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(Stock Exchange Code 7972)  
March 7, 2017

**To Shareholders with Voting Rights:**

President Yoshiro Hirai  
ITOKI CORPORATION  
Head Office: 1-4-12 Imafuku-higashi,  
Joto-ku, Osaka

**NOTICE OF  
THE 67TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 67th Ordinary General Meeting of Shareholders of ITOKI CORPORATION (the "Company"). The meeting will be held for the purposes stated below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. If exercising your voting rights in writing, please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:45 p.m. on Tuesday, March 28, 2017, Japan time.

- 1. Date and Time:** Wednesday, March 29, 2017, at 10 a.m. Japan time  
(Doors open at 9 a.m.)
- 2. Place:** Conference hall on the 10th floor of the Company's Head Office located at  
1-4-12 Imafuku-higashi, Joto-ku, Osaka, Japan  
(Please refer to the map of the place at the end of this notice.)
- 3. Meeting Agenda:**  
**Matters to be reported:**
  1. The Business Report, Consolidated Financial Statements for the Company's 67th Fiscal Year (January 1, 2016–December 31, 2016) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-Consolidated Financial Statements for the Company's 67th Fiscal Year (January 1, 2016–December 31, 2016)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendment to the Articles of Incorporation
- Proposal 3:** Election of Six (6) Directors
- Proposal 4:** Election of One (1) Substitute Audit & Supervisory Board Member
- Proposal 5:** Renewal of the Countermeasures Against Large-Scale Acquisitions of Company Shares (Takeover Defense Measures)

- If attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk.
- From among the documents to be provided together with this convocation notice, the notes to the Consolidated Financial Statements and the notes to the Non-Consolidated Financial Statements are disclosed on the Company's Web site (<http://www.itoki.jp/>) and not provided herewith pursuant to the applicable law and Article 16 of the Company's Articles of Incorporation.
- If any revisions are made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-Consolidated Financial Statements, the revised versions will be posted on the Company's Web site (<http://www.itoki.jp/>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and Reference Information

### Proposal 1: Appropriation of Surplus

Regarding the appropriation of surplus, we would like to propose the following.

#### Matters concerning the year-end dividend

The Company recognizes profit distribution as an important managerial issue and makes it a basic policy to ensure the continuous and stable payment of dividends to shareholders based on comprehensive consideration of its status of earnings, enhancement of internal reserves and future development of business operations from a long-term perspective. In line with this policy, we would like to propose the payment of the year-end dividend for the fiscal year ended December 31, 2016, as follows.

- (1) Type of dividend property: Cash
- (2) Matters concerning the allotment of dividend property and the total amount thereof:  
¥13 per share of common stock of the Company  
In that case, total cash dividends will be ¥592,132,801.
- (3) Date on which the dividend of surplus will become effective: March 30, 2017

### Proposal 2: Partial Amendment to the Articles of Incorporation

#### 1. Reason for the amendment

To prepare for the expansion of the Company's range of businesses and launch of new businesses in the future, the addition of a business to the purpose of the Company prescribed in Article 2 of the current Articles of Incorporation is proposed.

#### 2. Description of the amendment

Description of the amendment is as follows:

(Amended parts are underlined.)

Current Article	Proposed amendment
Article 2 (Purpose) The purpose of the Company shall be to conduct the following businesses: 1. – 5. (Text omitted) (New) 6. – 11. (Text omitted)	Article 2 (Purpose) The purpose of the Company shall be to conduct the following businesses: 1. – 5. (Unchanged) <u>6. Education, training and consulting for human resource development and staffing service</u> 7. – 12. (Unchanged)

**Proposal 3: Election of Six (6) Directors**

The terms of office of all six (6) Directors—Masamichi Yamada, Yoshiro Hirai, Hidematsu Ibaragi, Kenji Makino, Hiroshi Nagata and Toshio Nagashima—will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of six (6) Directors is proposed.

The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Masamichi Yamada (May 5, 1940)	<p>April 1964      Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>June 1991      Director, The Mitsubishi Bank, Ltd.</p> <p>June 1995      Managing Director, The Mitsubishi Bank, Ltd.</p> <p>April 1996      Managing Director, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>June 2000      Senior Managing Director, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>September 2002      Representative Director and Chairman, Mitsubishi Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)</p> <p>June 2004      Full-Time Corporate Auditor, TOKYU CORPORATION</p> <p>June 2005      Director of the Company</p> <p>June 2007      Chairman and Representative Director of the Company (current)</p> <p>[Significant concurrent positions]</p> <p>Chairman, Genki Plaza Medical Center for Health Care</p> <p>Chairman, Incorporated Foundation Tokyo Kenbikyo-In</p> <p>Chairman, Japan Facility Management Association</p>	655,869
	Reason for appointment as Director	Having led the Company and its group as Chairman and Director for many years, Mr. Masamichi Yamada has accumulated abundant experience and deep insight in overall management. He has adequately fulfilled the roles of making decisions on the Company's important managerial issues and supervising the execution of its business operations and was therefore reappointed as a candidate for Director.	
2	Yoshiro Hirai (January 26, 1961)	<p>April 1984      Joined the former ITOKI Co., Ltd. ("former ITOKI")</p> <p>June 1984      Kansai Branch of former ITOKI</p> <p>December 1995      Full-time staff of Itoki Labor Union</p> <p>September 1998      Chairman, Itoki Labor Union</p> <p>December 1999      Office of Preparations for Establishing a Maintenance Company at former ITOKI</p> <p>December 2000      Environment Division of former ITOKI</p> <p>December 2002      Kansai Corporate Sales Section Manager of former ITOKI</p> <p>July 2009      General Manager, Human Resources Department of the Company</p> <p>May 2012      General Manager, Marketing Strategy Department of the Company</p> <p>January 2013      Executive Officer and General Manager, Marketing Strategy Department of the Company</p> <p>January 2015      Executive Officer of the Company</p> <p>March 2015      President of the Company (current)</p>	7,065
	Reason for appointment as Director	Having assumed office as President of the Company in 2015, Mr. Yoshiro Hirai has abundant operational experience in corporate management and deep insight in business management, administration and marketing. He has adequately fulfilled the roles of making decisions on the Company's important managerial issues and supervising the execution of its business operations and was therefore reappointed as a candidate for Director.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Hidematsu Ibaragi (April 18, 1949)	<p>April 1973      Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation (“TMC”))</p> <p>February 1985      Transferred to the Europe office of Toyota Motor Co., Ltd.</p> <p>January 1995      Transferred to New United Motor Manufacturing, Inc., a joint venture between TMC and General Motors</p> <p>January 2000      General Manager, Production Investigation Dept. of TMC</p> <p>January 2006      President, P.T. Toyota Motor Manufacturing Indonesia</p> <p>November 2009      Advisor to the Company</p> <p>January 2010      Managing Executive Officer and General Manager, Production Division of the Company</p> <p>March 2011      Director, Managing Executive Officer and General Manager, Production Division of the Company</p> <p>March 2012      Director, Senior Managing Executive Officer and General Manager, Production Division of the Company</p> <p>January 2016      Director and Senior Technical Executive of the Company (current)</p>	26,559
	Reason for appointment as Director	Mr. Hidematsu Ibaragi has been engaged in the production division and the execution of business operations overseas, accumulating abundant experience and deep insight. He has adequately fulfilled the roles of making decisions on the Company’s important managerial issues and supervising the execution of its business operations and was therefore reappointed as a candidate for Director.	
4	Kenji Makino (January 8, 1957)	<p>April 1980      Joined the former ITOKI Co., Ltd. (“former ITOKI”)</p> <p>October 1992      General Manager, Okayama Branch of former ITOKI</p> <p>December 2000      General Manager, Corporate Customer Sales Department of former ITOKI</p> <p>March 2004      General Manager, Associated Companies Control Department of former ITOKI</p> <p>January 2005      Transferred to, ITOKI TOKO Manufacturing Co., Ltd. (as President)</p> <p>January 2010      Executive Officer and General Manager, Logistics Control Department of the Company</p> <p>January 2011      Executive Officer and General Manager, Corporate Planning Control Department of the Company</p> <p>January 2012      Executive Officer and General Manager, Planning Division of the Company</p> <p>January 2013      Managing Executive Officer and General Manager, Planning Division of the Company</p> <p>March 2015      Director, Managing Executive Officer and General Manager, Planning Division of the Company</p> <p>January 2016      Director, Managing Executive Officer, General Manager, Planning Division, and General Manager, Construction and Logistics Department Group of the Company (current)</p>	2,688
	Reason for appointment as Director	Mr. Kenji Makino has abundant experience and deep insight from his career in corporate planning and as president of a group company. He has adequately fulfilled the roles of making decisions on the Company’s important managerial issues and supervising the execution of its business operations and was therefore reappointed as a candidate for Director.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Hiroshi Nagata (February 22, 1941)	<p>April 1970      Joined MITSUI &amp; CO., France</p> <p>June 1996      Director, MITSUI &amp; CO., LTD. (“MITSUI”)</p> <p>June 1999      Managing Director, MITSUI President, MITSUI &amp; CO. EUROPE PLC</p> <p>April 2002      Representative Director, Executive Vice President and Chemicals Group President, MITSUI</p> <p>June 2004      Advisor to MITSUI</p> <p>April 2005      Visiting Professor at Waseda University Graduate School of Commerce (MBA Course)</p> <p>March 2008      External Director of the Company (current)</p>	14,670
	Reason for appointment as External Director	Mr. Hiroshi Nagata has abundant experience and deep insight in corporate management. He has provided valuable opinions and advice on the management of the Company and monitored management from an independent perspective. He was therefore reappointed as a candidate for External Director.	
6	Toshio Nagashima (July 22, 1948)	<p>April 1971      Joined MITSUBISHI ESTATE CO., LTD. (“Mitsubishi”)</p> <p>June 2001      Director and General Manager, Marunouchi Development Planning Department of Mitsubishi</p> <p>April 2002      Director and General Manager, Office Building Development Planning Department of Mitsubishi</p> <p>April 2004      Senior Executive Officer, Deputy General Manager, Office Building Business Division, and General Manager, Office Building Development Planning Department of Mitsubishi</p> <p>June 2005      Director, Executive Vice President and General Manager, Office Building Business Division (Representative Director) of Mitsubishi</p> <p>January 2011   Representative Executive Officer and Executive Vice President, Japan Post Holdings Co., Ltd. (“Japan Post”)</p> <p>June 2011      Director and Representative Executive Officer and Executive Vice President, Japan Post</p> <p>June 2013      Advisor to Japan Post</p> <p>July 2013      Special Counselor to Osaka City (current) Partner, Ito Shigeru Urban Planning Office (current)</p> <p>March 2014      External Director of the Company (current)</p> <p>[Significant concurrent position] Outside Director, Sugita Ace Co., Ltd.</p>	7,628
	Reason for appointment as External Director	Mr. Toshio Nagashima has abundant experience and deep insight in corporate management. He has provided valuable opinions and advice on the management of the Company and monitored management from an independent perspective. He was therefore reappointed as a candidate for External Director.	

(Notes)

1. There are no special interests between each candidate and the Company.
2. Messrs. Hiroshi Nagata and Toshio Nagashima are candidates for External Director.
3. Messrs. Hiroshi Nagata and Toshio Nagashima are currently External Directors of the Company and will have served as External Director for nine (9) and three (3) years, respectively, at the conclusion of this General Meeting of Shareholders.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a limited liability agreement with Messrs. Hiroshi Nagata and Toshio Nagashima to limit the liability prescribed in Article 423, Paragraph 1 of said Act to the minimum amount stipulated by laws and regulations. The Company will continue the above-mentioned agreement with them if their election is approved.
5. The Company designates Messrs. Hiroshi Nagata and Toshio Nagashima as the independent officers provided for by the Tokyo Stock Exchange and has so reported to said Exchange.

**Proposal 4:** Election of One (1) Substitute Audit & Supervisory Board Member

To prepare for a situation where the number of External Audit & Supervisory Board Members fails to satisfy the number prescribed by laws and regulations, we would like to request the election of one (1) Substitute Audit & Supervisory Board Member.

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

The Audit & Supervisory Board has previously given its approval to this proposal.

Name (Date of birth)	Career summary and significant concurrent positions		Number of shares of the Company held
Suguru Fujita (July 22, 1944)	April 1963 July 1995 July 1997 July 1999 July 2001 July 2003 August 2003 September 2003	Joined Osaka Regional Taxation Bureau Special Examiner, First Large Enterprise Examination Department of Tokyo Regional Taxation Bureau Deputy District Director, Minami Tax Office Chief Examiner, Second Large Enterprise Examination Department of Osaka Regional Taxation Bureau District Director, Asahi Tax Office Retired as District Director of Asahi Tax Office Registered as Tax Accountant (current) Opened Fujita Suguru Tax Accountant Office (current)	0

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Suguru Fujita is a candidate for Substitute External Audit & Supervisory Board Member.
3. Mr. Suguru Fujita was selected as a candidate for Substitute External Audit & Supervisory Board Member because his professional knowledge and experience as a tax accountant will be able to be reflected in the auditing system of the Company, although he has not been directly involved in corporate management.
4. The Company's Articles of Incorporation prescribe that, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company may conclude a limited liability agreement with an Audit & Supervisory Board Member to limit the liability prescribed in Article 423, Paragraph 1 of said Act to the minimum amount stipulated by laws and regulations. If Mr. Suguru Fujita's election is approved and he assumes the office of External Audit & Supervisory Board Member, should a situation occur where the number of External Audit & Supervisory Board Members fails to satisfy the number prescribed by laws and regulations, the Company will enter into said limited liability agreement with him.

**Proposal 5: Renewal of the Countermeasures Against Large-Scale Acquisitions of Company Shares (Takeover Defense Measures)**

The Company initially introduced the Countermeasures Against Large-Scale Acquisitions of Company Shares (Takeover Defense Measures) with the approval of shareholders at the 58th Ordinary General Meeting of Shareholders held on March 28, 2008. Recently, we renewed the measures by a resolution of the 64th Ordinary General Meeting of Shareholders held on March 26, 2014 (the renewed measures are hereinafter referred to as the “Current Plan”). The Current Plan will be effective until the conclusion of the 67th Ordinary General Meeting of Shareholders to be held in March 2017 (hereinafter referred to as “this Shareholders Meeting”). Since the renewal, the Company has continued reviews of the Current Plan, including whether or not to renew it, in light of the changing social and economic circumstances, the recent trends and development of discussions concerning takeover defense measures as a means of ensuring and enhancing the Company’s corporate value as well as the common interests of its shareholders.

As a result, it was decided at the meeting of the Company’s Board of Directors held on February 13, 2017 to introduce a plan by revising the Current Plan, subject to the approval of shareholders at this Shareholders Meeting (the countermeasures to be introduced are hereinafter referred to as the “Plan”).

The major changes between the Current Plan and the Plan are as follows.

- a) The addition of a provision that the maximum response period allowed for the Acquirer to additionally submit the Required Information upon such request (if any) of the Independent Panel may be specified as the number of days from the date on which the Independent Panel initially received the Required Information.
  - b) Wording changes and adjustment of statements
- In this regard, the Company would like to ask for the approval of shareholders on the introduction of the Plan.

**1. Purpose of the Renewal**

The renewal of the Current Plan to introduce the Plan is intended to ensure and enhance the Company’s corporate value and the common interests of its shareholders in line with the Basic Policy.<sup>1</sup>

In case of a proposal for a large-scale acquisition of ITOKI shares, the Plan aims to prevent a large-scale acquisition that would run counter to the Company’s corporate value and the common interests of its shareholders by securing the time and information necessary for the Company’s shareholders to judge whether or not to accept such proposal, or for the Company’s Board of Directors to present alternative proposals to the shareholders, as well as enabling discussions and negotiations with the large-scale Acquirer for the benefit of the shareholders.

The Company’s Board of Directors has judged that an ongoing framework is necessary to prevent decisions on the Company’s financial and business policies from being controlled by persons or companies regarded as inappropriate according to the Basic Policy, and resolved to renew the Current Plan to introduce the Plan, subject to the approval of shareholders at this Shareholders Meeting.

Footnote:

1. The Basic Policy refers to the “I. Basic Policy Concerning the Persons or Companies who Control Decisions on the Company’s Financial and Business Policies” on page 22 of the Business Report.

**2. Outline of the Plan**

The Plan stipulates the necessary procedures to achieve the “1. Purpose of the Renewal” above, including a procedure for prior request to the Acquirer (defined in 3. below; hereinafter the same applies) for information, in the event that an Acquirer emerges.

The Plan requires the Acquirer to follow the procedures it stipulates, and if the Acquisition (defined in 3. below; hereinafter the same applies) does not meet the requirements for activating the Plan prescribed therein and the Company’s Board of Directors decides not to activate the Plan, the Acquirer may conduct the Acquisition of Company shares after such decision. In that case, the Company’s shareholders will be required to judge whether or not to accept the purchase proposal themselves.

Meanwhile, in the exceptional case that the Acquirer attempts to conduct the Acquisition of Company shares without complying with the procedures prescribed in the Plan or that the Acquisition meets the requirements for activating the Plan and is judged on reasonable grounds to cause obvious harm to the corporate value of the Company and the common interests of its shareholders, the Company will conduct a gratis allotment of stock acquisition rights, which carry conditions that the Acquirer would not be allowed to exercise the rights as a general rule and that the stock acquisition rights can be acquired by the Company in exchange for Company shares from anybody other than the Acquirer, to all the shareholders except the



Company itself recorded as of the allotment date separately specified by the Company's Board of Directors or equivalent.

If a gratis allotment of stock acquisition rights is conducted in accordance with the Plan and those rights are exercised by shareholders or acquired by the Company in exchange for the delivery of Company shares to all shareholders except the Acquirer, the Acquirer's voting rights in the Company may be diluted to a maximum of 50%.

To prevent the Company's Board of Directors from making an arbitrary decision on the implementation or non-implementation of a gratis allotment of stock acquisition rights or acquisition of the rights according to the Plan, the judgment will continue to be made by way of objective judgment of the Independent Panel, which consists of members who are independent from the Company's management team. In addition, the Company's Board of Directors may convene a general meeting of shareholders to confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of stock acquisition rights in the cases so prescribed in the Plan.

To ensure the transparency of the process of these procedures, the related information will be released or disclosed as appropriate to the Company's shareholders.

### 3. Procedures Regarding the Activation of the Plan

#### (1) Applicable Acquisitions

The Plan shall be applicable to an acquisition that falls under either a) or b) below or a similar act or a proposal therefor (hereinafter, collectively, the "Acquisition"), excluding those with prior consent of the Company's Board of Directors.

- a) An acquisition that would result in a holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*)<sup>2</sup>, of a holder (*hoyuusha*)<sup>3</sup> amounting to 20% or more of the share certificates, etc. (*kabuken tou*)<sup>4</sup>, issued by the Company
- b) A tender offer (*koukai kaitsuke*)<sup>5</sup> that would result in the offerer's owning ratio of share certificates, etc. (*kabuken tou shoyuu wariiai*)<sup>6</sup>, and the owning ratio of share certificates, etc., of a specially related party (*tokubetsu kankei-sha*)<sup>7</sup> with the offerer totaling 20% or more of the share certificates, etc. (*kabuken tou*)<sup>8</sup>, issued by the Company

A person who attempts to conduct an Acquisition (hereinafter, the "Acquirer") shall follow the procedures prescribed in the Plan and must not conduct the Acquisition before the Company's Board of Directors resolves not to implement the gratis allotment of stock acquisition rights pursuant to the Plan.

#### (2) Submission of the Letter of Intent

Prior to the Acquisition, the Acquirer shall submit to the Company a set of documents prepared in the form prescribed elsewhere by the Company, including a commitment letter on compliance with the procedures prescribed in the Plan, which must be signed by a representative of the Acquirer or has his/her name and seal affixed, and a certificate of said representative's qualifications (hereinafter collectively referred to as the "Letter of Intent"). The Letter of Intent shall contain, in Japanese, the name and address of the Acquirer, its principal place of business or office, the governing law of the country in which the Acquirer is incorporated, the name of the Acquirer's representative, the Acquirer's contact details in Japan and an outline of the proposed Acquisition.

#### (3) Request to the Acquirer for the Provision of Information

Unless otherwise specified by the Company's Board of Directors, the Company, within 10 business days starting from the day following the day when it receives the Letter of Intent, will deliver the list of the information that is necessary for assessing the terms of the proposed Acquisition and that the Acquirer must supply to the Company prior to the execution of the Acquisition (hereinafter, the "Required Information"). According to the list, the Acquirer shall prepare and submit a document that contains the Required Information written in Japanese (hereinafter, collectively, the "Acquisition Statement") in the form prescribed by the Company. The Required Information varies depending on the attributes of the Acquirer and the terms of the Acquisition but is limited to a necessary and sufficient range of information and generally includes a) through h) detailed below.

#### Footnotes:

2. Defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. This definition is applied throughout this document.
3. Includes a person stated as a holder under Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act. (Includes a person regarded as applicable by the Company's Board of Directors.) This

definition is applied throughout this document.

4. Defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. This definition is applied throughout this document, unless otherwise specified.
  5. Defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act. This definition is applied throughout this document.
  6. Defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. This definition is applied throughout this document.
  7. Defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. (Includes persons regarded as applicable by the Company's Board of Directors.) Provided, however, that persons stipulated in Article 3, Paragraph 2 of the Cabinet Office Ordinance concerning the disclosure of a tender offer for share certificates, etc., by a person other than the issuer are excluded from the persons specified in Article 27-2, Paragraph 7, Item 1 of the said Act. This definition is applied throughout this document.
  8. Defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. This definition is also applied in b).
- a) Detailed information (including names, capital structure, financial position, details of previous transactions similar to the Acquisition and the resulting impact on the corporate value of the target company) on the Acquirer and its group (including joint holders (*kyodo hoyusha*)<sup>9</sup>, specially related parties, partners and other constituent members in case of a fund)
  - b) The purposes, method and terms of the Acquisition (including the value and type of consideration, Acquisition timing, the scheme of any related transactions, the legality of the Acquisition method and the feasibility of the Acquisition)
  - c) The basis for determination of the Acquisition price (including facts and assumptions, the method and figures used for determination of the Acquisition price and synergies expected as a result of the series of transactions related to the proposed Acquisition including synergies to be shared with minority shareholders)
  - d) Information on the source of funds for the proposed Acquisition including the specific name of the persons providing the funds for the Acquisition—including substantial providers, the method of raising the funds and related transactions
  - e) Post-Acquisition management policies, business plans, financial plans, capital policies, dividend policies and information on candidates for officers of the Company and its group companies
  - f) Post-Acquisition policies regarding the condition and treatment of stakeholders in the Company, including customers, business partners and employees of the Company and its group companies
  - g) Specific measures to avoid any conflict of interest with the other shareholders of the Company
  - h) Other information regarded as reasonably necessary by the Independent Panel

Footnote:

9. Joint holders defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act. Include persons regarded as joint holders under Paragraph 6 of the said Article, including a person regarded as applicable by the Company's Board of Directors. This definition is applied throughout this document.

Upon receiving the Acquisition Statement, the Company's Board of Directors shall promptly supply it to the Independent Panel. (The criteria for selecting members, requirements and matters for resolution and other details concerning the Independent Panel are stated in the "Outline of Regulations for the Independent Panel" in Attachment 1. The career history and other information of members of the Independent Panel as of the introduction of the Plan are stated in the "Members of the Independent Panel and Their Career Summary" in Attachment 2.) Whenever the Independent Panel judges that the information in the Acquisition Statement is not sufficient as the Required Information, the Independent Panel itself or through the Company's Board of Directors, etc., may request the Acquirer to additionally submit the Required Information in writing by specifying a response period as necessary of up to 60 days as a general rule starting from the date of initially receiving the Required Information. In this case, the Acquirer shall additionally submit the Required Information within the said response period. However, in the case that the Acquirer fails to submit part of such information despite the request for additional submission of the Required Information, if the Acquirer provides reasonable explanation, the Independent Panel may terminate the negotiation, etc. with the Acquirer for provision of such information even if the Required Information is not complete, announce to that effect and initiate the assessment of the terms of the Acquisition as stated in (4) below.

If it is regarded that the Acquirer has initiated the Acquisition without complying with the procedures prescribed in the Plan, the Independent Panel will, as a general rule, recommend that the Company's Board of Directors implement a gratis allotment of Stock Acquisition Rights, as stated in (5) a) below, unless there are special circumstances that can justify the continuation of the discussions and negotiations with the Acquirer for provision of the Acquisition Statement and the Required Information.

(4) Assessment of the Terms of the Acquisition, Negotiation with the Acquirer and Assessment of Alternative Proposals

a) Evaluation and Assessment by the Company's Board of Directors and Provision of Its Opinions, etc. to the Independent Panel

The Company's Board of Directors sets a period of up to 60 days (or by the deadline for provision of opinions, etc. requested by the Independent Panel if preceding) after the submission of the Acquisition Statement and additional submission of the Required Information requested by the Independent Panel (if any) from the Acquirer are completed as the period for the Company's Board of Directors to evaluate, assess and negotiate the terms of the proposed Acquisition and form an opinion and prepare alternative proposals. During the said period, the Company's Board of Directors will adequately evaluate and assess the Required Information provided by the Acquirer, and carefully form an opinion as the Company's Board of Directors, disclose the outline thereof as required and submit it to the Independent Panel along with supporting documents, alternative proposals (if any) and other information recognized as necessary by the Independent Panel.

b) Assessment by the Independent Panel

If the Independent Panel determines that information, etc. (including those additionally requested) have been sufficiently provided by the Acquirer and the Company's Board of Directors (in accordance with a) above), the Independent Panel will set a period for assessment of up to 60 days as a general rule (provided the Independent Panel can extend the period by a resolution thereof in such cases as stated in (5) c) below. The period is hereinafter referred to as the "Independent Panel Assessment Period"), and notify the Acquirer and the Company's Board of Directors to that effect. During the Independent Panel Assessment Period, the Independent Panel assesses the terms of the Acquisition and collects, compares and examines the information on the management and business plans of the Acquirer and the Company's Board of Directors, as well as assesses the alternative proposals presented by the Company's Board of Directors. The Independent Panel may discuss and negotiate with the Acquirer directly or indirectly through the Company's Board of Directors, if it is deemed necessary to improve the terms of the Acquisition from the perspective of securing and improving the corporate value of the Company and the common interests of its shareholders.

If the Independent Panel makes a request directly or indirectly through the Company's Board of Directors for documents for assessment and any other information, as well as discussions and negotiations, the Acquirer shall promptly respond.

To ensure that the decision made by the Independent Panel benefits the corporate value of the Company and the common interests of its shareholders, the Independent Panel may receive advice from independent third parties such as financial advisers, certified public accountants, attorneys-at-law, consultants and other experts as necessary at the Company's expense.

(5) Procedures for Recommendation by the Independent Panel

The Independent Panel will make a recommendations, etc. as detailed below to the Company's Board of Directors when an Acquirer emerges. Whenever the Independent Panel makes any of the recommendations, etc. to the Company's Board of Directors according to a) through c) below or in other cases determined as appropriate by the Independent Panel, the Company will promptly disclose the fact of such recommendation or resolution, as well as the outline thereof, and other information judged as appropriate by the Independent Panel (including, in case of an extension of the Independent Panel Assessment Period, the outline of the period and reason for such extension).

a) In case of recommendation for activating the Plan

In case the Independent Panel determines that the Acquisition falls under either of the Triggers 1 or 2 for activating the Plan (hereinafter, collectively, the "Triggers") stipulated in the following "4. Requirements for the Gratis Allotment of the Stock Acquisition Rights," except when it is necessary to continue to request the Acquirer to provide information or when there are special circumstances, such as a necessity to conduct negotiations and discussions with the Acquirer, the Independent Panel will recommend that the Company's Board of Directors implement a gratis allotment of stock acquisition rights, the description of which shall be as stipulated in the following "5. Outline of the Gratis

Allotment of the Stock Acquisition Rights” and such stock acquisition rights are referred to as the “Stock Acquisition Rights” hereinafter. If there are concerns over the applicability of Trigger 2 for activating the Plan (hereinafter, the “Trigger 2”) regarding a given Acquisition, the Independent Panel may set a reservation to the effect that the prior approval of the general meeting of shareholders is required to implement a gratis allotment of the Stock Acquisition Rights.

Notwithstanding the foregoing, in case the Independent Panel determines that any of the following reasons apply even after once making the recommendation to implement the gratis allotment of the Stock Acquisition Rights, the Independent Panel may cancel the said gratis allotment until the day preceding the effective date of the said gratis allotment or make a new recommendation to acquire the Stock Acquisition Rights for no consideration until the day preceding the starting date of the exercise period for the Stock Acquisition Rights after the effective date of said gratis allotment.

- (i) A withdrawal of the proposed Acquisition by the Acquirer or a case when otherwise the Acquisition no longer exists
  - (ii) Due to the occurrence of any changes in the facts, etc. based on which said recommendation was made, the Acquisition fails to meet any of the requirements stipulated in the following “4. Requirements for the Gratis Allotment of the Stock Acquisition Rights,” or, even if it does meet any of them, it becomes unjustifiable to allow the implementation of the gratis allotment of the Stock Acquisition Rights or the exercise thereof
- b) In case of recommendation for not implementing the gratis allotment of the Stock Acquisition Rights

In case the Independent Panel determines that the Acquisition does not fall under any of the Triggers, the Independent Panel will recommend that the Company’s Board of Directors not implement a gratis allotment of the Stock Acquisition Rights, irrespective of whether the Independent Panel Assessment Period is over.

Notwithstanding the foregoing, in case any changes in the facts based on which the said recommendation was made result in the emergence of any of the Triggers, even after once making the recommendation not to implement the said gratis allotment, the Independent Panel may make a new recommendation to the Company’s Board of Directors to implement the gratis allotment of the Stock Acquisition Rights.

- c) In case of extension of the Independent Panel Assessment Period

In case the Independent Panel’s proceedings do not result in a recommendation for either the implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights by the end of the initial Independent Panel Assessment Period, the Independent Panel may make a resolution to extend the Independent Panel Assessment Period within a period deemed as reasonably necessary to consider the terms of the Acquisition, discuss and negotiate with the Acquirer and assess any alternative proposals, provided that such period is up to 30 days as a general rule.

In case the Independent Panel Assessment Period is extended by the said resolution, the Independent Panel shall continue to collect and assess information and make the best effort to make a recommendation for implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights within the extended period.

#### (6) Resolutions by the Board of Directors

The Company’s Board of Directors shall continue assessment as appropriate even after submitting its opinion to the Independent Panel. When it receives any of the aforementioned recommendations from the Independent Panel, the Board of Directors shall pay utmost respect to the recommendation and pass a resolution on the implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights, etc. (including the cancellation of the gratis allotment of the Stock Acquisition Rights) as an organ prescribed in the Companies Act carefully and as expeditiously as practicable. Provided, however, that, in case a general meeting is held to confirm the intent of shareholders in accordance with (7) below, the Company’s Board of Directors shall follow the resolution adopted at the said meeting and pass a resolution accordingly on the implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights as an organ prescribed in the Companies Act.

The Acquirer must not execute the Acquisition after the commencement of procedures concerning the Plan until the Company’s Board of Directors passes a resolution on the implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights.

In the case that the Company’s Board of Directors passes a resolution on the implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights; the Company’s Board of Directors passes a resolution to convene the aforementioned general meeting of shareholders; or the general meeting of shareholders passes a resolution on the implementation of a gratis allotment of the Stock Acquisition Rights, the Company’s Board of Directors will promptly disclose the information on the outline of the said

resolution and other matters it judged as appropriate.

#### (7) Shareholders' Intent Confirmation Meeting

Notwithstanding (6) above, because there are concerns over the applicability of Trigger 2 in the event of the implementation of a gratis allotment of the Stock Acquisition Rights according to the Plan, a) if the Independent Panel has set a reservation to the effect that the prior approval of the general meeting of shareholders is required to implement the gratis allotment of the Stock Acquisition Rights in accordance with the aforementioned (5) a), or b) if the Board of Directors judges it appropriate to confirm the intent of shareholders after taking into account the time and other matters required to hold a general meeting of shareholders and in light of the duty of due care of a prudent manager, the Company's Board of Directors may convene a general meeting of shareholders to confirm their intent (hereinafter, the "Shareholders' Intent Confirmation Meeting") on the implementation of the gratis allotment of the Stock Acquisition Rights.

If a general meeting of shareholders is held according to the above, the Acquisition must not be executed until a resolution to implement the gratis allotment of the Stock Acquisition Rights is passed or rejected at the said meeting. In addition, in the case that the Company's Board of Directors passes a resolution to convene the aforementioned general meeting of shareholders or that the general meeting of shareholders passes a resolution on the implementation of the gratis allotment of the Stock Acquisition Rights, the Company's Board of Directors will promptly disclose the information on the outline of the said resolution and other matters it judged as appropriate.

#### (8) Disclosure of Information to Shareholders

In the course of applying the Plan, the Company will release the information on various stages of its procedure, including the fact that an Acquirer has emerged; the Letter of Intent and the Acquisition Statement have been submitted from the Acquirer; evaluation and assessment of the Acquisition terms have been initiated by the Board of Directors; the Independent Panel Assessment Period has commenced; and extension of the Independent Panel Assessment Period has been effected with the mention of its period and reason, as well as the outline of the Required Information, the outline of the opinion on the Acquisition terms from the Company's Board of Directors, the fact and outline of alternative proposals presented to the Independent Panel and the outline of recommendations by the Independent Panel. In addition, the outline of resolutions by the Company's Board of Directors, the outline of resolutions by the Shareholders' Intent Confirmation Meeting and other matters judged as appropriate by the Independent Panel or the Company's Board of Directors will be disclosed in a timely and appropriate manner to shareholders pursuant to applicable laws and regulations or rules of the financial instruments exchange on which the Company is listed.

### **4. Requirements for the Gratis Allotment of the Stock Acquisition Rights**

The requirements for the implementation of a gratis allotment of the Stock Acquisition Rights according to the Plan are as follows. As stated in (5) a) of "3. Procedures Regarding the Activation of the Plan" above, the determination on whether an Acquisition falls under any of the following requirements and whether the implementation of a gratis allotment of the Stock Acquisition Rights is appropriate or not must be by way of deliberation by the Independent Panel.

#### Trigger 1

In case the Acquisition does not comply with the procedures prescribed in the Plan, which includes not providing the time and information necessary for judging the Acquisition terms, and it is regarded as appropriate to implement a gratis allotment of the Stock Acquisition Rights

#### Trigger 2

In case the Acquisition falls under any of the following and it is regarded as appropriate to implement a gratis allotment of the Stock Acquisition Rights

- (1) In case the Acquisition is likely to cause obvious harm to the corporate value of the Company and the common interests of its shareholders due to the following or other similar actions
  - a) Buy out of the Company's share certificates to demand that the Company purchase said share certificates at an inflated price;
  - b) Management that benefits the Acquirer to the detriment of the Company, such as taking temporary control of the Company's management for the low-cost acquisition of material assets of the Company and its group companies;
  - c) Diversion of the Company's and its group companies' assets to secure or repay debts of the Acquirer

- or its group companies; and
- d) Taking temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Company's and its group companies' businesses and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (2) In case the Acquisition threatens to have the effect of compelling shareholders to sell their shares, such as a coercive two-tier tender offer (meaning acquisition of shares including a tender offer that does not offer to acquire all shares in the initial acquisition, and sets unfavorable acquisition terms for the second stage or does not set clear terms for the second stage)
- (3) In case the Acquisition conditions (including the value and type of compensation, the Acquisition timing, the legality of the Acquisition method, the feasibility of the Acquisition, post-Acquisition management policies or business plans, and post-Acquisition policies regarding the treatment of stakeholders in the Company, including shareholders other than the Acquirer, employees, customers and business partners) are clearly judged as insufficient or inappropriate on reasonable grounds and with a view to the Company's corporate value and the common interests of its shareholders
- (4) In case it is judged on reasonable grounds that the Acquisition may lead to a material disadvantage to the corporate value of the Company and the common interests of its shareholders by impairing relations with stakeholders, including customers, business partners, agents and employees, or the Company's social credibility and brand value, all of which are indispensable for generating the Company's corporate value.

## **5. Outline of the Gratis Allotment of the Stock Acquisition Rights**

The outline of the gratis allotment of the Stock Acquisition Rights according to the Plan is as follows.

### **(1) Number of the Stock Acquisition Rights**

The number of the Stock Acquisition Rights shall be the same as the final and total number of issued and outstanding Company shares as of the date of allotment (hereinafter, the "Allotment Date") (excluding the number of Company shares held by the Company at that time) separately determined by the Board of Directors or the general meeting of shareholders in a resolution on the gratis allotment of the Stock Acquisition Rights (hereinafter, the "Gratis Allotment Resolution").

### **(2) Shareholders Eligible for Allotment**

The Company will implement a gratis allotment of the Stock Acquisition Rights to those shareholders except the Company who are recorded in the Company's final register of shareholders on the Allotment Date at a ratio of one (1) Stock Acquisition Right for every one (1) Company share held.

### **(3) Effective Date of the Gratis Allotment of the Stock Acquisition Rights**

The effective date of the gratis allotment of the Stock Acquisition Rights shall be separately determined in the Gratis Allotment Resolution.

### **(4) Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights**

The number of Company shares<sup>10</sup> to be acquired upon exercise of one (1) Stock Acquisition Right (hereinafter, the "Applicable Number of Shares") shall be one (1) share as a general rule.

### **(5) Amount to be Contributed upon Exercise of the Stock Acquisition Rights**

Property to be contributed upon exercise of the Stock Acquisition Rights shall be cash, and the amount to be contributed per one (1) Company share upon exercise of the Stock Acquisition Rights shall be an amount to be separately determined by the Gratis Allotment Resolution between ¥1 and any amount equivalent to 50% of the fair value of one (1) Company share. The "fair value" in this context shall be the average of the closing prices (including quote indications) of regular transactions of Company shares on the Tokyo Stock Exchange for a period of 90 days from the day preceding the date of the Gratis Allotment Resolution (excluding any day without a closing price), with fractional amounts less than ¥1 rounded up to the nearest yen.

### **(6) Exercise Period of the Stock Acquisition Rights**

The exercise period of the Stock Acquisition Rights shall be a period to be separately determined by the

Gratis Allotment Resolution between one (1) month and six (6) months, starting with the day to be separately determined by the Gratis Allotment Resolution (hereinafter, the first day of the said exercise period shall be referred to as the “Exercise Period Starting Date”). Furthermore, if the final day of the exercise period falls on a holiday for the payment handling institution for the cash payable upon exercise, the preceding business day will be the final day.

#### (7) Conditions for Exercise of the Stock Acquisition Rights

(I) Specified large-scale holders<sup>11</sup>, (II) joint holders of the specified large-scale holders, (III) specified large-scale purchasers<sup>12</sup>, (IV) specially related parties of the specified large-scale purchasers, (V) any persons or companies who have been transferred or have inherited the Stock Acquisition Rights from any persons or companies falling under (I) to (IV) above without the approval of the Company’s Board of Directors, or (VI) any related parties<sup>13</sup> of the persons or companies falling under (I) to (V) above (any parties falling under (I) to (VI) above shall be collectively referred to as the “Non-Qualified Parties” hereinafter) cannot exercise their Stock Acquisition Rights as a general rule. Furthermore, nonresidents of Japan who are required to follow certain procedures under foreign laws and regulations to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that, subject to compliance with the applicable laws and regulations, the Stock Acquisition Rights held by such nonresidents may be subject to acquisition by the Company in exchange for Company shares as set out in (9) b) below). In addition, any person who does not submit a written document in a form prescribed by the Company containing representations and warranties regarding matters such as the fact that he/she satisfies the conditions for the exercise of the Stock Acquisition Rights, indemnity clauses and other covenants cannot exercise the Stock Acquisition Rights.

#### Footnotes:

10. Even if the Company becomes a corporation with class shares (defined in Article 2, Item 13 of the Companies Act) in the future, both a) Company shares issued upon exercise of the Stock Acquisition Rights and b) Company shares to be delivered in exchange for acquisition of the Stock Acquisition Rights are the same as the outstanding shares (common stock) at the time of this Ordinary General Meeting of Shareholders.
11. “Specified large-scale holders” mean, as a general rule, holders of share certificates, etc., issued by the Company and whose holding ratio of the said share certificates, etc., is deemed by the Company’s Board of Directors to be 20% or more.
12. “Specified large-scale purchasers” mean, as a general rule, persons or companies who have provided public notice of purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same is applied throughout this footnote), of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same is applied throughout this footnote), issued by the Company through a tender offer and whose holding ratio of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc. (including similar ownership as prescribed in Article 7, Paragraph 1 of the Order of the Enforcement of the Financial Instruments and Exchange Act), is deemed by the Company’s Board of Directors to be 20% or more when combined with the holding ratio of share certificates, etc. of a specially related party of such person.

#### (8) Transfer of the Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights via transfer thereof shall require the approval of the Company’s Board of Directors.

#### (9) Acquisition of the Stock Acquisition Rights by the Company

- a) The Company may acquire, upon arrival of the date separately determined by the Company’s Board of Directors, all the Stock Acquisition Rights for no consideration at any time up to the date prior to the Exercise Period Starting Date in case that the Company’s Board of Directors deems that it is appropriate for the Company to acquire such Stock Acquisition Rights.
- b) Upon the arrival of the date separately determined by the Company’s Board of Directors, the Company may acquire all the Stock Acquisition Rights held by persons or companies other than the Non-Qualified Parties that have not been exercised until the business day preceding the date determined by the Company’s Board of Directors, and in exchange, may deliver Company shares in the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right to the relevant shareholders.  
In addition, if, on or after the date such acquisition takes place, the Company’s Board of Directors

deems that there are any persons or companies holding the Stock Acquisition Rights other than the Non-Qualified Parties, the Company may acquire all the unexercised Stock Acquisition Rights held by such persons or companies upon the arrival of the date separately determined by the Company's Board of Directors, which should be later than the date of the aforementioned acquisition, and up to the day preceding the date determined by the Company's Board of Directors, and in exchange, may deliver Company shares in the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right to the relevant shareholders. The same shall apply subsequently.

- (10) Delivery of the Stock Acquisition Rights in the Case of Merger, Absorption-Type Company Split, Incorporation-Type Company Split, Share Exchange and Share Transfer  
Shall be determined separately in the Gratis Allotment Resolution.

Footnote:

13. "Related parties" of a person or a company mean any persons or companies that are deemed by the Company's Board of Directors to substantially control such a person or company, or be controlled by such a person or company, or be under common control of another entity with such a person or company, or any person or company that is deemed by the Company's Board of Directors to act in concert with such a person or company. "Control" in this context means "controlling the decisions of financial and business policies" (defined in Article 3, Paragraph 3 of the Ordinance for Enforcement of the Companies Act) of other corporations or entities.

- (11) Issuance of Certificates Representing the Stock Acquisition Rights  
Certificates representing the Stock Acquisition Rights shall not be issued.

(12) Other Details

Other details of the Stock Acquisition Rights in addition to the above shall be determined separately in the Gratis Allotment Resolution.

## **6. Effective Period, Abolition and Modification of the Plan**

The effective period of the Plan shall be the period up to the conclusion of the ordinary general meeting of shareholders pertaining to the final business year ending within three years after the conclusion of this Shareholders Meeting.

Even before the expiration of the effective period, however, the Plan shall be abolished in case a resolution that the Plan be abolished is adopted by the Company's general meeting of shareholders or the Company's Board of Directors consisting of Directors elected by the Company's general meeting of shareholders (the term of office of the Company's Directors is one (1) year, which enables the reflection of shareholders' intent through the election of Directors every year) in accordance with such resolution.

Moreover, even during the effective period of the Plan, the Company's Board of Directors may revise or modify the Plan if such revision or modification is not against the purpose of a resolution of this Shareholders Meeting, such as cases where any law, regulation, financial instrument exchange rule, etc. concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition; cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions; cases where such revision or amendment is not detrimental to the Company's shareholders; or any similar cases, subject to the approval of the Independent Panel.

If the Plan is abolished, revised or modified, the Company will promptly disclose information on the fact that such abolition, revision or modification has taken place, (in the event of revision or modification) the details of the modification or revision and any other related matters.

The provisions of the laws and regulations cited in the Plan are based on those in effect as of today. In case any establishment, revision or abolition of laws and regulations from this day forward necessitates amendment to the provisions, meanings of terms, etc. set forth in the said laws and regulations, such provisions, meanings of terms, etc. may be replaced as appropriate within a reasonable range upon consideration of the purpose of such establishment, revision or abolition.

## **7. Impact on Shareholders, etc.**

### **(1) Impact on Shareholders and Investors at the Time of Introduction of the Plan**

Merely the authority of determining a gratis allotment of the Stock Acquisition Rights is delegated to the Board of Directors in accordance with a resolution of the general meeting of shareholders and no gratis allotment of the Stock Acquisition Rights would be implemented at the time the Plan is introduced to replace the Current Plan. Therefore, it would not have any direct and specific impact on shareholders and investors.



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

### a) Procedure for a Gratis Allotment of the Stock Acquisition Rights

In case the Company's Board of Directors or the Company's general meeting of shareholders adopts the Gratis Allotment Resolution, public notice of the Allotment Date, which is determined by the said Resolution, will be provided. In this case, the gratis allotment of the Stock Acquisition Rights will be conducted at the ratio of one (1) Stock Acquisition Right per one (1) Company share held by the shareholders who are recorded in the final register of shareholders as of the Allotment Date (hereinafter, the "Eligible Shareholders"). As the Eligible Shareholders will become the Stock Acquisition Rights holders on the effective date as a matter of course, such shareholders are not required to follow an application procedure.

In addition, even if the Gratis Allotment Resolution is once passed, the Company may, by paying utmost respect to the recommendation of the Independent Panel stated in (5) a) under "3. Procedures Regarding the Activation of the Plan," cancel the gratis allotment of the Stock Acquisition Rights on or before the effective date of the gratis allotment of the Stock Acquisition Rights or acquire the Stock Acquisition Rights without consideration after the effective date of the gratis allotment of the Stock Acquisition Rights up to the day preceding the Exercise Period Starting Date. In such cases, as no dilution of per share value in Company shares will occur, it is possible that any shareholders or investors who have sold or bought Company shares expecting to see a dilution of per share value may suffer unpredictable damage as a result of a fluctuation in the share price.

### b) Procedure for the Exercise of the Stock Acquisition Rights

The Company will, as a general rule, mail an exercise request form for the Stock Acquisition Rights (in a form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as that the shareholders themselves are not Non-Qualified Parties, indemnity clauses and other covenants) and other documents necessary for the exercise of the Stock Acquisition Rights to the shareholders who are recorded in the Company's final register of shareholders on the Allotment Date. After the gratis allotment of the Stock Acquisition Rights, the shareholders will be issued one (1) Company share per one (1) Stock Acquisition Right, as a general rule, by submitting the aforementioned necessary documents during the exercise period of the Stock Acquisition Rights and before the acquisition of the Stock Acquisition Rights by the Company becomes effective and paying to the payment handling institution an amount equivalent to the exercise price determined by the Gratis Allotment Resolution between ¥1 and any amount equivalent to 50% of the fair value of one (1) Company share.

### c) Procedure for the Purchase of the Stock Acquisition Rights by the Company

In case the Company's Board of Directors determines to acquire the Stock Acquisition Rights, the Company may acquire the Stock Acquisition Rights from the shareholders other than the Non-Qualified Parties in accordance with the statutory procedures on the day separately determined by the Company's Board of Directors and, in exchange, deliver Company shares to the shareholders concerned.

In that case, as a general rule, those shareholders will receive one (1) Company share for every one (1) Stock Acquisition Right they hold as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying an amount equivalent to the exercise price. In such case, however, the shareholders concerned may be separately requested to submit, in a form prescribed by the Company, a written document including representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants.

If the Gratis Allotment Resolution provides for matters relating to the acquisition of the Stock Acquisition Rights including the acquisition thereof from the Non-Qualified Parties, the Company may take measures in accordance with such provisions.

The Company does not plan to acquire the Stock Acquisition Rights from the Non-Qualified Parties with cash as consideration.

In addition to the above, the Company will disclose information to or notify its shareholders with respect to the particulars of methods for the allotment and exercise of the Stock Acquisition Rights and for the acquisition by the Company after they are determined in the Gratis Allotment Resolution, so we request that shareholders confirm these details at that time.

## 8. Reasonableness of the Plan

For the following reasons, the Company believes that the Plan is not detrimental to the corporate value of

the Company and the common interests of its shareholders and is not designed to maintain the positions of the Company's corporate officers.

(1) The Plan Complies with the Basic Policy

The Plan complies with the Basic Policy because the Plan is introduced to ensure the corporate value of the Company and the common interests of its shareholders by making the necessary time and information available for the shareholders to decide whether or not to accept the Acquisition of the Company's share certificates, etc., or for the Company's Board of Directors to present alternative proposals to the shareholders, or by enabling the Board of Directors to discuss or negotiate with the Acquirer for the benefit of the shareholders, when the Acquisition is to be effected.

(2) Fully Satisfying the Requirements of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the three principles set out in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests"—Principle of protecting and enhancing corporate value and shareholders' common interests, Principle of prior disclosure and shareholders' will, and Principle of ensuring the necessity and reasonableness—released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. The Plan also takes into account the report on "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008 by the Corporate Value Study Group, a group set up under the Ministry of Economy, Trade and Industry, and Principle 1.5 Anti-Takeover Measures in Japan's Corporate Governance Code released on June 1, 2015 by the Tokyo Stock Exchange.

(3) Valuing the Intent of the Shareholders

The Plan will be introduced upon approval of the shareholders at this Shareholders Meeting.

The Plan is subject to a so-referred to as sunset clause setting the effective period to approximately three (3) years and if, even before the expiration of the effective period of the Plan, a resolution to abolish the Plan is adopted by the Company's general meeting of shareholders, the Plan will be abolished at that time. In this regard, the decision of whether or not to maintain the Plan depends on the intent of the Company's shareholders.

(4) Emphasis on the Decisions of Highly Independent Outsiders and Disclosure of Information to Shareholders

In introducing the Plan, the Independent Panel will stay in place to eliminate arbitrary decisions by the Company's Board of Directors and as a body that makes substantial decisions in relation to operations such as the activation and abolition of the Plan in an objective manner on behalf of the shareholders.

The Independent Panel shall make substantial decisions, in accordance with the Regulations for the Independent Panel, on such issues as whether the Acquisition would harm the Company's corporate value and the common interests of its shareholders. The Company's Board of Directors shall pay the utmost respect to those decisions and make a resolution as an organ prescribed in the Companies Act. In this way, the Independent Panel strictly monitors the Company's Board of Directors for any arbitrary actions, and outlines of the Independent Panel's decisions are required to be disclosed to shareholders. This ensures a structure under which the Plan is operated in a transparent way to the extent it contributes to the corporate value of the Company and the common interests of its shareholders.

(5) Establishment of Reasonable and Objective Requirements

As the Plan has been designed so that it will not be activated unless it satisfies reasonable, detailed and objective requirements, it ensures a structure to eliminate arbitrary implementation by the Company's Board of Directors.

(6) No Dead-Hand or Slow-Hand Takeover Defense Measures

The Plan has been designed so that it may be abolished by a Board of Directors comprising Directors nominated by a person who acquired a large number of share certificates, etc. and elected at the Company's general meeting of shareholders. Therefore, the Plan is not a dead-hand takeover defense measure—a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the activation of the measure cannot be prevented. In addition, the Plan is neither a slow-hand takeover defense measure—a takeover defense measure that takes time to prevent the activation of the measure due to the fact that the members of the Board of Directors cannot be replaced all at once—because the term of office of the Company's Directors is one (1) year and the Company does not adopt staggered terms of office.

### **Outline of Regulations for the Independent Panel**

- The Independent Panel shall be established by a resolution of the Company's Board of Directors.
- The number of members of the Independent Panel shall be at least three (3) and elected and appointed by the Company's Board of Directors from among the people who are independent from the Company's management that executes its operations and fall under any of the following: (i) an External Director of the Company, (ii) an External Audit & Supervisory Board Member of the Company and (iii) an external expert. The external expert must be an experienced corporate manager, a person who is well versed in investment banking or the Company's business field, an attorney-at-law, a certified public accountant, an academic specializing mainly in the Companies Act or similar subjects or any other person with equivalent qualifications, and must have concluded with the Company an agreement separately specified by the Company's Board of Directors that contains a provision obligating the said person to exercise the duty of due care of a prudent manager or similar provisions.
- Unless otherwise determined by a resolution of the Company's Board of Directors, the term of office of members of the Independent Panel shall be up to the expiration of the effective period of the Plan. In case a member of the Independent Panel who served as an External Director or an External Audit & Supervisory Board Member of the Company withdraws from the positions of Director or Audit & Supervisory Board Member (except in the case that they are reelected), the term of office as a member of the Independent Panel shall expire at the same time.
- The Independent Panel shall decide on the matters stated in each Item below and recommend that decision to the Company's Board of Directors, along with its reasons. The Board of Directors shall pay the utmost respect to the Independent Panel's recommendation and make a resolution as an organ prescribed in the Companies Act on the implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights (however, if the implementation of the gratis allotment of the Stock Acquisition Rights is submitted to the Company's general meeting of shareholders, a resolution at the said meeting shall be followed). Each member of the Independent Panel and each Director of the Company shall make these decisions with a view to whether such decisions enhance the corporate value of the Company and serve the common interests of its shareholders, not for the purpose of the personal interests of themselves or the Company's management team.
  - a) Implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights (including submission to the Company's general meeting of shareholders);
  - b) Cancellation of the gratis allotment of the Stock Acquisition Rights or acquisition of the Stock Acquisition Rights for no consideration; and
  - c) Other matters on which the Company's Board of Directors consulted the Independent Panel from among those to be determined by the Company's Board of Directors
- In addition to the matters prescribed above, the Independent Panel may conduct the matters stated in each of the following.
  - a) Determining whether the Acquisition is subject to the Plan;
  - b) Determining the information to be provided to the Independent Panel by the Acquirer and the Company's Board of Directors and its deadline;
  - c) Examining and assessing the terms of the Acquisition by the Acquirer;
  - d) Negotiating and discussing with the Acquirer;
  - e) Assessing the opinion and alternative proposals provided by the Company's Board of Directors;
  - f) Determining the extension of the Independent Panel Assessment Period;
  - g) Approving matters regarding any revision or modification of the Plan;
  - h) Other matters prescribed under the Plan that the Independent Panel can perform; and
  - i) Matters otherwise prescribed by the Company's Board of Directors that the Independent Panel can perform.
- The Independent Panel will request that the Acquirer additionally submit the Required Information, whenever it judges that the Acquisition Statement and the information therein are not sufficient as the Required Information. In addition to the opinion on the terms of the Acquisition, documents supporting that opinion and alternative proposals (if any) provided by the Company's Board of Directors, the Independent Panel can request the Company's Board of Directors to provide other information and materials that the Independent Panel may consider necessary.
- The Independent Panel shall, if it is necessary to improve the terms of the Acquisition by the Acquirer from the perspective of ensuring and increasing the corporate value of the Company and the common

interests of its shareholders, discuss and negotiate with the Acquirer directly or indirectly through the Company's Board of Directors or present to shareholders the alternative plans presented by the Company's Board of Directors or conduct any similar actions.

- To collect the necessary information, the Independent Panel may request the attendance of the Company's Directors, Audit & Supervisory Board Members, employees or any other persons the Independent Panel regards necessary and ask them for explanations on matters as inquired by the Independent Panel.
- The Independent Panel may, if necessary, obtain advice from independent third parties, including financial advisers, certified public accountants, attorneys-at-law, consultants and other experts at the Company's expense.
- Each member of the Independent Panel may convene a meeting of the Independent Panel when an Acquisition is conducted or at any other time.
- A resolution of the Independent Panel shall be adopted by a majority vote at a meeting with full attendance, as a general rule. However, if there are unavoidable reasons, such as the occurrence of accidents to the Panel members, it can be adopted by a majority vote at a meeting where a majority of the Independent Panel members are present.

**Members of the Independent Panel and Their Career Summary**

The Independent Panel after the introduction of the Plan will consist of the following four (4) members.

Hiroshi Nagata

[Career summary]

Born on February 22, 1941

April 1970	Joined MITSUI & CO., France
June 1996	Director, MITSUI & CO., LTD. (“MITSUI”)
June 1999	Managing Director, MITSUI President, MITSUI & CO. EUROPE PLC
April 2002	Representative Director, Executive Vice President and Chemicals Group President, MITSUI
June 2004	Advisor to MITSUI
April 2005	Visiting Professor at Waseda University Graduate School of Commerce (MBA Course)
March 2008	External Director of the Company (current)

\*External Director Hiroshi Nagata is reported as an independent officer to the financial instruments exchange on which the Company is listed. There are no business transactions or special interests between Mr. Hiroshi Nagata and the Company.

Toshio Nagashima

[Career summary]

Born on July 22, 1948

April 1971	Joined MITSUBISHI ESTATE CO., LTD. (“Mitsubishi”)
June 2001	Director and General Manager, Marunouchi Development Planning Department of Mitsubishi
April 2002	Director and General Manager, Office Building Development Planning Department of Mitsubishi
April 2004	Senior Executive Officer, Deputy General Manager, Office Building Business Division, and General Manager, Office Building Development Planning Department of Mitsubishi
June 2005	Director, Executive Vice President and General Manager, Office Building Business Division (Representative Director) of Mitsubishi
January 2011	Representative Executive Officer and Executive Vice President, Japan Post Holdings Co., Ltd. (“Japan Post”)
June 2011	Director and Representative Executive Officer and Executive Vice President, Japan Post
June 2013	Advisor to Japan Post
July 2013	Special Counselor to Osaka City (current) Partner, Ito Shigeru Urban Planning Office (current)
March 2014	External Director of the Company (current)

\*External Director Toshio Nagashima is reported as an independent officer to the financial instruments exchange on which the Company is listed. There are no business transactions or special interests between Mr. Toshio Nagashima and the Company.

Yoshisuke Inuma

[Career summary]

Born on November 8, 1941

April 1964	Joined TOYO KEIZAI INC.
January 1992	President, Toyo Keizai America
January 1995	Editor-in-Chief, <i>Weekly Toyo Keizai</i>
January 1996	Director, TOYO KEIZAI INC.
January 2002	Managing Director, TOYO KEIZAI INC.
March 2011	External Audit & Supervisory Board Member of the Company (current)

\*External Audit & Supervisory Board Member Yoshisuke Inuma is reported as an independent officer to the financial instruments exchange on which the Company is listed. There are no business transactions or special interests between Mr. Yoshisuke Inuma and the Company.

Seitaro Saito

[Career summary]

Born on August 15, 1947

April 1974	Admitted to the bar (Daini Tokyo Bar Association)
April 1996	Vice President, Daini Tokyo Bar Association
June 1998	External Audit & Supervisory Board Member, KANTO Bus Co., Ltd. (current)
March 2003	External Audit & Supervisory Board Member, TOKYU RECREATION CO., LTD. (current)
April 2009	Governor, Japan Federation of Bar Associations
March 2011	External Audit & Supervisory Board Member of the Company (current)

\*External Audit & Supervisory Board Member Seitaro Saito is reported as an independent officer to the financial instruments exchange on which the Company is listed. There are no business transactions or special interests between Mr. Seitaro Saito and the Company.