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

February 3, 2016

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

NOTICE REGARDING COMMENCEMENT OF TENDER OFFER BY OSAKA STEEL CO., LTD.

Osaka Steel Co., Ltd. (hereinafter referred to as "OSC", Code Number: 5449, First Section of Tokyo Stock Exchange), a subsidiary of Nippon Steel & Sumitomo Metal Corporation (hereinafter referred to as the "Company"), has announced its decision, adopted at the meeting of the Board of Directors held today, to launch a tender offer (hereinafter referred to as the "Tender Offer") to purchase shares of common stock of Tokyo Kohtetsu Co., Ltd. (Code Number: 5448, JASDAQ Standard Market of Tokyo Stock Exchange). For further details, please refer to the attached English translation of the press release made by OSC.

Background information on the Tender Offer is also available in the following press releases made by the Company:

- "NOTICE REGARDING PLANNED COMMENCEMENT OF TENDER OFFER BY OSAKA STEEL CO., LTD. " dated September 18, 2015; and
- "Notice regarding the Results of the Review by the Fair Trade Commission of Japan on the Acquisition of Tokyo Kohtetsu Co., Ltd.'s Shares by Osaka Steel Co., Ltd." dated January 28, 2016

The Tender Offer will not have a material impact on the Company's consolidated result of operations.

Overview of OSC

Location of Head Office	9-3, Minami-okajima 1-chome, Taisho-ku, Osaka-shi, Japan
Title and Name of Representative	Junji Uchida, President
Type of Business	Manufacturing and selling steel materials such as shaped steel and steel bars, billets, and processed steel products
Stated Capital	8,769 million yen (as of December 31, 2015)

For inquiries, contact: Public Relations Center, General Administration Div.
TEL: +81-3-6867-2135, 2146, 2977

Attachment

February 3, 2016

To Whom It May Concern,

Company name: Osaka Steel Co., Ltd.
Name of representative: Junji Uchida, President
(Code No. 5449 First Section of TSE)
Contact: Masanori Ando, General Manager, General Administration Division
(Tel: 06-6204-0300)

Notice regarding the Commencement of the Tender Offer for Tokyo Kohtetsu Co., Ltd.'s Shares (Securities Code 5448)

As previously announced in the press release dated September 18, 2015, "Notice regarding the Planned Commencement of the Tender Offer for Tokyo Kohtetsu Co., Ltd.'s Shares (Securities Code 5448)" ("Osaka Steel's Press Release dated September 18, 2015"), Osaka Steel Co., Ltd. ("Osaka Steel" or the "Tender Offeror") adopted a resolution to acquire the shares of the common stock of Tokyo Kohtetsu Co., Ltd. (Code No. 5448, TSE JASDAQ (Standard), the "Target Company") (the "Shares") through a tender offer (the "Tender Offer") pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, the "FIEA") on the condition that Osaka Steel received a notice from the Fair Trade Commission of Japan (the "FTC") stating that the FTC will not issue a cease-and-desist order pursuant to Article 17-2, paragraph 1 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended, the "Anti-Monopoly Act") as a result of its business combination review pursuant to the Anti-Monopoly Act.

Thereafter, as announced in the press release dated January 28, 2016, "Results of the Fair Trade Commission's Review of the Planned Acquisition of Tokyo Kohtetsu Co., Ltd.'s Shares (Securities Code 5448)," Osaka Steel received from the FTC the "Notice of Non-Issuance of Cease-and-Desist Order" dated the same date. Accordingly, at Osaka Steel's board meeting held today, it adopted a resolution to commence the Tender Offer as from February 4, 2016, and hereby announces as follows.

1. Purpose, etc. of the Purchase

(1) Overview of the Tender Offer

At its board of directors' meeting held on September 18, 2015, Osaka Steel adopted a resolution to conduct the Tender Offer as part of a transaction in which Osaka Steel would acquire the Shares, which are listed on the JASDAQ Standard Market ("JASDAQ") of the Tokyo Stock Exchange, Inc. (the "TSE"), the result of which would be that there would be no other shareholders of the Target Company than Osaka Steel and Hanwa Co., Ltd., the second largest shareholder of the Target Company (number of Shares owned as of today: 4,611,000 Shares; ownership ratio (Note 1): 26.48%; hereinafter "Hanwa"), and which would result in the Target Company becoming a subsidiary of Osaka Steel, and in its going private (these transactions shall be hereinafter referred to as the "Transaction").

In the Tender Offer, for the purpose of both companies performing business within the same company group by Osaka Steel alone acquiring the majority of the total amount of the Target Company's voting rights and by making the Target Company a subsidiary of Osaka Steel as a result, Osaka Steel determined the minimum number of Shares to be purchased (8,706,649 Shares) (Note 2) in order for Osaka Steel to own the majority of the total amount of the Target Company's voting rights after the successful completion of the Tender Offer. If the aggregate number of Shares tendered for the Tender Offer ("Tendered Shares") does not reach the minimum number of Shares to be purchased (8,706,649

Shares), no Tendered Shares will be purchased. On the other hand, because Osaka Steel did not determine a maximum number of Shares to be purchased, if the aggregate of the Tendered Shares reaches or exceeds the minimum number of Shares to be purchased (8,706,649 Shares), all such Shares will be purchased.

Furthermore, after the successful completion of the Tender Offer, if Osaka Steel has not succeeded in acquiring all of the Shares (excluding those owned by Hanwa and the Target Company) through the Tender Offer, Osaka Steel will request that the Target Company implement the procedures described in "(5) Policies regarding Reorganization, etc. after the Tender Offer (Matters regarding the So-called Two-Stage Purchase)" below (the "Procedures to Go Private"), and Osaka Steel will acquire all of the Shares (excluding those owned by Hanwa and the Target Company). After the Procedures to Go Private are implemented, the Shares will be delisted in accordance with established procedures. If the Target Company decides to go private, a method for providing cash consideration for each shareholder of the Target Company who did not tender Shares in the Tender Offer (excluding Osaka Steel, Hanwa and the Target Company) will be adopted pursuant to the Procedures to Go Private as stated below, and in that case, the amount of the consideration to be paid to each such shareholder will be calculated to equal the purchase price (the "Tender Offer Price") of each Share in the Tender Offer multiplied by the number of Shares owned by each such shareholder.

Osaka Steel announced in Osaka Steel's Press Release dated September 18, 2015 that: in the event that the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa reaches or exceeds the voting rights threshold (116,088 voting rights) after the successful completion of the Tender Offer, Osaka Steel would request that the Target Company implement the Procedures to Go Private; and, in the event that the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa does not reach the voting rights threshold (116,088 voting rights), Osaka Steel would decide whether to implement the Procedures to Go Private after discussing with Hanwa and the Target Company, and would announce its decision by the time of the commencement of the Tender Offer. As a result of such discussion with Hanwa and the Target Company, it has been decided that upon the successful completion of the Tender Offer, even if the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa does not reach the voting rights threshold (116,088 voting rights), Osaka Steel will request that the Target Company implement the Procedures to Go Private.

If a proposal to implement the Procedures to Go Private is rejected at the Target Company's Shareholders Meeting (as defined in "(5) Policies regarding Reorganization, etc. after the Tender Offer (Matters regarding the So-called Two-Stage Purchase)" below), the Target Company will suspend the Procedures to Go Private, and it is expected that the Shares will remain listed on JASDAQ.

(Note 1) As used herein, the "ownership ratio" means the ratio (any fraction to be rounded off to two decimal places) of the relevant Shares to the total number of outstanding Shares (17,413,097 Shares) (which is the aggregate number of issued Shares as of December 31, 2015 (17,446,000 Shares) as stated in the "Summary of Financial Results for the Third Quarter of the FY ending in March 2016 (JGAAP) (non-consolidated)," announced by the Target Company on February 3, 2016, minus the number of treasury shares as of the same date (32,903 Shares)), hereinafter the same.

(Note 2) The "minimum number of Shares to be purchased" means half of the total number of outstanding Shares (17,413,097 Shares) (which is the aggregate number of issued Shares as of December 31, 2015 (17,446,000 Shares) as stated in the "Summary of Financial Results for the Third Quarter of the FY ending in March 2016 (JGAAP) (non-consolidated)," announced by the Target Company on February 3, 2016, minus the number of treasury shares as of the same date (32,903 Shares)) (any fraction to be rounded up), plus the number of Shares constituting one unit (100 Shares) (8,706,649 Shares).

(Note 3) The "voting rights threshold" means the amount of voting rights (116,088 voting rights) corresponding to two-thirds of the total number of outstanding Shares (17,413,097 Shares) (which is the aggregate number of issued Shares as of December 31, 2015 (17,446,000 Shares) as stated in the "Summary of Financial Results for the Third Quarter of the FY ending in March 2016 (JGAAP) (non-consolidated)," announced by the Target Company on February 3, 2016, minus the number of treasury shares as of the same date (32,903 Shares)) (any fraction to be rounded up), plus the number of Shares constituting one unit (100 Shares) (11,608,832 Shares).

As previously announced in Osaka Steel's Press Release dated September 18, 2015, the Tender Offer would be commenced on the condition that Osaka Steel received a notice from the FTC stating that the FTC will not issue a cease-and-desist order under the Anti-Monopoly Act as a result of its business combination review pursuant to the Anti-Monopoly Act. Since that condition was satisfied on January 28, 2016, Osaka Steel, at the meeting of its board of directors held on February 3, 2016, adopted a resolution to set a period starting on February 4, 2016 and ending on March 17, 2016 to be the tender offer period in the Tender Offer (the "Tender Offer Period").

Prior to conducting the Tender Offer, Osaka Steel entered into the Agreement on Tendering Shares for Tender Offer and Share Transfer (the "Tendering and Transfer Agreement") with Hanwa as of September 18, 2015. Under the Tendering and Transfer Agreement, Hanwa has agreed not to tender the 4,611,000 Shares owned by it as of the date above (ownership ratio: 26.48%) in the Tender Offer. However, Hanwa has agreed that, upon request from Osaka Steel, Hanwa will be obliged to tender part of its Shares (in the number requested by Osaka Steel) in the Tender Offer to meet such a request so that Osaka Steel can achieve the minimum number of Shares to be purchased (8,706,649 Shares) (for an outline of the Tendering and Transfer Agreement, please refer to "(I) The Tendering and Transfer Agreement" of "(3) Material Agreement and related matters regarding the Tender Offer" below). Based on the progress of the tender by shareholders during the Tender Offer Period, if it is expected that the number of the Tendered Shares tendered by shareholders other than Hanwa will not reach the minimum number of Shares to be purchased (8,706,649 Shares), Osaka Steel plans to request that Hanwa tender its Shares in the number deemed necessary to reach the minimum number of Shares to be purchased (8,706,649 Shares). The maximum number of Shares that Hanwa will tender upon request from Osaka Steel will be 3,614,649 Shares, which is the minimum number of Shares to be purchased (8,706,649 Shares) for the Tender Offer less the number of Shares that Mitsui & Co., Ltd. ("Mitsui") agreed to tender (5,092,000 Shares), as stated in the following paragraph.

Prior to conducting the Tender Offer, Osaka Steel agreed as of September 18, 2015 with Mitsui, the largest major shareholder of the Target Company, to the effect that Mitsui is to tender all of the 5,092,000 Shares owned by it as of the date above (ownership ratio: 29.24%) in the Tender Offer (the "Tender Agreement") (for details of the Tender Agreement, please refer to "(II) The Tender Agreement" of "(3) Material Agreement and related matters regarding the Tender Offer" below).

The Target Company has explained the following to Osaka Steel:

Based on the Target Company Share Value Appraisal Report (as defined in "(II) The Target Company Obtaining a Share Value Appraisal Report from an Independent Third-Party Appraiser" of "4. Measures to Ensure Fairness of the Tender Offer including Measures to Ensure Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest" below) obtained from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley Securities"), legal advice obtained from Anderson, Mori & Tomotsune, the written report from the third-party panel, and other relevant materials, the Target Company adopted a resolution at its board of directors' meeting held on September 18, 2015, to express an opinion, as its opinion as of September 18, 2015, to support the Tender Offer and to recommend that the Target Company's shareholders tender their Shares in the Tender Offer in the event of its commencement. Furthermore, in late January 2016, Osaka Steel informed the Target Company of its desire to commence the Tender Offer. After carefully considering

the terms and conditions of the Tender Offer again, the Target Company determined that, as of February 3, 2016, the Tender Offer Price and other terms and conditions of the Tender Offer were reasonable and that the Tender Offer would offer a reasonable opportunity for the Target Company's shareholders to sell their Shares. Accordingly, the Target Company, at the meeting of its board of directors held on February 3, 2016, adopted a resolution to express an opinion to support the Tender Offer and to recommend that the Target Company's shareholders tender Shares in the Tender Offer (for details of the decision-making process and opinions of the Target Company's board of directors, please refer to "(V) Unanimous Approval of the Target Company's Directors without Conflicts of Interest" of "(4) Measures to Ensure Fairness of the Tender Offer including Measures to Ensure Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest" below).

(2) Background Leading up to, Purposes of, and Decision-making Process for, the Tender Offer, and the Post-Tender Offer Management Policies

Both Osaka Steel and the Target Company are ordinary electric furnace steel manufacturers which manufacture steel products using electric furnaces, and each company's main business is to manufacture and sell medium and small sections. Since its establishment in May 1978, Osaka Steel has, for 37 years, maintained its competitive strength in the ordinary steel industry because of its technological advancement (high accuracy in dimensions of angle steel, channel steel, etc.), product superiority (elevator guide rails, light rails, etc. that are not provided by other companies) and superiority in delivery (timely responses to short-notice delivery requests from customers), and it has been a backbone support for a wide range of industrial fields, from the construction and civil engineering industry to the shipbuilding industry in Japan, driving the expansion of its sales network from its manufacturing bases in Osaka Prefecture and Kumamoto Prefecture into mainly western Japan.

Meanwhile, the Target Company was established as a limited partnership company (*goshi-kaisha*) in November 1918, and was transformed into a limited liability company (*kabushiki-kaisha*) in July 1962. For nearly 100 years since its establishment, the Target Company has supplied highly-value-added steel products, such as equal-angle steel and unequal-angle steel mainly used for building materials, as an integrated steel manufacturer with technological strength (capability to manufacture a wide size range of products with one line). The Target Company has expanded its sales network reaching small customers from its manufacturing base in Tochigi Prefecture, focusing mainly on eastern Japan, and it has also contributed to the development of a wide range of industrial fields, from the construction and civil engineering industry to the shipbuilding industry in Japan.

On October 26, 2006, Osaka Steel and the Target Company entered into a share exchange agreement, under which Osaka Steel would be the wholly owning parent company and the Target Company would be its wholly owned subsidiary, however, this agreement was not approved at the extraordinary shareholders' meeting of the Target Company held on February 22, 2007 and it ceased to be effective. Recently, Osaka Steel and the Target Company again considered the Transaction separately from the share exchange agreement mentioned above, and as a result, as stated in the sections "(I) Recognizing the Environment" and "(II) The Post-Tender Offer Direction and Expected Outcomes" below, both companies have decided to conduct the Transaction, for the purpose of maintaining and improving their respective corporate value.

(I) Recognizing the Environment

Osaka Steel and the Target Company recognize that competition in the market environment surrounding the ordinary steel and steel stock industry, to which both companies belong, will become increasingly fierce in the future. Specifically, Osaka Steel and the Target Company expect that in the domestic ordinary steel and steel stock market, demand will decrease in the future, given the backdrop of a declining birth rate and an aging population in Japanese society. In particular, in the ordinary electric furnace steel industry, while Osaka Steel and the Target Company expect that domestic construction demand, which constitutes a large portion of demand for both companies' products, will

remain steady until around 2018 based on economic forecast, etc., given the Tokyo Olympics in 2020, they expect that construction investments will decrease thereafter due to a declining birth rate and an aging population, etc., and that construction demand will decrease in the mid- to long-term. In addition, while a certain level of metal spread (Note 1) is currently obtainable due to stable scrap steel prices, the Tender Offeror and the Company expect that the stabilization of scrap steel prices is merely tentative, and that the metal spread will decrease due to past fluctuations in scrap steel prices for a long period, future fluctuations therein, as well as increased competition.

In terms of costs, electric power prices have risen because nuclear power plants ceased operations after the Great East Japan Earthquake. The renewal energy power promotion surcharge is also projected to increase in the future. Accordingly, Osaka Steel and the Target Company expect that electric power costs will increase or remain high. In addition, while fuel prices currently remain low due to a drop in crude oil prices, given the fluctuations in the past performance, etc., Osaka Steel and the Target Company expect that fuel costs will also increase along with future increases in crude oil prices.

Regarding the market environment surrounding exports, Osaka Steel and the Target Company also expect that as the downward trends in overseas steel prices will continue because of the rapid increase in the export volume from China caused by the decline in domestic demand for steel and the excessive production in China, and as a result of overseas countries controlling import volume, the export volume from Japan will decrease.

(Note 1) Metal spread means the difference between the steel shipment price and the raw material (scrap steel) purchase price.

(II) The Post-Tender Offer Direction and Expected Outcomes

Based on the circumstances mentioned above, in late April 2015, Osaka Steel proposed to the Target Company the plan that Osaka Steel would make the Target Company its subsidiary and take it private. The aim of this proposal was to maintain and improve both companies' corporate value, through the following two approaches: (1) reinforcing the Target Company's business infrastructure, improving the efficiency of its business, and improving its technological capabilities, by Osaka Steel making the Target Company its subsidiary and taking it private, and (2) improving cost competitiveness, product variety, delivery, and other types of customer services by improving the efficiency of the manufacturing structure through the alliance of the two companies, which have manufacturing bases in eastern and western Japan respectively. Since then, Osaka Steel and the Target Company have discussed and considered measures to maintain and improve their corporate value on numerous occasions.

As a result, Osaka Steel and the Target Company reached the conclusion that, in order to maintain and improve their respective corporate values in such a fiercely competitive market environment as is anticipated, it is necessary to form a close alliance, facilitate mutual use of management resources, and enhance their business infrastructures, which will all be achieved by conducting the Transaction. Osaka Steel has its main bases in Osaka and Kumamoto in western Japan, and has a competitive advantage in western Japan in terms of its technological strength, product superiority and superiority in delivery, etc. On the other hand, the Target Company has its base in eastern Japan, which is the area with the largest domestic demand. In an environment where competition with other companies in this industry is accelerating, we believe that by Osaka Steel and the Target Company integrating management by means of the Transaction, we will be able to certainly capture demand in eastern and western Japan and fully enjoy the outcomes of cost reductions on, for example, manufacturing costs and transportation expenses, and both companies will be able to develop a nationwide business through, among other things, flexible delivery from the manufacturing bases in eastern and western Japan, which will timely meet nationwide customers' delivery requests while continuing business activities to carry out local production for local consumption, where raw materials are procured in the areas where the manufacturing plants are located and products are mainly supplied to these areas. Osaka Steel and the Target Company intend to effectively use the management resources through the

Transaction to strengthen their domestic business and, at the same time, to put efforts into the overseas business on which Osaka Steel is currently placing a focus (i.e., joint venture to manufacture and sell medium and small sections, steel bars for concrete reinforcement, and flat bars in Indonesia), and will thereby build a business base with product superiority and competitiveness in order to achieve the ideal status as an ordinary electric furnace steel manufacturer in the future wherein both domestic and overseas businesses will be developed and strengthened.

In addition, Osaka Steel respectively discussed with Hanwa and Mitsui, major shareholders, separately from the discussion with the Target Company above. Details of the discussions are below.

In mid-July 2015, Osaka Steel proposed to Hanwa that Osaka Steel would take the Target Company private and started discussions. In late July 2015, Hanwa requested that it be allowed to continue to maintain its position as a shareholder of the Target Company to a certain extent after the going private of the Target Company. Hanwa is one of the Target Company's important business partners in terms of the Target Company's business strategies and the smooth performance of its business and reinforcing the sales alliance with Hanwa, as a partner (shareholder) in the iron and steel product manufacturing business, which has good customers of iron and steel products including small customers, is expected to result in the Target Company maintaining and improving its corporate value in the mid- to long-term and to further enhance the outcome of Osaka Steel making the Target Company a subsidiary and taking it private. Therefore, Osaka Steel decided to accept this request, and had discussions regarding specific terms and conditions for the Tender Offer.

As a result, as stated in "(I) The Tendering and Transfer Agreement" of "(3) Material Agreement and related matters regarding the Tender Offer" below, Osaka Steel entered into the Tendering and Transfer Agreement with Hanwa as of September 18, 2015.

In addition, in late April 2015, Osaka Steel informed Mitsui that it started considering the Transaction, and specifically discussed the Tender Offer Price from late July 2015. As a result, as stated in "(II) The Tender Agreement" of "(3) Material Agreement and related matters regarding the Tender Offer" below, Osaka Steel agreed as of September 18, 2015, with Mitsui that Mitsui would tender all of the 5,092,000 Shares owned by Mitsui (ownership ratio: 29.24%) in the Tender Offer. Osaka Steel will continue to maintain a strong relationship with Mitsui as an important business partner of the Target Company.

Compared to the scenario that Osaka Steel makes the Target Company its subsidiary and maintains it listed, and that the Target Company operates its business while respecting many minority shareholders' interests, Osaka Steel believes that by Osaka Steel taking the Target Company private wherein only Osaka Steel and Hanwa will be shareholders, we will be able to achieve the integrated management between Osaka Steel and the Target Company and the flexible and efficient performance of both companies' business. While continuing the sales alliance between Hanwa, which will maintain its position as a shareholder of the Target Company, and the Target Company, Osaka Steel will effectively use the management resources of the three companies to build the most suitable systems to accommodate customer needs and to survive in the domestic market. Osaka Steel and the Target Company expect that taking the Target Company private will produce the particular outcomes stated below, and expect it to lead to further enhancement of the revenue base and improvements in the corporate value of the entire Osaka Steel group, including the Target Company.

(i) Improved manufacturing efficiency and superiority in delivery, and reductions in transportation expenses, through optimization of the manufacturing systems by taking advantage of the locations of both companies' business sites.

As stated above, Osaka Steel has its main bases in Osaka and Kumamoto, western Japan, while the Target Company has its main base in eastern Japan, which is the area with the most domestic demand. We believe that we will be able to improve productivity and reduce transportation expenses by taking advantage of each business's site locations, reviewing the

manufacturing systems that were separated into two companies from an integration perspective, and conducting an optimized allocation for each manufacturing line.

In addition, both companies already have superior delivery (i.e., timely responses to short-notice delivery requests from customers, etc.); however, we believe that we will be able to further enhance efficiencies in delivery by sharing the respective companies' business infrastructure and knowhow.

(ii) Improvements in cost and quality competitiveness and promotion of overseas business by sharing manufacturing technologies and knowhow

We believe that we will be able to achieve improvements in operational technologies, such as energy savings and the enhancement of production yield (i.e., the ratio of non-defective products to the entire production volume), by sharing the manufacturing technologies and knowhow that Osaka Steel and the Target Company have independently fostered thus far, and that we will be able to strengthen our competitive advantage by reducing costs and improving quality. In addition, we believe that we will be able to effectively optimize and promote efficiency in capital expenditures through sharing technologies used at both companies' facilities. For example, by this optimization and promotion of efficiency, we expect that we will be able to supply semi-finished products on a stable basis in Osaka Steel's overseas business.

(iii) Reductions in procurement costs and maintenance costs

We believe that we will be able to reduce procurement costs by sharing Osaka Steel's and the Target Company's purchase knowhow in the procuring of materials. In addition, we believe that we will be able to reduce maintenance costs of the manufacturing facilities by making the manufacturing facility specifications and their parts common.

(iv) Optimized administration costs by reorganizing functions of the administration divisions

We believe that we will be able to optimize administration costs by reorganizing the administration divisions of the head offices and branches of Osaka Steel and the Target Company and making them common, thereby creating efficiencies in management.

(v) Improvements in financial and funding efficiencies by integrating the management of finances

We believe that we will be able to manage the finances of both companies, including their assets held (raw materials, products, semi-finished products, other materials, etc.), in an integrated manner. This will allow us to further improve efficiencies in finance and funding.

(vi) Correctly captured customer needs, including those of small customers, and enhanced profitability

Although by taking the Target Company private, shareholders other than Osaka Steel and Hanwa will cease to be shareholders of the Target Company, we believe that by Hanwa maintaining its position as a shareholder of the Target Company and by Osaka Steel and Hanwa sharing strategies with the Target Company, we will be able to strengthen the cooperative relationship between Osaka Steel, the Target Company, and Hanwa, and by fully using Hanwa's sales force capabilities with respect to small customers and by building the systems in which manufacturers and trading companies meet detailed requests from individual customers in an integrated manner, we will become able to increase added-value and enhance profitability.

Osaka Steel announced in Osaka Steel's Press Release dated September 18, 2015 that in the event that the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa does not reach the voting rights threshold (116,088 voting rights) after the successful completion of the Tender Offer, Osaka Steel would determine the post-Tender Offer management policies after discussing with the Target Company and would announce such policies by the time of the commencement of the Tender Offer. As a result of such discussion with the Target Company, it has been decided that upon the successful completion of the Tender Offer, even if the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa does not reach the voting rights threshold (116,088 voting rights), Osaka Steel will request that the Target Company implement the Procedures to Go Private. The outcomes expected from implementing the Procedures to Go Private are as stated in (i) through (vi) above.

If a proposal to implement the Procedures to Go Private is rejected at the Target Company's Shareholders Meeting, the Target Company will suspend the Procedures to Go Private, and it is expected that the Shares will remain listed on JASDAQ. In that case, Osaka Steel and Hanwa would not necessarily own all of the Target Company's Shares (excluding those owned by the Target Company). However, Osaka Steel and the Target Company will operate the business, as a parent company and a subsidiary, to realize the expected outcomes as stated in (i) through (vi) above to the extent possible.

In addition to the matters stated in "(I) Recognizing the Environment" and "(II) The Post-Tender Offer Direction and Expected Outcomes" above, the Target Company has explained to Osaka Steel the process and reasons for its decision that resulted in supporting the Tender Offer, as follows:

The Target Company has appointed Mitsubishi UFJ Morgan Stanley Securities as its financial advisor and third-party appraiser independent of Osaka Steel and the Target Company, and Anderson Mori & Tomotsune as its legal advisor, and it has held discussions and negotiations with Osaka Steel regarding the Tender Offer Price and various other matters. Based on advice from Mitsubishi UFJ Morgan Stanley Securities and Anderson Mori & Tomotsune, and using as reference the Target Company's past 5-year stock price changes, the percentage of premiums paid in similar tender offer cases, and the results of valuation analyses including the discounted cash flow analysis ("DCF Analysis") conducted by Mitsubishi UFJ Morgan Stanley Securities, the Target Company has held a series of discussions and negotiations with Osaka Steel. Furthermore, as stated in "(III) The Target Company Establishing an Independent Third-Party Panel" of "(4) Measures to Ensure Fairness of the Tender Offer including Measures to Ensure Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest" below, on September 17, 2015, the Target Company received from the third-party panel its written report stating that: it would be reasonable and not particularly disadvantageous to the minority shareholders of the Target Company for the Target Company's board of directors to express an opinion, as its opinion as of September 18, 2015, to support the Tender Offer and to recommend that the Target Company's shareholders tender their Shares in the Tender Offer, and to adopt a resolution to conduct the Transaction, including the Procedures to Go Private.

Thereafter, the Target Company took the following into consideration: (i) as stated in "(II) The Target Company Obtaining a Share Value Appraisal Report from an Independent Third-Party Appraiser" of "(4) Measures to Ensure Fairness of the Tender Offer including Measures to Ensure Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest" below, among the valuation results from Mitsubishi UFJ Morgan Stanley Securities, the Tender Offer Price is higher than the upper limit of the valuation range based on the market price method, yet is within the range based on the comparable companies analysis and the DCF Analysis; (ii) the Tender Offer Price is higher than the highest stock price for the past five years of the Target Company; (iii) the Tender Offer Price represents a premium of 55.9% (rounding off to the first decimal place; the same method was applied to the calculation of premiums in this paragraph) to 404 yen (the closing price of the Shares on JASDAQ on September 17, 2015, which was the most recent business day preceding September 18, 2015), a premium of 60.3% to 393 yen (the simple average closing price for the most recent one (1) month leading up to September 17, 2015; rounding off to the closest whole number; the same applies to calculations of the simple

average closing price), a premium of 57.5% to 400 yen (the simple average closing price for the most recent three (3) months leading up to September 17, 2015), and a premium of 55.2% to 406 yen (the simple average closing price for the most recent six (6) months leading up to September 17, 2015), respectively, and is considered to be a reasonable percentage of premium compared with those in similar tender offer cases; and (iv) the Tender Offer Price was determined after having taken adequate measures necessary to avoid conflicts of interest as stated in the "(4) Measures to Ensure Fairness of the Tender Offer including Measures to Ensure Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest" below. Furthermore, after carefully considering the Tender Offer, the Target Company has determined that the Tender Offer will provide the Target Company's shareholders with a reasonable opportunity to sell their Shares, and the Target Company, at the meeting of its board of directors held on September 18, 2015, adopted a resolution to express an opinion, as its opinion as of September 18, 2015, to support the Tender Offer and to recommend that the Target Company's shareholders tender their Shares in the Tender Offer in the event of its commencement.

Osaka Steel informed the Target Company of its receipt of a "Notice of Non-Issuance of a Cease-and-Desist Order" dated January 28, 2016 from the FTC on the same day. As stated in "(III) The Target Company Establishing an Independent Third-Party Panel" of "(4) Measures to Ensure Fairness of the Tender Offer including Measures to Ensure Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest" below, the Target Company's board of directors requested the third-party panel established by the Target Company to examine whether its opinion has changed from what was stated in the report provided to the Target Company on September 17, 2015; and if there has been no change, to advise the Target Company's board of directors accordingly, or if there has been a change, to provide its new opinion. As a result of the review of the above matters, also considering the impact of the revision of the Target Company's financial forecast because the financial forecast was expected to be revised as announced by the Target Company on February 3, 2016, the third-party panel confirmed that the revision of the financial forecast was considered to have arisen from slightly better than expected performance through the Third Quarter over the forecast and that there had been no material change in the business conditions of the Target Company nor the circumstances surrounding the Transaction since September 17, 2015 up to February 2, 2016. Then, on February 2, 2016, the third-party panel submitted a written report to the Target Company's board of directors stating that there was no change in their opinion in the report provided to the Target Company on September 17, 2015. Based on the impact of the revision of the Target Company's financial forecast and the written report, after carefully considering the terms and conditions of the Tender Offer, the Target Company determined that, as of February 3, 2016, the Tender Offer Price and other terms and conditions of the Tender Offer were reasonable and that the Tender Offer would provide the Target Company's shareholders with a reasonable opportunity to sell their Shares. Then, the Target Company, at the meeting of its board of directors held on February 3, 2016, adopted a resolution to express an opinion to support the Tender Offer and to recommend that the Target Company's shareholders tender their Shares in the Tender Offer.

For details of the decision-making process of the Target Company's board of directors, please refer to "(V) Unanimous Approval of the Target Company's Directors without Conflicts of Interest" of "(4) Measures to Ensure Fairness of the Tender Offer including Measures to Ensure Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest" below.

Osaka Steel and the Target Company will discuss mutually and determine the Target Company's business strategy after the execution of the Transaction. After the execution of the Transaction, Osaka Steel will infuse its technological advancement (high accuracy in dimensions of angle steel, channel steel, etc.) and management efficiency know-how into the Target Company, and will manage the Target Company by fully utilizing the Target Company's operational features/business operation characteristics, such as their sales network mainly developed over eastern Japan, and their strength in supplying highly-value-added steel products, such as equal-angle steel and unequal-angle steel, and further improve the Target Company's business. Nothing has been determined as of today regarding the composition of directors and officers of the Target Company or other management structure after the execution of the Transaction; however, we will examine as to, and promptly put it into practice, the

most appropriate management structure to realize the business synergies between Osaka Steel and the Target Company.

(3) Material Agreement and related matters regarding the Tender Offer

(I) The Tendering and Transfer Agreement

Prior to conducting the Tender Offer, Osaka Steel entered into the Tendering and Transfer Agreement with Hanwa on September 18, 2015. Under the Tendering and Transfer Agreement, Hanwa has agreed to not tender the 4,611,000 Shares that it owned as of the same date (ownership ratio: 26.48%) in the Tender Offer. However, Hanwa has agreed that upon Osaka Steel's request, Hanwa will be obliged to tender part of its Shares (4,611,000 Shares; ownership ratio: 26.48%) in the Tender Offer (in the number requested by Osaka Steel) to meet the request so that Osaka Steel can achieve the minimum number of Shares to be purchased (8,706,649 Shares). Based on the progress of the tender by shareholders during the Tender Offer Period, if it is expected that the number of the Tendered Shares tendered by shareholders other than Hanwa will not reach the minimum number of Shares to be purchased (8,706,649 Shares), Osaka Steel plans to request that Hanwa tender its Shares in the number deemed necessary to achieve the minimum number of Shares to be purchased (8,706,649 Shares). The maximum number of Shares that Hanwa will tender upon request from Osaka Steel will be 3,614,649 Shares, which is the minimum number of Shares to be purchased for the Tender Offer (8,706,649 Shares) less the number of Shares that Mitsui agreed to tender (5,092,000 Shares) as stated in "(II) The Tender Agreement" below.

Furthermore, under the Tendering and Transfer Agreement, on the condition that the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa meets or exceeds the voting rights threshold (116,088 voting rights) after the successful completion of the Tender Offer, Osaka Steel and Hanwa have agreed to implement the Procedures to Go Private and Hanwa has agreed to cooperate with Osaka Steel and the Target Company for the smooth facilitation of the Procedures to Go Private as stated in "(5) Policies regarding Reorganization, etc. after the Tender Offer (Matters regarding the So-called Two-Stage Purchase)" below.

Hanwa intends to maintain its status as a shareholder of the Target Company to a certain extent even after the Procedures to Go Private are completed. Therefore, upon implementation of the Procedures to Go Private, Hanwa has agreed to transfer the Shares between Osaka Steel and Hanwa (the "Negotiated Transaction") so that the ratio of the voting rights of the Target Company corresponding to the number of Shares owned by Osaka Steel and Hanwa against the aggregate voting rights of the Target Company would be 90% (Osaka Steel) and 10% (Hanwa) on the condition that the duty of the Target Company to submit the securities report ceases pursuant to the proviso of Article 24, paragraph 1 of the FIEA after the Procedures to Go Private. Subject to the timing of the successful completion of the Tender Offer, or of a resolution adopted at the Target Company's Shareholders Meeting, the Negotiated Transaction is presently expected to be completed in approximately August 2016.

Osaka Steel and Hanwa have agreed that the transfer price in the Negotiated Transaction will be substantially the same as the Tender Offer Price.

Under the Tendering and Transfer Agreement, on the condition that the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa meets or exceeds the voting rights threshold (116,088 voting rights) after the successful completion of the Tender Offer, it was agreed as follows: (a) Osaka Steel and Hanwa will submit to the Target Company's general shareholders meeting a proposal for the Procedures to Go Private and take any measures necessary for the proposal to be approved; (b) in exercising its voting rights corresponding to the number of Shares owned by Hanwa and other rights at the Target Company's general shareholders meeting to be held by setting the date after the execution date of the Tendering and Transfer Agreement and before the execution date of the Negotiated Transaction as the reference date, in accordance with Osaka Steel's

choices, (i) Hanwa will grant comprehensive agency rights to Osaka Steel or the person designated by Osaka Steel, or (ii) Hanwa will exercise its voting rights pursuant to Osaka Steel's direction.

As a result of discussions thereafter, Osaka Steel and Hanwa agreed as of February 3, 2016 that upon the successful completion of the Tender Offer, they will implement the Procedures to Go Private even if the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa does not reach the voting rights threshold (116,088 voting rights) and that Hanwa will cooperate with Osaka Steel and the Target Company for the smooth facilitation of the Procedures to Go Private. Osaka Steel and Hanwa also agreed to submit to the Target Company's general shareholders meeting a proposal for the Procedures to Go Private and to take any measures necessary for the proposal to be approved.

(II) The Tender Agreement

Prior to conducting the Tender Offer, Osaka Steel concluded an agreement dated September 18, 2015 with Mitsui for Mitsui to tender all of the 5,092,000 Shares that it owns as of September 18, 2015 (ownership ratio: 29.24%) in the Tender Offer. There are no provisions regarding conditions precedent for Mitsui to tender its Shares.

Mitsui will discuss with Osaka Steel in advance, as necessary, for exercising its voting rights at the Target Company's general shareholders meeting to be held after the execution date of the agreement.

(4) Measures to Ensure Fairness of the Tender Offer including Measures to Ensure Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest

As of today, the Target Company is not a subsidiary of Osaka Steel. However, because making the Target Company a subsidiary and going private is being contemplated by means of the Transaction, Osaka Steel and the Target Company have taken the following measures to ensure the fairness of the Tender Offer.

(I) Osaka Steel Obtaining a Share Value Appraisal Report from an Independent Third-Party Appraiser

In determining the Tender Offer Price, Osaka Steel asked SMBC Nikko Securities Inc. ("SMBC Nikko Securities"), its financial advisor and a third-party appraiser independent of Osaka Steel, the Target Company, and Hanwa, to calculate the Target Company's share value.

After considering calculation methods for the Tender Offer, SMBC Nikko Securities calculated the Target Company's share value using the market price method, comparable listed company method, and discounted cash flow method ("DCF Method"), and Osaka Steel obtained a share value appraisal report (the "Share Value Appraisal Report") on September 17, 2015 from SMBC Nikko Securities. For an overview of the Share Value Appraisal Report that Osaka Steel received from SMBC Nikko Securities, please refer to "(I) Basis for the Calculation" of "(4) Basis for the Calculation of the Purchase Price" of "2. Overview of the Purchase" below.

(II) The Target Company Obtaining a Share Value Appraisal Report from an Independent Third-Party Appraiser

According to the Target Company, in order to ensure the fairness of the Tender Offer Price, the Target Company, when formulating its opinion on the Tender Offer, asked Mitsubishi UFJ Morgan Stanley Securities, its financial advisor and a third-party appraiser independent of the Target Company, Osaka Steel, and Hanwa, to analyze the Target Company's share value. The third-party appraiser, Mitsubishi UFJ Morgan Stanley Securities, is not a related party of the Target Company, Osaka Steel, or Hanwa, nor is it materially interested in the Tender Offer.

After considering methods to adopt for calculating the Target Company's share value from among a number of methods, Mitsubishi UFJ Morgan Stanley Securities analyzed the Target Company's share value using the market price analysis method, seeing as the Shares are listed on JASDAQ and the market share price is available; the comparable company analysis method, seeing as the Target Company's share value can be calculated by comparing financial indices representing the market share prices and earnings, etc., of listed companies which conduct relatively similar businesses to that of the Target Company; and the DCF Analysis method, in order to reflect the Target Company's future expected earnings and cash flow forecast in the calculation; and the Target Company obtained a valuation report (the "Target Company Share Value Appraisal Report") on September 17, 2015 from Mitsubishi UFJ Morgan Stanley Securities. The Target Company has not obtained any opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from Mitsubishi UFJ Morgan Stanley Securities.

According to the Target Company, the range of the per-share value of the Shares analyzed based on each of the methods, are as follows:

Market price analysis:	393 yen to 406 yen
Comparable company analysis	439 yen to 708 yen
DCF Analysis	504 yen to 747 yen

Under the market price analysis, the per-share value of the Shares was analyzed to range from 393 yen to 406 yen based on the respective simple average closing prices of the Shares on JASDAQ on dates on which any Shares were actually traded, within the most recent one (1) month, three (3) months, and six (6) months (respectively, 393 yen, 400 yen, and 406 yen; rounding off to the nearest whole number; the same method was applied to the calculation of the simple average closing price), with a reference date of September 17, 2015.

Under the comparable company analysis, the per-share value was analyzed to range from 439 yen to 708 yen by comparing the market price and financial indicators of profitability and the like of listed companies that engage in businesses comparatively similar to those of the Target Company.

Under the DCF Analysis, the per-share value of the Shares was analyzed to range from 504 yen to 747 yen based on the business plan prepared by the Target Company for the period ending March 2016 through the period ending March 2020, trends in business results to date, publicly released information, and other various factors, and by analyzing the Target Company's corporate value and the share value by discounting the free cash flow that is expected to be generated in and after the period ending March 2016 at a certain discount rate to the present value. According to the Target Company, no significant increase/decrease of profit is estimated in the business plan underlying the above DCF Analysis; such business plan does not assume the execution of the Transaction.

(Note) In performing its analysis with respect to the Target Company's share value, Mitsubishi UFJ Morgan Stanley Securities has assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by the Target Company, as appropriate basis for its analysis. With respect to the financial projections, Mitsubishi UFJ Morgan Stanley Securities has assumed that they have been reasonably prepared to reflect the best available estimates and judgments of the management of the Target Company (as of September 17, 2015) of the future financial performance of the Target Company. Mitsubishi UFJ Morgan Stanley Securities has not made, nor has it obtained from any third party, any independent valuation or appraisal of the assets or liabilities (including any off-balance sheet assets and liabilities and contingent liabilities) of the Target Company and its affiliates. The analysis by Mitsubishi UFJ Morgan Stanley Securities is based on the aforementioned information made available to it as of September 17, 2015.

(III) The Target Company Establishing an Independent Third-Party Panel

The Target Company has explained the following to Osaka Steel:

In order to carefully discuss the Transaction, including the Tender Offer, and to ensure the fairness, transparency, and objectiveness of the Target Company's decision-making process, the Target Company established a third-party panel consisting of Mr. Akito Takahashi (attorney-at-law, Takahashi & Katayama), Mr. Shinsuke Hasegawa (certified public accountant, Hasegawa CPA Office), and Mr. Keiichi Takasaki (certified public accountant, Takasaki & Hara Tax and Accounting Office) who are independent of the Target Company, Osaka Steel, and Hanwa. The Target Company has appointed the above three persons as third-party panel members from the beginning and has never changed them.

The Target Company requested the third-party panel to evaluate and review the following issues: (a) whether the Target Company should express an opinion to support the Tender Offer, and if yes, whether it should recommend that the Target Company's shareholders tender their Shares in the Tender Offer; (b) whether the Transaction is disadvantageous to the minority shareholders of the Target Company (the "Issues for Consultation") prior to discussing the details of the opinion to be expressed by the Target Company. The Target Company also requested that the panel submit its opinion regarding the Issues for Consultation to the Target Company's board of directors.

The third-party panel held seven meetings in total from July 21, 2015 to September 17, 2015, and carefully discussed and considered the Issues for Consultation.

When discussing the Issues for Consultation, the third-party panel received explanations from the Target Company regarding the details of Osaka Steel's proposal, the purpose of the Transaction, and specific information on the expected enhancement of the Target Company's corporate value thereby, based on the materials provided by the Target Company, and then conducted a Q&A session regarding these points. Furthermore, the third-party panel received explanations from the Target Company regarding its business plan, and conducted a Q&A session; it also received explanations from Mitsubishi UFJ Morgan Stanley Securities regarding its analysis of the Target Company's share value based on the valuation report submitted to the Target Company and conducted a Q&A session. Based on these discussions, the third-party panel submitted to the Target Company's board of directors a written report on September 17, 2015 stating that: it would be reasonable and not particularly disadvantageous to the minority shareholders of the Target Company for the Target Company's board of directors as of September 18, 2015 to express an opinion to support the Tender Offer, and to recommend that the Target Company's shareholders tender their Shares in the Tender Offer, and to adopt a resolution to conduct the Transaction, including the Procedures to Go Private.

According to the written report received from the third-party panel, major elements that they have considered in providing the foregoing written report are as follows:

A) (a) The purpose, necessity, and background circumstances of the Tender Offer and the Procedures to Go Private stated in "(2) Background Leading up to, Purposes of, and Decision-making Process for, the Tender Offer, and the Post-Tender Offer Management Policies" above, and (b) the benefit of the Procedures to Go Private after the Tender Offer stated in (i) through (vi) of "(II) The Post-Tender Offer Direction and Expected Outcomes" of "(2) Background Leading up to, Purposes of, and Decision-making Process for, the Tender Offer, and the Post-Tender Offer Management Policies" above, both of which have been explained by the Target Company, are considered to be reasonable because they are specific based on the Target Company's current business and management conditions, they are consistent with what are generally explained as the environments of the industry and market to which the Target Company belongs, and they are considered to be realistic for the enhancement of future competitiveness and as growth strategies, and from these explanations, the purpose of the Tender Offer and the Procedures to Go Private can be said to aim for an increase in corporate

value of the Target Company; in addition, the Target Company is discussing the necessity and benefit of the Tender Offer and the Procedures to Go Private based on a specific review and evaluation for the future growth plan, etc. of the Target Company, which it has discussed and reviewed with the Tender Offeror in the Tender Offer (and the shareholder after the Procedures to Go Private); and the future business prospects and growth prospects of the Target Company, and the management policies after the Procedures to Go Private (i.e., the plan to further enhance the Target Company's business by conducting management fully using the Target Company's strength), which the Target Company has explained, can be said to be specific based on the Target Company's business and management conditions and the Tender Offeror's business as well, and are not considered to be unreasonable; for these reasons, the third-party panel believes that the Tender Offer and the Procedures to Go Private will serve to increase the Target Company's corporate value.

B) (a) In the course of the discussion and determination of the terms and conditions for the Tender Offer and the Procedures to Go Private, in order to ensure the fairness of such terms and conditions, particularly the fairness of the Tender Offer Price, the Target Company has retained and appointed an independent third-party appraiser to calculate the Target Company's share value, and obtained a valuation report from the third-party appraiser and used it for reference. Then, (A) there is no particularly unreasonable point or significant concern regarding the calculation process leading to the conclusion stated in the share valuation report prepared by the third-party appraiser because the calculation method can be said to be a general and reasonable method in light of the current practices, and the details can be also considered to be reasonable in light of the current practices; (B) the Target Company has also discussed the Tender Offer Price comprehensively taking into consideration the circumstances, such as the necessity and benefit of the Transaction, and the influence on the Target Company's future business, based on the share valuation report; (C) the Tender Offer Price that is planned to be finally approved at the Target Company's board of directors' meeting is considered a price with a reasonable percentage of premium in light of the recent similar tender offer cases; and (D) the third-party panel recognizes no particularly unreasonable point or significant concern about it, including the conclusion of discussions and considerations at the third-party panel as stated in (A) through (C) above; for these reasons, these actions by the Target Company are considered to be reasonable and appropriate as measures to ensure the fairness of the terms and conditions for the Tender Offer, particularly the Tender Offer Price, and to remove arbitrariness from the process for the Target Company's judgment and decision-making therefor; (b) the Target Company has explained that it will calculate and determine the terms and conditions for the Procedures to Go Private based on the same price as the Tender Offer Price, unless there occurs any special circumstance going forward, and while the Procedures to Go Private is planned to be conducted as post-Tender Offer procedures (procedures of a so-called Two-Stage Purchase), to make the terms and conditions for the two procedures which are close in terms of timing uniform is considered to be reasonable; furthermore, as stated above, the measures to ensure the fairness of the terms and conditions for the Tender Offer, particularly the Tender Offer Price, and to remove arbitrariness from the process for the Target Company's judgment and decision-making therefor are considered to be reasonable and appropriate; therefore, the third-party panel believes that the fairness of the terms and conditions for the Procedures to Go Private is ensured.

C) Under the framework and circumstances set forth in "(II) The Target Company Obtaining a Share Value Appraisal Report from an Independent Third-Party Appraiser" above, and "(IV) An Independent Law Firm's Advice to the Target Company" below, the Target Company has explained as follows: recognizing the necessity to carefully ensure appropriateness and fairness of the terms and conditions for the Tender Offer and the Procedures to Go Private, the Target Company requested the Tender Offeror, from an early stage of discussions, to determine the terms and conditions with full consideration of the interests of the Target Company's minority shareholders, and has comprehensively examined the factors, such as

their reasonableness and fairness, and the reality of these terms and conditions; during a series of discussions with the Tender Offeror, the Target Company has worked to finalize the discussion on the Tender Offer Price to be approved at the board of directors' meeting; then, the Target Company and the Tender Offeror finally reached an agreement on the terms and conditions for the Tender Offer, including the Tender Offer Price, and the Procedures to Go Private, and the Target Company decided to use such agreed price as the Tender Offer Price planned to be resolved at the board of directors. In light of these facts, the Target Company is considered to have taken specific measures in the process of responding to and reviewing the Tender Offer and the Procedures to Go Private, such as: securing a reasonable opportunity for all shareholders of the Target Company to make their decisions by giving early and detailed disclosures and explanations, removing arbitrariness from the decision-making process, as well as securing objective circumstances toward ensuring the fairness of the terms and conditions for the Tender Offer, particularly the Tender Offer Price, and for the Procedures to Go Private; for these reasons, the Target Company is considered to have provided full consideration of the interests of the Target Company's shareholders through fair procedures.

D) Regarding those other than the matters reviewed in A) to C) above, the third-party panel found as of September 17, 2015 no particular circumstances where the Transaction will be disadvantageous to the minority shareholders of the Target Company.

The Target Company has explained the following to Osaka Steel:

Osaka Steel informed the Target Company of its receipt of a "Notice of Non-Issuance of a Cease-and-Desist Order" dated January 28, 2016 from the FTC on the same day. The Target Company's board of directors requested the third-party panel to examine whether its opinion has changed from what was stated in the report provided to the Target Company on September 17, 2015; and if there has been no change, to advise the Target Company's board of directors accordingly, or if there has been a change, to provide its new opinion. As a result of the review of the above matters, also considering the impact of the revision of the Target Company's financial forecast because the financial forecast was expected to be revised as announced by the Target Company on February 3, 2016, the third-party panel confirmed that the revision of the financial forecast was considered to have arisen from slightly better than expected performance through the Third Quarter over the forecast and that there had been no material change in the business conditions of the Target Company nor the circumstances surrounding the Transaction since September 17, 2015 up to February 2, 2016. Then, on February 2, 2016, the third-party panel submitted a written report to the Target Company's board of directors stating that there was no change in their opinion in the report provided to the Target Company on September 17, 2015.

(IV) An Independent Law Firm's Advice to the Target Company

The Target Company has explained to Osaka Steel that, in order to carefully discuss the Transaction, including the Tender Offer, and to ensure the fairness and appropriateness of the decision-making process of the Target Company's board of directors, the Target Company appointed Anderson Mori & Tomotsune as its legal advisor, which is independent of the Target Company, Osaka Steel and Hanwa, and received legal advice regarding the decision-making methods and processes used by the Target Company's board of directors, including the procedures regarding the Tender Offer.

(V) Unanimous Approval of the Target Company's Directors without Conflicts of Interest

The Target Company has explained to Osaka Steel that the Target Company took the following into consideration: (i) as stated in "(II) The Target Company Obtaining a Share Value Appraisal Report from an Independent Third-Party Appraiser" above, among the valuation results from Mitsubishi UFJ Morgan Stanley Securities, the Tender Offer Price is higher than the upper limit of the valuation range based on the market price method, yet is within the range based on the comparable companies analysis and the DCF Analysis; (ii) the Tender Offer Price is higher than the highest stock price for the past

five years of the Target Company; (iii) the Tender Offer Price is the price obtained by adding a premium of 55.9% (rounding off to the first decimal place; the same method was applied to the calculation of premiums in this paragraph) to 404 yen (the closing price of the Shares on JASDAQ on September 17, 2015, which is the business day immediately preceding the day on which the plan of the Tender Offer was announced (September 18, 2015)), a premium of 60.3% to 393 yen (the simple average closing price for the most recent one (1) month leading up to September 17, 2015; rounding off to the closest whole number; the same applies to calculations of the simple average closing price), a premium of 57.5% to 400 yen (the simple average closing price for the most recent three (3) months leading up to September 17, 2015), and a premium of 55.2% to 406 yen (the simple average closing price for the most recent six (6) months leading up to September 17, 2015), respectively, and is considered to be a reasonable percentage of premium compared with those in similar tender offer cases; and (iv) the Tender Offer Price was determined after having taken adequate measures necessary to avoid conflicts of interest as stated in "(II) The Target Company Obtaining a Share Value Appraisal Report from an Independent Third-Party Appraiser," "(III) The Target Company Establishing an Independent Third-Party Panel" and "(IV) An Independent Law Firm's Advice to the Target Company" above. Furthermore, after carefully considering the Tender Offer, the Target Company determined that the Tender Offer will offer a reasonable opportunity for the Target Company's shareholders to sell their Shares. Accordingly, the Target Company, at the meeting of its board of directors held on September 18, 2015, adopted a resolution with the unanimous approval of all the directors who participated in the deliberations and the resolution (including directors who are audit committee members) to express an opinion, as its opinion as of September 18, 2015, to support the Tender Offer and to recommend that the Target Company's shareholders tender Shares in the Tender Offer, in the event of its commencement.

Furthermore, in late January 2016, Osaka Steel informed the Target Company of its desire to commence the Tender Offer. After carefully considering the terms and conditions of the Tender Offer again based on the impact of the revision of the Target Company's financial forecast as announced by the Target Company on February 3, 2016 and the written report submitted by the third-party panel to the Target Company's board of directors on February 2, 2016 to the effect that there was no change in the content of the written report submitted to the Target Company's board of directors on September 17, 2015 as stated in "(III) The Target Company Establishing an Independent Third-Party Panel" above, the Target Company also confirmed that the revision of the financial forecast was considered to have arisen from slightly better than expected performance through the Third Quarter over the forecast and that there had been no material change in the business conditions of the Target Company nor the circumstances surrounding the Transaction since September 18, 2015 up to February 3, 2016; and the Target Company determined that, as of February 3, 2016, the Tender Offer Price and other terms and conditions of the Tender Offer were reasonable and that the Tender Offer would offer a reasonable opportunity for the Target Company's shareholders to sell their Shares. Accordingly, the Target Company, at the meeting of its board of directors held on February 3, 2016, adopted a resolution with the unanimous approval of all the directors who participated in the deliberations and the resolution (including directors who are audit committee members) to express an opinion to support the Tender Offer and to recommend that the Target Company's shareholders tender Shares in the Tender Offer.

(5) Policies regarding Reorganization, etc. after the Tender Offer (Matters regarding the So-called Two-Stage Purchase)

As stated in "(1) Overview of the Tender Offer" above, Osaka Steel will conduct the Tender Offer as part of the Transaction to cause the two companies (i.e., Osaka Steel and Hanwa) to become the Target Company's only two shareholders, and to make the Target Company a subsidiary of Osaka Steel and to make it go private. Osaka Steel also intends to request that the Target Company implement the Procedures to Go Private as stipulated below after the successful completion of the Tender Offer.

More specifically, after the successful completion of the Tender Offer, Osaka Steel will request that the Target Company submit to its general shareholders meeting (the "Shareholders Meeting") a proposal to consolidate the Shares (the "Stock Consolidation") and a proposal to partially amend the

Articles of Incorporation, including abolishing the unit share clause, on the condition that the Stock Consolidation becomes effective. The Shareholders Meeting is expected to be held when an ordinary shareholders meeting is held in June 2016.

Osaka Steel and Hanwa plan to agree to each proposal mentioned above at the Shareholders Meeting. If the proposal for the Stock Consolidation is approved at the Shareholders Meeting, the Target Company's shareholders will own the number of Shares reflecting the consolidation ratio that was approved at the Shareholders Meeting, on the day when the Stock Consolidation takes effect. If, as a result of the Stock Consolidation, there is any fraction of less than one share, then pursuant to the procedures provided in Article 235 of the Companies Act (Act No. 86 of 2005, as amended) and other relevant laws and regulations, the amount of money obtained by the sale of the Shares corresponding to the total of such fractions (any fraction of less than one share in the total number shall be rounded off) to the Target Company or Osaka Steel will be delivered to each shareholder having such fractional Shares based on the number of Shares owned by it immediately before the Stock Consolidation. The sale price of the Shares corresponding to the total of such fractions will be calculated so that the amount of money to be delivered to each shareholder of the Target Company (excluding Osaka Steel, Hanwa and the Target Company) who did not tender Shares in the Tender Offer equals the Tender Offer Price multiplied by the number of Shares owned by each such shareholder as a result of the sale, and a request to permit such voluntary sale will be filed with the court. The consolidation ratio is not yet determined as of today; however, it will be determined in a way so that the number of Shares owned by the Target Company's shareholders (excluding Osaka Steel, Hanwa and the Target Company) who did not tender Shares in the Tender Offer will be a fraction of less than one share and Osaka Steel and Hanwa can own all of the Shares accordingly.

Furthermore, if, as a result of the Stock Consolidation, there is any fraction of less than one share, the Companies Act provides that each shareholder of the Target Company may request that the Target Company purchase all fractions of the Shares owned by it at a fair price, and that each shareholder may file a petition to determine the price of the Shares pursuant to Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations.

The method and timing of the above-mentioned procedures may change subject to any revision or enforcement of relevant laws or regulations, or depending on the interpretation by the competent authorities, the ownership ratio of Shares by Osaka Steel and Hanwa after the Tender Offer, and the ownership of the Shares by any person other than Osaka Steel and Hanwa. However, even in those cases, the plan to conduct the process to make Osaka Steel and Hanwa the only shareholders of the Target Company remains unchanged after the successful completion of the Tender Offer. A method for providing cash consideration to each shareholder of the Target Company who did not tender Shares in the Tender Offer (excluding Osaka Steel, Hanwa, and the Target Company) will be adopted, and in that case, the amount of the consideration to be paid to each such shareholder will be calculated to equal the Tender Offer Price multiplied by the number of Shares owned by each such shareholder. However, where a petition to determine the price for requesting to purchase Shares in the Stock Consolidation is conducted, the price regarding the share purchase request will be finally determined by the court.

The Tender Offer does not invite the Target Company's shareholders to support the Tender Offer at the Shareholders Meeting. Each shareholder should confirm with a tax accountant or other specialists, at its own responsibility, how receiving money as a result of the Tender Offer or the procedures mentioned above, and the purchase of Shares upon the share purchase request, are treated under relevant tax laws.

(6) Likelihood of and Reasons for Delisting

As of today, the Shares are listed on JASDAQ. However, because Osaka Steel has not determined a maximum limit on the number of Shares to be purchased in the Tender Offer, depending on the outcome of the Tender Offer, there is a possibility of the Shares being delisted in accordance with the

established procedures and pursuant to the share delisting standards of the TSE. Furthermore, after the successful completion of the Tender Offer, as stated in "(5) Policies regarding Reorganization, etc. after the Tender Offer (Matters regarding the So-called Two-Stage Purchase)," the Procedures to Go Private will be implemented. In that case, the Shares are expected to be delisted in accordance with established procedures and pursuant to the share delisting standards of the TSE. After the delisting, the Shares will no longer be able to be traded on JASDAQ. If the Target Company decides to go private, in accordance with the Procedures to Go Private, a method for providing cash consideration for each shareholder of the Target Company who did not tender Shares in the Tender Offer (excluding Osaka Steel, Hanwa, and the Target Company) will be adopted, and in that case, the amount of the consideration to be paid to each such shareholder will be calculated to equal the Tender Offer Price multiplied by the number of Shares owned by each such shareholder.

Osaka Steel announced in Osaka Steel's Press Release dated September 18, 2015 that: in the event that the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa reaches or exceeds the voting rights threshold (116,088 voting rights) after the successful completion of the Tender Offer, Osaka Steel would request that the Target Company implement the Procedures to Go Private; and, in the event that the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa does not reach the voting rights threshold (116,088 voting rights), Osaka Steel would decide whether to implement the Procedures to Go Private after discussing with Hanwa and the Target Company and would announce its decision by the time of the commencement of the Tender Offer. As a result of such discussion with Hanwa and the Target Company, it has been decided that upon the successful completion of the Tender Offer, even if the total amount of the voting rights corresponding to the number of Shares owned by Osaka Steel and Hanwa does not reach the voting rights threshold (116,088 voting rights), Osaka Steel will request that the Target Company implement the Procedures to Go Private.

Meanwhile, in the event that a proposal to implement the Procedures to Go Private is rejected at the Target Company's Shareholders Meeting, the Target Company will suspend the Procedures to Go Private, and it is expected that the Shares will remain listed on JASDAQ.

2. Overview of the Purchase

(1) Overview of the Target Company

(1) Name	Tokyo Kohtetsu Co., Ltd.	
(2) Location	17-9, Uchikanda 1-chome, Chiyoda-ku, Tokyo	
(3) Title and Name of Representative	Hideo Kurihara, President	
(4) Type of Business	Manufacturing and rolling steel using electric furnaces; Manufacturing and selling equal-angle steel, unequal-angle steel, equal-angle steel with R, and billet Precision cutting, press drilling, welding, processing and selling Processing into, and designing, manufacturing and selling particular shapes of steel Designing, manufacturing, and selling solar panel mounts	
(5) Stated Capital	2,453 million yen (as of December 31, 2015)	
(6) Date of Incorporation	July 18, 1962	
(7) Major Shareholders and Ownership Ratio (as of September 30, 2015)(Note)	Mitsui & Co., Ltd. (standing agency: Trust & Custody Services Bank, Ltd.	29.19%
	Hanwa Co., Ltd.	26.43%
	BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO) (standing agency: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	7.56%
	ASAHI INDUSTRIES CO., LTD.	4.99%

	Morgan Stanley MUFG Securities Co., Ltd.	3.62%
	NIPPON STEEL & SUMIKIN BUSSAN CORPORATION	3.15%
	Shinichiro Shimizu	2.87%
	Masanori Shimizu	2.87%
	BBH FIDELITY PURITAN FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND (standing agency: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1.76%
	Tatsuo Kobayashi	1.32%
	Mikio Kobayashi	1.32%

(8) Relationship between Osaka Steel and the Target Company

Capital Relationship	Not applicable.
Personnel Relationship	Not applicable.
Business Relationship	Not applicable.
Whether to fall under the Related Parties	The Target Company is not a related party of Osaka Steel. None of Osaka Steel's interested parties or related companies are a related party of the Target Company.

(Note 1) "Major Shareholders and Ownership Ratio" is from "Status of Major Shareholders" in the Second Quarterly Report filed on November 12, 2015 by the Target Company.

(2) Schedule, etc.

(I) Schedule

Resolution of Board of Directors' Meeting	February 3, 2016 (Wednesday)
Date of Public Notice of Commencement of the Tender Offer	February 4, 2016 (Thursday) Public notice will be given electronically and notice thereof will be posted in the *Nihon Keizai Shimbun*. (electronic public notice website: http://disclosure.edinet-fsa.go.jp/)
Date of Submission of the Tender Offer Statement	February 4, 2016 (Thursday)

(II) Purchase Period as of the Time of Filing the Tender Offer Statement

From February 4, 2016 (Thursday) to March 17, 2016 (Thursday) (30 business days)

(III) Possibility of Extension at the Target Company's Request

Not applicable.

(3) Purchase Price

630 yen per Share

(4) Basis for the Calculation of the Purchase Price

(I) Basis for the Calculation

In determining the Tender Offer Price, Osaka Steel asked SMBC Nikko Securities, its financial advisor and a third-party appraiser independent of Osaka Steel, the Target Company and Hanwa, to calculate the Target Company's share value.

After considering calculation methods for the Tender Offer, SMBC Nikko Securities calculated the Target Company's share value using the market price method, the comparable listed company method, and the DCF Method, and Osaka Steel obtained the Share Value Appraisal Report on September 17, 2015 from SMBC Nikko Securities. Osaka Steel has not obtained any opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko Securities.

According to the Share Value Appraisal Report, the adopted methods, and the range of the per-share value of the Shares calculated based on each of the methods, are as follows:

Market price method:	391 yen to 400 yen
Comparable listed company method	462 yen to 670 yen
DCF Method	581 yen to 667 yen

Under the market price method, the per-share value ranges from 391 yen to 400 yen based on the respective simple average closing prices of the Shares on JASDAQ for the period from August 26, 2015, the business day following the date when the Target Company released the "Announcement regarding Revision to the Financial Forecast" on August 25, 2015 up to a reference date of September 17, 2015, the most recent one (1) month up to the reference date and the most recent three (3) months up to the reference date (respectively, 391 yen, 393 yen and 400 yen).

Under the comparable listed company method, the per-share value ranges from 462 yen to 670 yen by selecting listed companies that engage in businesses comparatively similar to those of the Target Company, and applying the ratio of financial figures to the share price, etc. of those listed companies, to the Target Company's financial figures.

Under the DCF Method, the per-share value of the Shares ranges from 581 yen to 667 yen subject to the business plan of the Target Company from the fiscal year ending March 2016 to the fiscal year ending March 2020, which Osaka Steel independently examined, trends in business results to date, publicly released information, and other various factors, and by analyzing the Target Company's corporate value and the share value by discounting the free cash flow that is expected to be generated by the Target Company from March 2016 at a certain discount rate to the present value.

In its board of directors' meeting held on September 18, 2015, Osaka Steel ultimately determined to set the Tender Offer Price at 630 yen per Share by comprehensively taking into consideration: the valuation results of the Share Value Appraisal Report obtained from SMBC Nikko Securities, as well as the results of the due diligence which Osaka Steel conducted on the Target Company; trends in market prices of the Target Company's stock for the past three (3) months; premiums granted when determining the purchase price in other cases of a tender offer for shares conducted by a party other than an issuer; whether consent was obtained from the Target Company's board of directors and other matters. Additionally, the outcome of discussions with each of the Target Company, Hanwa and Mitsui were also taken into consideration.

The per-share value of 630 yen, which is the Tender Offer Price, is the price obtained by adding a premium of 55.94% (rounding off to the second decimal place; the same method was applied to calculations of premiums) to 404 yen (the closing price of the Shares on JASDAQ on September 17, 2015, which is the business day immediately preceding the day on which the plan of the Tender Offer was announced (September 18, 2015)), a premium of 60.31% to 393 yen (the simple average closing price for the most recent one (1) month leading up to the above-stated date), a premium of 57.50% to 400 yen (the simple average closing price for the most recent three (3) months leading up to the above-stated date), and a premium of 55.17% to 406 yen (the simple average closing price for the most recent six (6) months leading up to the above-stated date), respectively. Furthermore, this is the price obtained by adding a premium of 0.16% to 629 yen (the closing price of the Shares on JASDAQ on February 2, 2016, which is the business day immediately preceding today).

(Note) SMBC Nikko Securities prepared the Share Value Appraisal Report on the assumption that all the materials and information used as the basis of the report were accurate and complete, and it has not verified the accuracy and completeness of those materials and information independently, and owes no obligation or duty to do so. In addition, it has not valued, appraised, or assessed assets and liabilities of the Target Company and affiliates thereof independently, nor has it asked a third-party institution to value, appraise or assess the same. If any issue regarding the accuracy or completeness of those materials or information is found, the valuation results may be significantly different. Furthermore, it is assumed that there are no undisclosed lawsuits, disputes, claims or liabilities related to the environment, tax, or the like, or other contingent liabilities or off-balance sheet liabilities, any other facts that have material impact on the Share Value Appraisal Report, in relation to the Target Company nor its affiliates. It is assumed that the business plan and the like which SMBC Nikko Securities used in the Share Value Appraisal Report was prepared based on the best forecast and judgment as of the reference date, and that the provider of this information prepared the business plan and the like in accordance with reasonable and appropriate procedures. The Share Value Appraisal Report may have been compiled using analyses based on materials and information provided to it and by setting certain hypotheses, on the assumption that the materials and information so provided and the hypotheses are accurate and reasonable. SMBC Nikko Securities has not verified the accuracy, appropriateness, and feasibility of the above assumptions independently, and shall not be obligated or liable therefor.

SMBC Nikko Securities submitted the valuation results to Osaka Steel upon Osaka Steel's request solely to help Osaka Steel's board of directors determine the Tender Offer Price, and the results are not a representation by SMBC Nikko Securities of its opinion regarding the fairness of the Tender Offer Price.

(II) Background of the Calculation

(Background Leading to the Determination of the Tender Offer Price)

As stated in "(2) Background Leading up to, Purposes of, and Decision-making Process for, the Tender Offer, and the Post-Tender Offer Management Policies" in "1. Purpose, etc. of the Purchase" above, Osaka Steel and the Target Company have recognized that competition in the market environment in the ordinary steel/steel products industry, to which they both belong, will become increasingly fierce in the future. In late April 2015, Osaka Steel proposed to the Target Company the plan that Osaka Steel would make the Target Company its subsidiary and take it private. The aim of this proposal was to maintain and improve both companies' corporate value, through the following two approaches: (1) reinforcing the Target Company's business infrastructure, improving the efficiency of its business, and improving its technological capabilities, by Osaka Steel making the Target Company its subsidiary and taking it private, and (2) improving cost competitiveness, product variety, delivery, and other types of customer services by improving the efficiency of the manufacturing structure through the alliance of the two companies, and this proposal further aimed to allow them to have manufacturing bases in both eastern and western Japan. Since then, Osaka Steel and the Target Company have discussed and considered measures to maintain and improve their corporate value on numerous occasions.

As a result, Osaka Steel and the Target Company reached a conclusion that, in order to maintain and improve their respective corporate values in such a fiercely competitive market environment as is anticipated, it is necessary to form a close alliance, facilitate mutual use of management resources, and enhance their business structures, which will all be achieved by conducting the Transaction. Accordingly, in its board of directors' meeting held on September 18, 2015, Osaka Steel decided to implement the Tender Offer to make the Target Company its subsidiary and take it private, and to set the Tender Offer Price at 630 yen after discussions with the Target Company from late April 2015 to

September 18, 2015, with Hanwa from late July 2015 to the same date, and with Mitsui from late April 2015 to the same date.

(i) Name of the Third Party with Which Osaka Steel consulted for the Calculation

When determining the Tender Offer Price, Osaka Steel referred to the Share Value Appraisal Report submitted by SMBC Nikko Securities, its financial advisor and a third-party appraiser independent of Osaka Steel, the Target Company, and Hanwa. Osaka Steel has not obtained any opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko Securities.

(ii) Outline of the Report

SMBC Nikko Securities calculated the share value of the Target Company by using the market price method, the comparable listed company method, and the DCF Method. The ranges of the per-share value of the Target Company's stock calculated using each method are as follows:

Market price method:	391 yen to 400 yen
Comparable listed company method	462 yen to 670 yen
DCF Method	581 yen to 667 yen

(iii) Background Leading to the Determination of the Tender Offer Price Taking Into Consideration the Report

As stated in "(I) Basis for the Calculation," in its board of directors' meeting held on September 18, 2015, Osaka Steel ultimately decided to set the Tender Offer Price at 630 yen, by referring to the Share Value Appraisal Report it obtained from SMBC Nikko Securities on September 17, 2015, by comprehensively considering: the results of the due diligence which Osaka Steel conducted on the Target Company; trends in market prices of the Target Company's stock for the past three (3) months; premiums granted when determining the purchase price in other cases of a tender offer for shares conducted by a party other than an issuer; whether consent to the Tender Offer was obtained from the Target Company's board of directors; and other matters, and after holding discussions with each of the Target Company, Hanwa, and Mitsui, as stated above. Thereafter, at the board of directors' meeting held on February 3, 2016, Osaka Steel confirmed that there had been no material change in the business conditions of the Target Company nor the circumstances surrounding the Transaction, and Osaka Steel decided not to change the Tender Offer Price.

(III) Relationship with the Appraiser

Osaka Steel's financial advisor SMBC Nikko Securities is not a related party of Osaka Steel, Hanwa, or the Target Company, nor is it materially interested in the Tender Offer.

(5) Number of Shares to be Purchased

Number of Shares to be Purchased	Minimum Number of Shares to be Purchased	Maximum Number of Shares to be Purchased
12,802,097 Shares	8,706,649 Shares	― Shares

(Note 1) If the aggregate number of the Tendered Shares does not reach the minimum number of Shares to be purchased (8,706,649 Shares), no Tendered Shares will be purchased. If the aggregate number of the Tendered Shares reaches or exceeds the minimum

number of Shares to be purchased (8,706,649 Shares), all such Shares will be purchased.

(Note 2) Shares less than one unit are also subject to the Tender Offer.

(Note 3) Osaka Steel does not intend to acquire treasury shares owned by the Target Company through the Tender Offer.

(Note 4) Since no maximum number of Shares to be purchased has been established for the Tender Offer, 12,802,097 Shares, which is the maximum number of Shares that Osaka Steel will purchase through the Tender Offer, is stated as the number of Shares to be purchased. This maximum number is calculated by deducting from the aggregate number of issued Shares (17,446,000 Shares) as of December 31, 2015 stated in the "Summary of Financial Results for the Third Quarter of the FY ending in March 2016 (JGAAP) (non-consolidated)" announced by the Target Company on February 3, 2016, the sum of the number of treasury shares as of the same date (32,903 Shares) and the number of Shares that Hanwa has agreed not to tender in the Tender Offer under the Tendering and Transfer Agreement (4,611,000 Shares).

As stated in "(I) The Tendering and Transfer Agreement" in "(3) Material Agreement and related matters regarding the Tender Offer" in "1. Purpose, etc. of the Purchase" above, under the Tendering and Transfer Agreement, Hanwa has agreed not to conduct any tendering in the Tender Offer. However, Hanwa has agreed that upon Osaka Steel's request, with an aim to achieve the minimum number of Shares to be purchased (8,706,649 Shares) in the Tender Offer, it will be obliged to tender Shares owned by it in the number requested by Osaka Steel in the Tender Offer. As of today, Osaka Steel has no plan to make such a request and has not decided the number of Shares for any such request; however, if Osaka Steel were to make such a request, the number of Shares to be purchased would increase by the number requested by Osaka Steel. The maximum number of Shares that Hanwa would tender in response to Osaka Steel's request is 3,614,649 Shares, which is obtained by deducting from the minimum number of Shares to be purchased in the Tender Offer (8,706,649 Shares) the number of Shares that Mitsui agreed to tender (5,092,000 Shares), and in such case, the number of Shares to be purchased would be 16,416,746 Shares.

(6) Changes in the Ownership Ratio of Shares as a Result of the Purchase

Number of voting rights pertaining to Shares owned by the Tender Offeror before the purchase	― voting rights	(Ownership ratio of Shares before the purchase) ―%
Number of voting rights pertaining to Shares owned by specially related parties before the purchase	46,110 voting rights	(Ownership ratio of Shares before the purchase) 26.48%
Number of voting rights pertaining to Shares owned by the Tender Offeror after the purchase	128,020 voting rights	(Ownership ratio of Shares after the purchase) 73.52%
Number of voting rights pertaining to Shares owned by specially related parties after the purchase	46,110 voting rights	(Ownership ratio of Shares after the purchase) 26.48%
Number of voting rights of all shareholders of the Target Company	174,123 voting rights	

(Note 1) The "number of voting rights pertaining to Shares owned by the Tender Offeror after the purchase" is the number of the voting rights pertaining to the number of Shares to be purchased in the Tender Offer (12,802,097 Shares).

(Note 2) The "number of voting rights of all shareholders of the Target Company" is the number of the voting rights of all shareholders as of September 30, 2015 stated in the Second Quarterly Report for the 59th fiscal year submitted by the Target Company on November 12, 2015. However, since Shares less than one unit are also subject to the Tender Offer, for the purpose of calculating the "ownership ratio of Shares before the purchase" and the "ownership ratio of Shares after the purchase," the "number of voting rights of all shareholders of the Target Company" is the number of the voting rights (174,130 voting rights) pertaining to the number of Shares (17,413,097 Shares) obtained by deducting from the aggregate number of issued Shares (17,446,000 Shares) as of December 31, 2015 (stated in the "Summary of Financial Results for the Third Quarter of the FY ending in March 2016 (JGAAP) (non-consolidated)" announced by the Target Company on February 3, 2016) the number of treasury shares as of the same date (32,903 Shares).

(Note 3) With regard to the "ownership ratio of Shares before the purchase" and the "ownership ratio of Shares after the purchase," any fraction is rounded off to two decimal places.

(7) Purchase Price

8,065,321,110 yen

(Note) This is the amount obtained by multiplying the per-share value of the Shares (630 yen) by the number of Shares to be purchased (12,802,097 Shares) stated in "(5) Number of Shares to be Purchased" above. As stated in "(5) Number of Shares to be Purchased (Note 4)" above, the maximum number of Shares that Hanwa would tender in response to Osaka Steel's request is 3,614,649 Shares, which is obtained by deducting from the minimum number of Shares to be purchased in the Tender Offer (8,706,649 Shares) the number of Shares that Mitsui agreed to tender (5,092,000 Shares), and in such case, the number of Shares to be purchased is 16,416,746 Shares, and the "purchase price" is 10,342,549,980 yen.

(8) Settlement Method

(I) Name and Location of Head Office of the Financial Instruments Business Operator/Bank which Handles Settlement of the Purchase

SMBC Nikko Securities Inc.
3-3-1 Marunouchi, Chiyoda-ku, Tokyo

(II) Settlement Commencement Date

March 24, 2016 (Thursday)

(III) Settlement Method

Written notice of the purchase through the Tender Offer will be sent by mail to the addresses or locations of the tendering shareholders (or in the case of foreign shareholders, to their standing agents) after the end of the Tender Offer Period, without delay.

The purchase will be made by cash. The proceeds for Shares purchased will be sent by the Tender Offer Agent (defined in (11) below) to the places designated by the tendering shareholders (or in the case of foreign shareholders, by their standing agents) after the settlement commencement date without delay in accordance with the instructions of the tendering shareholders (or in the case of foreign shareholders, of their standing agents).

(IV) Return Method

If it is determined that none of the Tendered Shares will be purchased pursuant to the conditions specified in "(I) Whether There Are Conditions Set Forth in Items of Paragraph (4) of Article 27-13 of the FIEA and Details Thereof" or "(II) Whether There Are Conditions for Tender Offer Withdrawal, Details Thereof, and Disclosure Method of Withdrawal" in "(9) Other Conditions and Method of the Purchase" below, the Tender Offer Agent will restore the Shares to the tendering shareholders that need to be returned to restore the state of the tendering shareholders' accounts at the time when the tendering was conducted (that is, the state where the execution of tendering orders in the Tender Offer has been canceled) with the Tender Offer Agent on the second business day following the last day of the Tender Offer Period (if the Tender Offer is withdrawn, on the day of such withdrawal).

(9) Other Conditions and Method of the Purchase

(I) Whether There Are Conditions Set Forth in Items of Paragraph (4) of Article 27-13 of the FIEA and Details Thereof

If the aggregate number of the Tendered Shares does not reach the minimum number of Shares to be purchased (8,706,649 Shares), no Tendered Shares will be purchased. If the aggregate number of the Tendered Shares reaches or exceeds the minimum number of Shares to be purchased (8,706,649 Shares), all such Shares will be purchased.

(II) Whether There Are Conditions for Tender Offer Withdrawal, Details Thereof, and Disclosure Method of Withdrawal

If any of the matters set forth in Article 14, paragraph (1), item (i), sub-items (a) through (i) and (l) through (r); item (iii), sub-items (a) through (h) and (j); and paragraph (2), items (iii) through (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended, the "Order") arise, Osaka Steel may withdraw the Tender Offer.

In addition, in the context of the Tender Offer, the phrase "facts equivalent to those set forth in sub-item (a) to (i)" as specified in Article 14, paragraph (1), item (iii), sub-item (j) of the Order means the case where any false statement in respect of material matters or any omission of information regarding material matters that is required to be stated is found in the statutory disclosure documents submitted by the Target Company in the past.

If Osaka Steel intends to withdraw the Tender Offer, it will give public notice electronically and will post notice thereof in the *Nihon Keizai Shimbun*. However, if it is difficult to give public notice by the last day of the Tender Offer Period, Osaka Steel will announce such withdrawal by the method set forth in Article 20 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended, the "Cabinet Office Ordinance") and will give public notice immediately thereafter.

(III) Whether There Are Conditions for Lowering the Purchase Price, Details Thereof, and Disclosure Method Thereof

Pursuant to the provisions of Article 27-6, paragraph (1), item (i) of the FIEA, if the Target Company conducts an act falling under any of those acts set forth in Article 13, paragraph (1) of the Order during the Tender Offer Period, Osaka Steel may lower the purchase price in accordance with the standards set forth in Article 19, paragraph (1) of the Cabinet Office Ordinance.

If Osaka Steel intends to lower the purchase price, it will give public notice electronically and will post notice thereof in the *Nihon Keizai Shimbun*. However, if it is difficult to give public notice by the last day of the Tender Offer Period, Osaka Steel will announce such lowering by the method set forth in Article 20 of the Cabinet Office Ordinance and will give public notice immediately thereafter.

Where the purchase price is lowered, the Tendered Shares prior to the day on which such public notice is made will be purchased at the lowered purchase price.

(IV) Matters regarding the Rights of the Tendering Shareholders to Cancel Contracts

A tendering shareholder may cancel a contract for the Tender Offer at any time during the Tender Offer Period.

If a tendering shareholder cancels a contract, he/she is required to deliver or send a document stating his/her intention to cancel a contract for the Tender Offer ("Written Cancellation") to the person/entity designated below by 15:30 on the last day of the Tender Offer Period (the business hours may differ by each branch, and the relevant tendering shareholder is required to perform the above procedures after confirming the business hours of the branch that he/she intends to use in advance). However, in the case of sending a Written Cancellation, the Written Cancellation must arrive at the person/entity designated below by 15:30 on the last day of the Tender Offer Period (the business hours may differ by each branch, and the relevant tendering shareholder is required to perform the above procedures after confirming the business hours of the branch that he/she intends to use in advance).

Person/Entity Having Authority to Receive Written Cancellations

SMBC Nikko Securities Inc.
3-3-1, Marunouchi, Chiyoda-ku, Tokyo
(other domestic branches of SMBC Nikko Securities Inc.)

The Tender Offeror will not request that the tendering shareholders pay damages or penalties in connection with their cancellation of contracts, and the expenses required for returning the Tendered Shares will be borne by Osaka Steel.

(V) Disclosure Method in the Case of Changes to the Purchase Conditions

The Tender Offeror may change the purchase conditions during the Tender Offer Period unless prohibited by Article 27-6, paragraph (1) of the FIEA or Article 13 of the Order.

If Osaka Steel intends to change the purchase conditions, it will give public notice regarding the details of the changes electronically and will post notice thereof in the *Nihon Keizai Shimbun.* However, if it is difficult to give public notice by the last day of the Tender Offer Period, Osaka Steel will announce such changes by the method set forth in Article 20 of the Cabinet Office Ordinance and will give public notice immediately thereafter.

Where any changes are made to the purchase conditions, the Tendered Shares prior to the day on which such public notice is made will be purchased on the changed purchase conditions.

(VI) Disclosure Method Where Amended Statement is Submitted

Where Osaka Steel submits an amended statement to the Director General of the Kanto Local Finance Bureau (except for the case set forth in the proviso clause of Article 27-8, paragraph (11) of the FIEA), it will immediately announce the information stated in the amended statement that was stated in the public notice of commencement of the Tender Offer by the method set forth in Article 20 of the Cabinet Office Ordinance. In addition, Osaka Steel will immediately amend the Tender Offer Explanatory Document, and for the tendering shareholders to whom the Tender Offer Explanatory Document has been already delivered, it will make such amendment by delivering the amended Tender Offer Explanatory Document to them. However, if the scope of the amendment is limited, Osaka Steel will make such amendment by preparing a document stating the reasons for the

amendment, the amended matters, and the content after amendment and delivering such document to the tendering shareholders.

(VII) Disclosure Method of the Results of the Tender Offer

Osaka Steel will announce the results of the Tender Offer by the method set forth in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance on the day following the last day of the Tender Offer Period.

(10) Date of Public Notice of Commencement of the Tender Offer

February 4, 2016 (Thursday)

(11) Tender Offer Agent

SMBC Nikko Securities Inc.
3-3-1, Marunouchi, Chiyoda-ku, Tokyo

3. Policies after the Tender Offer and Future Prospects

(1) Policies after the Tender Offer

The policies after the Tender Offer are as stated in "(II) The Post-Tender Offer Direction and Expected Outcomes" in "(2) Background Leading up to, Purposes of, and Decision-making Process for, the Tender Offer, and the Post-Tender Offer Management Policies," and "(5) Policies regarding Reorganization, etc. after the Tender Offer (Matters regarding the So-called Two-Stage Purchase)" and "(6) Likelihood of and Reasons for Delisting," under "1. Purpose, etc. of the Purchase."

(2) Future Prospects

Osaka Steel is currently investigating the impact of the Tender Offer on its financial results. If any need to revise the financial forecast arises or if any facts to be disclosed are found, it will disclose the same promptly.

4. Others

(1) Agreement between the Tender Offeror and the Target Company or its Officers, and the Details Thereof

Osaka Steel has been informed by the Target Company that the Target Company adopted a resolution at its board of directors' meeting held on September 18, 2015 to express an opinion, as its opinion as of September 18, 2015, to support the Tender Offer and recommend that the Target Company's shareholders tender Shares in the Tender Offer in the event of its commencement, and that the Target Company adopted a resolution at its board of directors' meeting held on February 3, 2016 to express an opinion to support the Tender Offer and to recommend that the Target Company's shareholders tender Shares in the Tender Offer. (For details of the decision-making process of the Target Company's board of directors and the opinion, please see "(2) Background Leading up to, Purposes of, and Decision-making Process for, the Tender Offer, and the Post-Tender Offer Management Policies" and "(V) Unanimous Approval of the Target Company's Directors without Conflicts of Interest" in "(4) Measures to Ensure Fairness of the Tender Offer including Measures to Ensure Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest," under "1. Purpose, etc. of the Purchase.")

(2) Other Information that is Considered to be Necessary When Investors Determine Whether to Tender an Offer to Purchase.

(I) Revision to the Prospect of Dividends

The Target Company released the "Announcement regarding Revision to the Prospect of Dividends for the FY ending in March 2016" on September 18, 2015. According to the announcement, the Target Company resolved, in the meeting of its board of directors held on September 18, 2015, to revise the prospect of dividends for the fiscal year ending in March 2016, which was released on May 8, 2015, and not to pay any dividends for that fiscal year, subject to successful completion of the Tender Offer. For details, please see the announcement by the Target Company.

(II) Revision to the Financial Forecast

The Target Company released the "Announcement regarding Revision to the Financial Forecast" on February 3, 2016, and an outline of this announcement is set forth below. The outline of the announcement below is a partial extract of the content announced by the Target Company, and Osaka Steel is not in a position to independently verify the accuracy and truth thereof, and has not actually conducted such verification. For details, please see the announcement by the Target Company.

Revision to the Non-consolidated Financial Forecast (Full Year) for the FY ending March 2016 (April 1, 2015 to March 31, 2016)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast (A)	(million yen) 14,200	(million yen) 1,150	(million yen) 1,200	(million yen) 800	(yen) 45.94
Revised forecast (B)	13,200	1,400	1,450	950	54.56
Change (B-A)	(1,000)	250	250	150	
Change ratio (%)	(7.0)	21.7	20.8	18.8	
(Reference) Results for the previous FY (ended March 2015)	16,908	1,585	1,639	1,058	60.79

(III) Announcement of the "Summary of Financial Results for the Third Quarter of the FY ending in March 2016 (JGAAP) (non-consolidated)"

The Target Company announced the "Summary of Financial Results for the Third Quarter of the FY ending in March 2016 (JGAAP) (non-consolidated)" on February 3, 2016, and an outline of this announcement is set forth below. According to the Target Company, the content thereof has not undergone quarterly review by an auditing firm pursuant to Article 193-2, paragraph (1) of the FIEA. In addition, the outline of the announcement below is a partial extract of the content announced by the Target Company, and Osaka Steel is not in a position to independently verify the accuracy and truth thereof and has not actually conducted such verification. For details, please see the announcement by the Target Company.

(1) Profit and Loss

Fiscal Year	Accumulated Total for Third Quarter of FY Ending in March 2016
Net Sales	10,194 million yen

Cost of Sales	8,114 million yen
Sales, General and Administrative Expenses	912 million yen
Non-operating Income	35 million yen
Non-operating Expenses	3 million yen
Net Income (Loss) for the Period	806 million yen

(2) Profit and Loss per Share

Fiscal Year	Accumulated Total for Third Quarter of FY Ending in March 2016
Net Profit or Loss per Share for the Period	46.31 yen
Dividend per Share	5.00 yen

End.

This press release is a document to publicly release the schedule of the Tender Offer process, and was not prepared for the purpose of soliciting a tender for a sale or purchase of Shares. If you intend to tender an offer to sell Shares in the Tender Offer upon the commencement of the Tender Offer, please make sure that you refer to the Tender Offer Explanatory Document regarding the Tender Offer in advance, and tender for it at your own discretion. This press release is not a tender for, or a solicitation for a tender for, a sale or purchase of securities, and does not constitute a part of the foregoing. In addition, this press release (or any part of it) or distribution thereof will not be the basis for any agreement concerning the Tender Offer, nor will it be relied upon when executing an agreement.

If the Tender Offer is commenced, the Tender Offer will be conducted in compliance with the procedures and information disclosure standards stipulated under Japanese law, and those procedures and standards are not always the same as those in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 and rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures and standards. The financial information included in this press release is based on Japanese accounting standards, and these standards may largely differ from the general accounting principles adopted in the U.S. or other countries.

If the Tender Offer is commenced, all procedures regarding the Tender Offer will be conducted in Japanese unless specifically set forth otherwise. All or a part of the documents regarding the Tender Offer will be prepared in English; however, if there is any discrepancy between the documents in English and in Japanese, the document in Japanese shall prevail.

This press release includes the "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the content expressly or impliedly indicated in the forward-looking statements, due to known or unknown risks, uncertainty, or other factors. The Tender Offeror and its affiliates do not guarantee that the outcomes expressly or impliedly indicated in the forward-looking statements will be accomplished. The forward-looking statements included in this press release were prepared based on the information held by the Tender Offeror as of the date hereof, and unless obligated by laws or regulations, the Tender Offeror and its affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations.

The financial advisor to the Tender Offeror and the Tender Offer Agent (including their affiliates) may, within their ordinary course of business and to the extent permitted under Japan's securities laws and in accordance with the requirements of Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934 (including any amendments thereafter), prior to the commencement of, or during the Tender Offer Period in the Tender Offer, engage in the purchase, or arrangement to purchase, of shares of the Target Company for its own account or for its customer's accounts by means other than pursuant to the Tender Offer. If any information concerning any such purchases is disclosed in Japan, corresponding disclosure will be made on the websites of the financial advisor or the Tender Offer Agent (or through other public disclosure methods) in English.