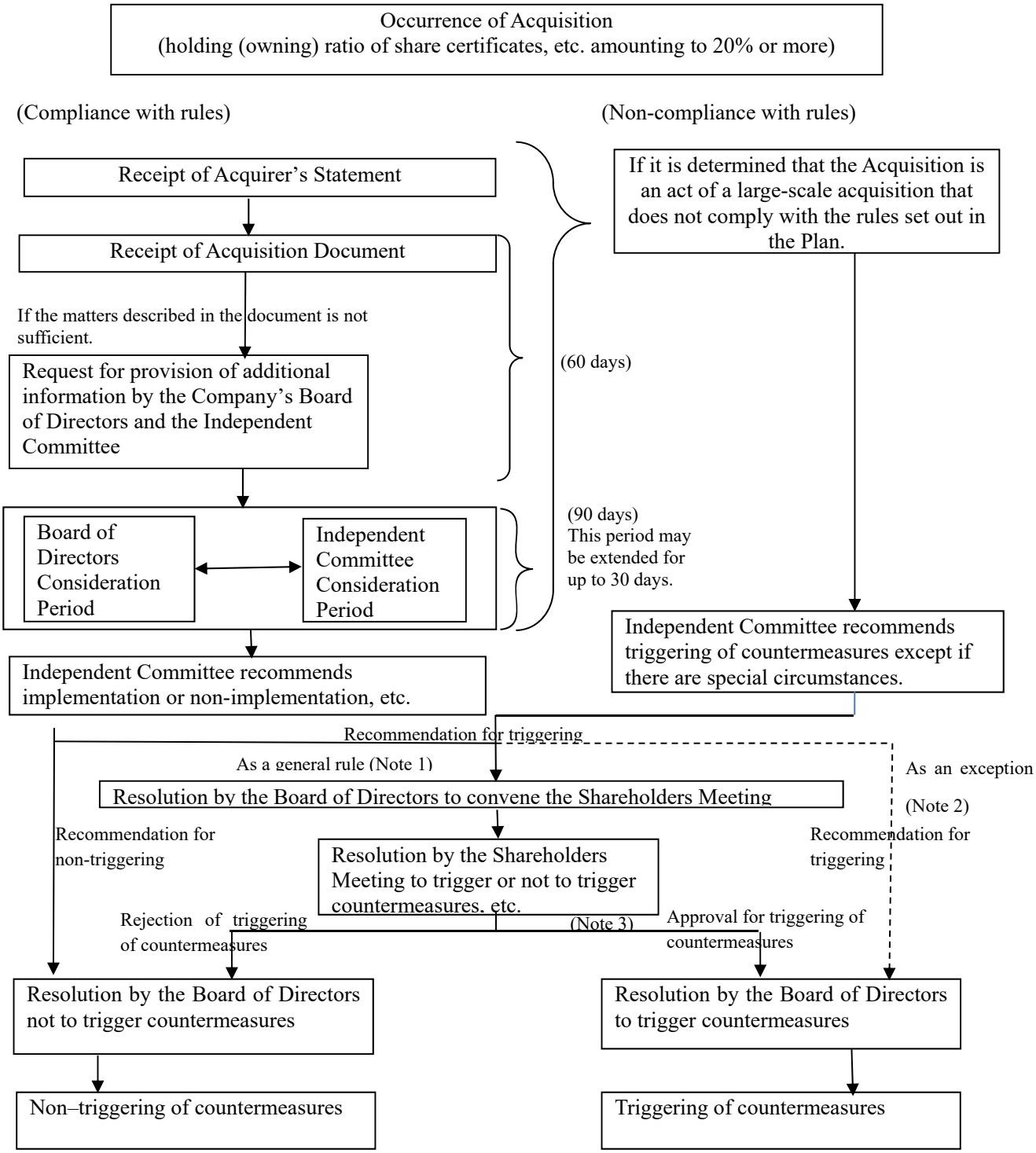
Ms. Taeko Ishii is an Outside Director of the Company, as set out in Article 2.15 of the Companies Act.
She does not have any special interests in the Company.
The Company has appointed her as an Independent Director who is unlikely to have any conflicts of interest with general investors as specified by the Tokyo Stock Exchange and submitted notification of her appointment to the Exchanges.

Note: The Company plan to submit a proposal for election of directors with the above three candidates as Outside Directors at the 94th Ordinary General Meeting of Shareholders scheduled to be held in June 2019.

---End---

Reference Material 1

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



Note 1: If the Company's Board of Directors seeks to implement a gratis allotment of Share Options, it shall convene the Shareholders Meeting and confirm the intent of the Company's shareholders, unless there is not enough time to convene such Shareholders Meeting.

Note 2: Case where the Independent Committee recommends triggering of countermeasures and the Shareholders Meeting is not convened, because there is not enough time to convene such Shareholders Meeting.

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.

Note 4: This flowchart is an outline provided to contribute to your understanding of the procedures under the Plan without detailed explanation. Please refer to the main text of the press release for the more accurate details of the Plan.

Reference Material 2

Corporate Governance Framework