



N Chandrasekaran
Chairman

20th September 2017

The Rt Hon Greg Clark MP
Secretary of State
Department for Business, Energy and Industrial Strategy

Roy Rickhuss
Chairman
National Trade Union Steel Coordinating Committee

Re: Joint Venture between Tata Steel and thyssenkrupp

Dear Greg and Roy,

Thank you for your letter about the European joint venture between Tata Steel and thyssenkrupp. The strategic rationale for the joint venture indeed is very compelling and I am convinced that the joint venture company thyssenkrupp Tata Steel will have a great future ahead.

As I mentioned in our telecon, both shareholders have a clear intent to remain long term investors in the joint venture and preserve the present asset configuration of all upstream hubs including Port Talbot operations. I am very aware from my numerous conversations with both of you that the safeguarding of jobs is a priority in the assurances you seek. I would want to reassure you that this is a priority for Tata as well, as set out in our agreement with unions earlier this year where we confirmed that we would take all reasonable steps to minimise the need for compulsory redundancies. Together with our new partner, we remain committed to honour this as part of our joint venture.

1. I am also very happy to inform you that as part of the joint venture framework, we have ensured that our UK operation has exclusive access to working capital lines to support the business. As referenced above, we have agreed that the joint venture

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company will honour all commitments set out in the MoU with the National Trade Union Steel Co-ordinating Committee.

2. I would also like to reassure you that the joint venture would continue the operations of the primary steelmaking integrated supply chain in the UK as agreed with the UK unions in the MoU.
3. As you are aware, Tata Steel UK including Port Talbot is currently going through a critical transformation programme and I confirm that as part of the above, the Port Talbot business plan is currently based on two blast furnace configuration. This transformation programme is expected to help in the structural improvement of Port Talbot's performance and in line with the improving EBITDA, Tata Steel UK has plans to invest around £100 million a year in critical capital projects based on financial feasibility of those projects.
4. While the capital expenditure plan of Tata Steel UK has requisite provision for the maintenance capex to ensure Blast Furnace #5 continue its operations. As you know, its relining was not included in the MoU signed earlier this year. However, I believe that the UK transformation programme would help the joint venture to develop the business viability for Port Talbot BF #5 relining project that will enable the company to continue the two furnace operations in the future.

I also look forward to the policy support of Her Majesty Government and the Welsh Government towards important issues facing the steel industry in the UK to enable the joint venture operations in the UK to be competitive and resilient in the future.

Finally, we look forward to working with all stakeholders including the Trade Unions and employees to realize the synergies of the joint venture and make the business more sustainable.

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Thank you again for all your support and look forward to working together in the future.

With warm regards,

A handwritten signature in blue ink, appearing to read 'N Chandrasekaran'.

N Chandrasekaran

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