

March 29, 2019

To Whom It May Concern:

Sanyo Special Steel Co., Ltd.

**Announcement on the Discontinuation (Abolition) of the Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measures)**

Sanyo Special Steel Co., Ltd. (“Sanyo Special Steel”) hereby announces that today’s meeting of the Board of Directors has resolved to discontinue (abolish) the company’s “Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measures)” (the “Fair Rules”) with effect from April 26, 2019.

The Fair Rules were introduced on April 27, 2007, by resolution of the Board of Directors of Sanyo Special Steel. Since then, the Board of Directors has passed resolutions revising the Fair Rules at meetings held on April 30, 2009; March 31, 2010; and March 30, 2016, for the purpose of preserving and improving Sanyo Special Steel’s corporate value and protecting the common interests of its shareholders. These revisions were made in light of amendments to related laws and regulations as well as the latest developments in discussions on takeover measures, etc. In addition, the Board of Directors resolved to update the Fair Rules at a meeting held on April 27, 2013.

Sanyo Special Steel has implemented a capital increase through a third-party allotment of shares underwritten by Nippon Steel & Sumitomo Metal Corporation (“NSSMC”), and in so doing has become a consolidated subsidiary of NSSMC. (Note that the conversion of Sanyo Special Steel into a subsidiary of NSSMC is referred to as the “Conversion into a Subsidiary.”)

In conjunction with this conversion, Sanyo Special Steel has acquired from NSSMC all of the outstanding shares of Triako Holdco AB (located at c/o Ovako AB, Box 1721,111 87 Stockholm, Sweden), which is the wholly-owning parent company of Ovako AB (located at Kungsträdgårdsgatan 10, Stockholm, Sweden; Representative: Marcus Hedblom; “Ovako”), which manufactures special steel and maintains its head office in Sweden, and as a result, Ovako has become a wholly-owned subsidiary of Sanyo Special Steel. These facts were announced in the following press releases: “Notice on Issuance of New Shares Through a Third-Party Allotment to Nippon Steel & Sumitomo Metal Corporation and Change in Parent Company” (released on August 2, 2018); “Result of Review by the Japan Fair Trade Commission regarding Making Sanyo Special Steel Co., Ltd. a Subsidiary of Nippon Steel & Sumitomo Metal Corporation” (released January 18, 2019); “Notice Concerning Resolution of Extraordinary General Shareholders’ Meeting” (released February 28, 2019); and “Notice of Completion of Payment for the Issue of New Shares by Third-Party Allotment to Nippon Steel & Sumitomo Metal Corporation” (released March 28, 2019).

The Fair Rules were established to not only allow Sanyo Special Steel’s shareholders to reach an appropriate decision based on required information and a reasonable review period (so-called “informed judgment”) at the time a specific acquisition proposal was made, but also to prevent the malicious acquisition of substantial amounts of share certificates, etc. that would damage Sanyo Special Steel’s corporate value and the common interests of shareholders.

Sanyo Special Steel stock will continue to be listed on the Tokyo Stock Exchange after the Conversion into a Subsidiary, but we believe that the Conversion into a Subsidiary and various legal developments relating to tender offer regulations for listed company stock, etc. mean that the need to maintain the Fair Rules has diminished. Consequently, in accordance with the provisions of the Fair Rules, today’s meeting of the Board of Directors resolved to discontinue (abolish) the Fair Rules.

Note that Sanyo Special Steel has registered the issue of the current stock acquisition rights based on the Fair Rules; however, no new issues will be registered based on the Fair Rules after May 11, 2019, when the current issue period is scheduled to expire.

As a member of the Nippon Steel & Sumitomo Metal Group, Sanyo Special Steel will continue to cooperate closely with NSSMC, while also working to realize synergies in collaboration with NSSMC and Ovako in order to ensure on-going improvements in corporate value and to protect the common interests of shareholders.

(For Inquiries)

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