

Securities identification code: 5451

May 31, 2017

To our shareholders:

Takaaki Kawamoto
President and Representative Director
Yodogawa Steel Works, Ltd.
4-1-1 Minami-honmachi, Chuo-ku, Osaka

NOTICE OF THE 118TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 118th Ordinary General Meeting of Shareholders of Yodogawa Steel Works, Ltd. (the "Company") which will be held as described below.

Moreover, if you are unable to attend on the day, you may exercise your voting rights either by postal mail (voting form) or electronically (via the Internet). Please review the 'Reference Documents for the General Meeting of Shareholders' attached below and kindly peruse the '4. Exercise of voting rights' on the following page. We request that you exercise your rights no later than 5:00 p.m., Wednesday, June 21, 2017 (Japan Standard Time).

Meeting Details

- 1. Date and time:** Thursday, June 22, 2017, at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** Head office of Yodogawa Steel Works, Ltd.
4-1-1 Minami-honmachi, Chuo-ku, Osaka
- 3. Purposes:**

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 118th Term (from April 1, 2016 to March 31, 2017), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
2. Non-Consolidated Financial Statements for the 118th Term (from April 1, 2016 to March 31, 2017)

Items to be resolved:

- Proposal 1:** Election of six (6) Directors
- Proposal 2:** Election of one (1) Audit & Supervisory Board Member
- Proposal 3:** Election of one (1) substitute Audit & Supervisory Board Member
- Proposal 4:** Continuation of the Company's Policy for Responding to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures)

4. Exercise of voting rights:

(1) Exercise of Voting Rights by Postal Mail

Please indicate your approval or disapproval of the proposals on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and **return it by postal mail to reach us no later than 5:00 p.m., Wednesday, June 21, 2017 (Japan Standard Time).**

(2) Exercise of Voting Rights via the Internet

Please exercise your voting rights by accessing the Company's designated website (<http://www.it-soukai.com/>) with the "Voting Code" and "Password" provided on the enclosed voting form, and enter your approval or disapproval for each proposal **no later than 5:00 p.m., Wednesday, June 21, 2017 (Japan Standard Time).**

Moreover, we request that you kindly refer to the 'Guide to the Exercise of Voting Rights on the Internet' to confirm all other details about this process.

(3) Duplicate Exercises of Voting Rights

- i. In cases of duplicate exercise of voting rights both by using the voting form and by using the Internet, the exercise of the voting rights via the Internet shall be treated as valid.
- ii. In cases in which multiple exercises of voting rights have been made via the Internet, the most recent exercise of voting rights shall be treated as valid.

Reference Documents for the General Meeting of Shareholders

Items to Be Resolved and Reference Documents

Proposal 1: Election of six (6) Directors

The term of office of all six (6) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of six (6) Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Yoshitsugu Kokubo (December 12, 1945)	<p>August 1972 Joined the Company</p> <p>June 2001 Director and General Manager Kure Plant of the Company</p> <p>July 2003 Director of the Company and Chairman of the Board, Sheng Yu Steel Co., Ltd.</p> <p>June 2004 Senior Executive Officer of the Company and Chairman of the Board, Sheng Yu Steel Co., Ltd.</p> <p>June 2005 Director and Managing Executive Officer of the Company, and Chairman of the Board, Sheng Yu Steel Co., Ltd.</p> <p>June 2006 President and Representative Director of the Company</p> <p>April 2012 Chairman and Representative Director of the Company (Current Position)</p>	27,911
<p>Reasons for selection as a candidate for Director</p> <p>Yoshitsugu Kokubo has worked mainly in the production department of steel-coil and sheet-related operations. Since he also has considerable operational experience relating to the management of overseas subsidiary companies, we request that he continue to be appointed as a Director to utilize his extensive experience and knowledge as a member of the Board of Directors of the Company.</p>			
2	Takaaki Kawamoto (April 6, 1950)	<p>April 1973 Joined the Company</p> <p>June 2004 Executive Officer, General Manager Kure Plant, and General Manager of Manufacturing Dept. Kure Plant of the Company</p> <p>June 2006 Senior Executive Officer, General Manager Kure Plant, and General Manager of Manufacturing Dept. Kure Plant of the Company</p> <p>June 2007 Senior Executive Officer and General Manager Ichikawa Plant of the Company</p> <p>June 2009 Director, Managing Executive Officer, Senior General Manager Corporate Planning Division, and Supervisor of Steel Coil & Sheet Plants of the Company</p> <p>April 2010 Director, Managing Executive Officer, Senior General Manager Corporate Planning Division, General Manager of Corporate Planning Dept., General Manager of Logistics Dept., General Manager of Overseas Business Planning Dept., and Supervisor of Steel Coil & Sheet Plants of the Company</p> <p>April 2012 President and Representative Director of the Company (Current Position)</p>	15,718
<p>Reasons for selection as a candidate for Director</p> <p>Takaaki Kawamoto has worked mainly in the production and corporate planning department of steel-coil and sheet-related operations. Since he also has considerable operational experience relating to the management of overseas subsidiary companies, we request that he continue to be appointed as a Director to utilize his extensive experience and knowledge as a member of the Board of Directors of the Company.</p>			

No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Toyomi Omori (September 4, 1948)	<p>April 1973 Joined the Company</p> <p>June 2000 General Manager of Steel Sheet Sales Dept. of Tokyo Branch of the Company</p> <p>June 2004 Executive Officer and General Manager of Steel Sheet Sales Dept. of Tokyo Branch of the Company</p> <p>June 2006 Senior Executive Officer of the Company and Chairman of the board, Sheng Yu Steel Co., Ltd.</p> <p>June 2009 Senior Executive Officer, General Manager Sales Division, in charge of Steel Sheet Sales Division, and Branch Manager of Tokyo of the Company</p> <p>October 2009 Senior Executive Officer, General Manager Sales Division, in charge of Sales Dept. – 1 and 2, General Manager of Sales Dept. - 1, and Branch Manager of Tokyo of the Company</p> <p>June 2011 Managing Executive Officer, General Manager Sales Division, in charge of Sales Dept. – 1 and 2, and Branch Manager of Tokyo of the Company</p> <p>April 2012 Managing Executive Officer and Senior General Manager Sales Division of the Company</p> <p>June 2012 Director, Managing Executive Officer, and Senior General Manager Sales Division of the Company</p> <p>April 2015 Director, Senior Managing Executive Officer, Senior General Manager Sales Division, Branch Manager of Tokyo of the Company, and in charge of YODOKO SHOJI CO., LTD. and Roll Dept.</p> <p>June 2016 Director, Senior Managing Executive Officer, Senior General Manager Sales Division, Branch Manager of Tokyo of the Company, and in charge of Roll Dept. (Current Position)</p> <p style="text-align: center;">[Significant concurrent position outside the Company] Chairman of the Board, YODOGAWA-SHENGYU (HEFEI) HIGH-TECH STEEL CO., LTD.</p>	11,566
<p>Reasons for selection as a candidate for Director</p> <p>Toyomi Omori has worked mainly in the sales department of steel-coil and sheet-related operations. Since he also has considerable operational experience relating to the management of overseas subsidiary companies, we request that he continue to be appointed as a Director to utilize his extensive experience and knowledge as a member of the Board of Directors of the Company.</p>			
4	* Satoshi Nitta (March 26, 1956)	<p>April 1980 Joined the Company</p> <p>November 2009 Was seconded to Sheng Yu Steel Co., Ltd.</p> <p>September 2010 Was treated as General Manager of Sheng Yu Steel Co., Ltd.</p> <p>April 2012 Senior Executive Officer, Senior General Manager Corporate Planning Division, General Manager of Overseas Business Planning Dept., and Supervisor of Steel Coil & Sheet Plants of the Company</p> <p>April 2014 Senior Executive Officer of the Company, and President of YODOGAWA-SHENGYU (HEFEI) HIGH-TECH STEEL CO., LTD. (Current Position)</p>	4,542
<p>Reasons for selection as a candidate for Director</p> <p>Satoshi Nitta has worked mainly in the production and corporate planning department of steel-coil and sheet-related operations. Since he also has considerable operational experience relating to the management of overseas subsidiary companies, we request that he be appointed as a Director to utilize his extensive experience and knowledge as a member of the Board of Directors of the Company.</p>			

No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions outside the Company	Number of the Company's shares owned	
5	Toshikazu Saeki (March 1, 1948)	April 1970 June 2001	Joined Kobe Steel, Ltd. Administration Officer and General Manager Osaka branch of Kobe Steel, Ltd.	0
		June 2002 June 2011 April 2012 June 2015 December 2016	President and Representative Director of Shinko Care Life Co., Ltd. Advisor of Shinko Care Life Co., Ltd. Specially Appointed Professor and Assistant to the President of Kobe University Director of the Company (Current Position) Director (Audit & Supervisory Committee Member) of LOCKON CO.,LTD. (Current Position)	
Reasons for selection as a candidate for Outside Director Toshikazu Saeki has extensive experience as a manager and a wide range of knowledge, and so we request that he continue to be appointed as an Outside Director so that such abundance of experience and knowledge can be reflected in the management of the Company.				
6	Hiroshi Okamura (April 13, 1952)	April 1976 June 2006	Joined The Daiwa Bank, Ltd. (currently Resona Bank, Limited.) Representative Director, Vice President and Executive Officer of Resona Bank, Limited.	0
		June 2008 June 2009 June 2011 June 2011 June 2012 June 2012 June 2013 June 2015	President and Representative Director of Resona Research Institute Co., Ltd. Director of The Kinki Osaka Bank, Ltd. Part-time Auditor-secretary of Osaka Cosei Shinkin Bank (Current Position) Part-time Auditor of Japan Foundation Engineering Co., Ltd. (Current Position) President and Representative Director of Shikishima Printing Co., Ltd. (Current Position) Part-time Director of Koyubusiness Co., Ltd. (Current Position) Auditor of Osaka International Convention Center Corporation (Current Position) Director of the Company (Current Position)	
Reasons for selection as a candidate for Outside Director Hiroshi Okamura has extensive experience as a manager and a wide range of knowledge, and so we request that he continue to be appointed as an Outside Director so that such abundance of experience and knowledge can be reflected in the management of the Company.				

Notes:

1. Asterisk (*) indicates a new candidate for Director.
2. Director candidate Yoshitsugu Kokubo will retire the President and Representative Director of Keiyo Tekko Futo Co., Ltd. at the conclusion of its general meeting of shareholders to be held on June 19, 2017, and Director candidate Takaaki Kawamoto is planned to be appointed as the Director of Keiyo Tekko Futo Co., Ltd. at the same general meeting of shareholders and to be appointed as and accept appointment of the President and Representative Director at its board of directors meeting. The Company has transactional relationship with the company such as storage and transportation services of the Company's products and so on.
3. Other than the above, there is no particular business or other relationship between any of the candidates and the Company.
4. Number of Years since the Candidates for Outside Directors were appointed as Outside Directors of the Company
Director candidates Toshikazu Saeki and Hiroshi Okamura have both, as of the date of the conclusion of this General Meeting of Shareholders, served as Outside Directors of the Company for a period of two years.
5. Director candidates Toshikazu Saeki and Hiroshi Okamura are candidates for election as Outside Directors. A notice has been submitted to the Tokyo Stock Exchange that these two candidates are designated as Independent Officers in accordance with the regulations of this exchange.
6. The Company has agreements with Toshikazu Saeki and Hiroshi Okamura respectively that limit their liability as prescribed in Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation. The liability limit in these agreements is the higher of 8 million yen or the minimum limit on

liability in Article 425, Paragraph 1 of the Companies Act, and in case they are re-elected, the Company plans to continue such agreements with them.

Proposal 2: Election of one (1) Audit & Supervisory Board Member

An Audit & Supervisory Board Member, Katsumi Sakaiguchi, will resign at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of one (1) Audit & Supervisory Board Member as his substitute. The term of office of an elected Audit & Supervisory Board Member shall be the same as the remaining term of the resigning member pursuant to the Company’s Articles of Incorporation.

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

The candidates for an Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position, and significant concurrent position outside the Company	Number of the Company’s shares owned
<p style="text-align: center;">Maomi Hayashi (October 25, 1949)</p>	<p>August 1972 Joined the Company</p>	9,473
	<p>September 2006 General Manager of General Affairs Dept. of Kure Plant of the Company</p>	
	<p>September 2007 General Manager of Finance & Accounting Dept. of the Company</p>	
	<p>June 2009 Executive Officer and General Manager of Accounting & Finance Dept. of the Company</p>	
	<p>June 2011 Senior Executive Officer and Senior Manager of Finance & Accounting Dept. of the Company</p>	
	<p>April 2012 Managing Executive Officer, Senior General Manager Administration Division, General Manager of Finance & Accounting Dept., and in charge of Affiliates of the Company</p>	
	<p>June 2012 Director, Managing Executive Officer, Senior General Manager Administration Division, General Manager of Finance & Accounting Dept., and in charge of Affiliates of the Company</p>	
<p>September 2013 Director, Managing Executive Officer, Senior General Manager Administration Division, and in charge of Affiliates of the Company (Current Position)</p>		
<p>Reasons for selection as a candidate for Audit & Supervisory Board Member Maomi Hayashi has extensive knowledge of general affairs, finance and accounting from his many years of experience in these areas, and consequently we request that he be appointed as an Audit & Supervisory Board Member.</p>		

Notes:

1. There is no particular business or other relationship between the candidate as above and the Company.

Proposal 3: Election of one (1) substitute Audit & Supervisory Board Member

The Company proposes that one (1) substitute Audit & Supervisory Board Member be elected to prepare for a case where the number of the members of Audit & Supervisory Board falls below the number stipulated by laws and regulations.

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

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and significant concurrent position outside the Company	Number of the Company's shares owned
Ichiro Inui (March 2, 1952)	November 1976 Joined Asahi & Co. (currently KPMG AZSA LLC) September 1980 Registered as Certified Public Accountant June 2000 Appointed as Partner June 2008 Appointed as Board Member September 2010 Appointed as Internal Auditor July 2014 Opened Inui Certified Public Accountant Office Position which he continues to hold	0
Reasons for selection as a candidate for substitute Audit & Supervisory Board Member Ichiro Inui has considerable knowledge of finance and accounting from his many years of experience as a Certified Public Accountant. He was asked to become a substitute Outside Audit & Supervisory Board Member candidate in order to utilize this knowledge in the Company's auditing activities. He has not been directly involved with the management of a company. However, he has considerable expertise involving finance, and accounting matters as a Certified Public Accountant. Since he has sufficient knowledge to deal with these matters, the Company believes that he will be able to properly perform the duties of an Outside Audit & Supervisory Board Member.		

Notes:

1. There is no particular business or other relationship between the candidate as above and the Company.
2. Ichiro Inui is a candidate for election as a substitute Outside Audit & Supervisory Board Member.
3. Ichiro Inui fulfills the requirements as an Outside Audit & Supervisory Board Member.
4. If Ichiro Inui is elected as Outside Audit & Supervisory Board Member, in accordance with Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company plans to establish an agreement with this individual that limit his liability as prescribed in Article 423, Paragraph 1 of the Companies Act. The liability limit in this agreement will be the higher of 8 million yen or the minimum limit on liability in Article 425, Paragraph 1 of the Companies Act.

Proposal 4: Continuation of the Company's Policy for Responding to Large-Scale Acquisitions of the Company's Shares, etc. (Takeover Defense Measures)

The Company introduced "The Company's Policy for Responding to Large-Scale Acquisitions of the Company's Shares, etc." (Takeover Defense Measures) at the Board of Directors meeting held on May 23, 2006. Subsequently, we continued to consider the policy as one of the initiatives to protect and increase the Company's corporate value and the common interests of shareholders, including whether or not to continue it and its form if it were to continue, based on social and economic changes, various developments surrounding takeover defense measures, the unfolding of various discussions, and the Corporate Governance Code, and so on.

At the 115th annual general meeting of shareholders held on June 25, 2014, the shareholders approved a partial amendment to update "The Company's Policy for Responding to Large-Scale Acquisitions of the Company's Shares, etc." (Takeover Defense Measures) (hereinafter referred to as the "Current Plan"). Further, prior to the expiry of the Current Plan, at the Company's Board of Directors meeting held on April 27, 2017, it was resolved that the Takeover Defense Measures would be continued subject to the approval of the shareholders at the general shareholders meeting (hereinafter, the Takeover Defense Measures after continuation will be referred to as the "Plan").

Accordingly, the shareholders' approval of the Plan shareholders is requested.

The main points of difference between the Plan from the Current Plan are as follows:

- (1) It clarifies that it is envisioned that no money will not be offered as consideration for the acquisition of the share acquisition rights possessed by the Large-Scale Buyer in the event share acquisition rights are allotted without contribution as a countermeasure against a Large-Scale Acquisition.
- (2) It limits the types of exceptional instances where a decision can be made by the Board of Directors to approve or reject countermeasures, in the event a Large-Scale Buyer has complied with the Large-Scale Acquisition Rules.
- (3) Additionally, some amendments of words and phrases, and some edition of expressions have been made.

1. Purpose of the Plan

The environment surrounding the Company's primary business, the manufacture and sale of surface-treated steel sheet, has increasingly changing and is becoming more difficult. Under such circumstances, the company group has made efforts to expand businesses that take advantage of our strengths, such as management that focuses on flexibility only available to companies that are independent with respect to their management policies, raw material procurement, and so on, an optimal balance of geographical locations in Asia, our customer base and reputation which we have built up through over 80 years of operations, and our strong financial structure. In conjunction with this, we are also taking measures to improve corporate value, such as enhancement of fundamental earning power primarily on sheet steel segment, and reforms to our corporate management structure. In terms of the Company's management, we believe that, in order to have a proper appreciation of corporate value, it is indispensable to understand not only our technology and experience in relation to surface finishing for steel sheet, casting rolls, etc., which we have accumulated over many years, and the relationships of trust which we have been built not only with stakeholders such as the Company's trade partners and employees, but also with business partners and their employees in countries and regions where the company group has conducts business. Further, we believe that, for manufacturing businesses in particular, which require a considerable amount of time in order to research and develop new base technologies and commercialize them, management that takes initiatives to improve medium to long-term growth in corporate value rather than short-term profit would contribute to the interests of the shareholders overall.

On the other hand, due to the current state of Japan's capital markets and legal system, we cannot deny the possibility that there will be a Large-Scale Acquisition that damages such strength of the company group and clearly harms

corporate value of the company group and eventually the common interests of shareholders.

Under the Financial Instruments and Exchange Act, while tender offers are mandatory for certain large-scale acquisitions, and rules pertaining to disclosure and procedures are prescribed, in principle, it is only applicable to off-market transactions, not to market transactions. Further, in the event of a sudden hostile large-scale acquisition, it is considered that there is a risk that shareholders may not be able to secure necessary information and sufficient time for considerations, since the buyer may refuse to answer the questions of the target company as long as it provides a clear reason and it is highly possible that the actual maximum tender offer period becomes 30 business days.

Having considered the points above, the Company's Board of Directors has, believing that securing necessary information and time for shareholders' appropriate decision making, and securing negotiations with buyers to be made in accordance with certain reasonable rules would lead to enhancement of our corporate value and the common interests of shareholders, set forth certain rules below in relation to securing of information provision and consideration time in case of a large-scale acquisition (hereinafter referred to as the "Large-Scale Acquisition Rules"). And the Board of Directors has decided to keep a takeover defense measures subject to the approval of the shareholders at the general shareholders meeting, that includes countermeasures in the event of a large-scale acquisition by an unsuitable buyer, in accordance with "The Company's Basic Policy in Relation to Those Who Controls its Finances and Business Policy Decisions."

2. The Targets of the Plan

The Plan is applied to an acquisition of the Company's shares, etc. (note 3), for the purpose of making the ratio of voting rights (note 2) of the specific shareholder group (note 1) 20% or more, or any acquisition of the Company's shares, etc., where as a result the ratio of voting rights of a specific shareholder group becomes 20% or more (with respect to both cases, acquisitions where the Company's Board of Directors has given its consent in advance are excluded and the method of acquisition, market transaction or tender offer, does not matter. Hereinafter, such acquisition is referred to as a "Large-Scale Acquisition" and the entity making such acquisition is referred to as the "Large-Scale Buyer").

Note 1: Specific Shareholder Group means:

- (i) A holder (including a person included in a holder pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act, and hereinafter the same applies) of the Company's shares, etc., (meaning securities, etc., as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act) or a joint holder (meaning a joint holder as defined by Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act; including those considered to be joint holders pursuant to Article 27-23, Paragraph 6) of the Company's shares, etc., as well as a person having a certain relationship with said holders or their joint-holders, which is similar to that among holders or joint holders (hereinafter referred to as a "quasi-joint holder"; hereinafter the same applies);
or
- (ii) A person engaged in purchase, etc., (meaning purchase, etc., as defined by Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act, including conducts made on financial instruments exchange markets) of the Company's shares, etc., (meaning securities, etc., as defined by Article 27.3.1 of the Financial Instruments and Exchange Act) and persons in special relationships with such person (meaning persons in special relationships as defined by Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act; hereinafter the same applies).

Note 2: Ratio of voting rights means

- (i) In the case of a specific shareholder group noted in (i) of note 1, the combined ratio of (1) the holding ratio of such holder (meaning the holding ratio of shares, etc., as defined by Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; in such case, the number of shares, etc., held by the joint holders of such holder

(meaning the number of shares, etc., held as defined in the same Paragraph; hereinafter the same applies) shall also be included) and (2) the holding ratio of shares, etc., of quasi-joint holders of such holder (however, in respect of the addition of (1) and (2), the number of shares, etc., held that overlaps between (1) and (2) shall be subtracted);

or

(ii) In the case of a specific shareholder group noted in (ii) of note 1, the total of the ratio of shares, etc., held (meaning the ratio of shares held as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act) by the large-scale buyer and the persons in a special relationship with it. For the calculation of the holding ratio of shares, etc., the most recently calculated figures in securities reports, quarterly financial statements, and share buyback reports may be referred to in terms of the total number of voting rights (as defined by Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act) and the total number of issued shares (as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act).

Note 3: Shares, etc. means securities, etc., as defined in Article 27-23, Paragraph 1 and 27-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Establishment of an Independent Committee

The Company's Board of Directors will, under the Plan, just like under the Current Plan, establish an independent committee composed of persons independent of the Company (hereinafter referred to as the "Independent Committee") in order to eliminate arbitrary decision-making by the Company's Board of Directors.

The Independent Committee will be composed of three members or more to be elected by the Board of Directors from among the Company's outside directors, outside auditors, or other outside experts (the names and career summaries of Independent Committee members are attached as Appendix 1).

The Independent Committee will, within the Board of Directors Evaluation Period, conduct evaluations and considerations of Large-Scale Acquisitions pursuant to the necessary information provided via the Board of Directors and, based on that result, it will make recommendations to the Board of Directors whether or not the countermeasures should be taken with the reasons for their decision. Further, an outline of the Independent Committee is attached as Appendix 2.

4. Details of Large-Scale Acquisition Rules

(1) Submission of Letter of intent to the Company

When a prospective Large-Scale Buyer intends to carry out a Large-Scale Acquisition, prior to the Large-Scale Acquisition or proposal of the Large-Scale Acquisition, it is firstly requested that such Large-Scale Buyer shall submit to our representative directors a legally binding affidavit to comply with the Large-Scale Acquisition Rules and a letter of intent stating, in Japanese, the name of the Large-Scale Buyer, their address or location of headquarter or branch office, the governing law of their incorporation, names of representatives, domestic contacts, and an outline of the proposed Large-Scale Acquisition (to be signed or affixed with the name and seal of the representative(s) of the Large-Scale Buyer).

In the event the Company receives an letter of intent from the prospective Large-Scale Buyer, we will promptly make public announcement of such fact and, if necessary, the details of the letter of intent.

(2) Request to the Large-Scale Buyer to Provide Information

The Company's Board of Directors will, within ten business days of receiving the letter of intent in (1) above, submit a list of necessary and sufficient information (hereinafter referred to as the "Necessary Information") that should be submitted by the Large-Scale Buyer to the Company's Board of Directors in order to allow the Company's

shareholders to make a decision and the Company's Board of Directors to form an opinion. The Large-Scale Buyer shall provide the Necessary Information in writing and in Japanese to the Company's Board of Directors in accordance with the list of Necessary Information. Matters that will generally be part of the Necessary Information are as per the below. Although their specific contents will differ depending on the type of Large-Scale Buyer and the details of the Large-Scale Acquisition, in any cases, the scope of the Necessary Information will be limited to the extent which is necessary and sufficient to allow shareholders to make a decision and the Company's Board of Directors to form an opinion.

- (1) Details (including name, business details, capital composition, financial details, and career or company history, details of past transactions similar to the Large-Scale Acquisition, the result and the impact on the corporate value of the target company of such past transaction; and information relating to their experience, etc., with regard to the Company's business or similar businesses) of the Large-Scale Buyer and its group (including joint holders, persons in special relationships with it, and other constituent members).
- (2) The purpose and details of the Large-Scale Acquisition (including the amount and type of consideration for the Large-Scale Acquisition, purchase period, related transaction mechanisms, legality of purchase method, and feasibility of such Large-Scale Acquisition and related transactions).
- (3) The basis for the calculations of the purchase price for the Company's shares and substantiation of the purchasing funds with respect to the Large-Scale Acquisition (including facts assumed in the calculations, calculation method, the specific name of the fund provider (including the actual provider), funding method, and details of related transactions).
- (4) Management candidates (including information relating to their experience, etc., in the Company's industry and similar industries), management policy, business plan, finance plan, capital policy, dividend policy, capital utilization policy, etc., envisioned after they become involved in the Company's management (hereinafter referred to as the "Post-Acquisition Management Policy, etc.").
- (5) The expected Company's stakeholders after the completion of the Large-Scale Acquisition (customers, trade partners, employees, regional companies, etc.), and whether or not there will be any changes regarding the Company's relationships with them and the details thereof.
- (6) Other information reasonably deemed to be necessary by the Company's Board of Directors.

The Company's Board of Directors may set a time limit for the Large-Scale Buyer to provide information, if necessary, in light of prompt management of the Large-Scale Acquisition rules. However, in the case that the Large-Scale Buyer makes an application for an extension based on reasonable grounds, the time limit may be extended.

Further, in the event that, as a result of careful examination of the information that is initially provided, the Company's Board of Directors finds that the information itself is insufficient, the Company's Board of Directors may request the Large-Scale Buyer to provide with additional information, setting an appropriate time limit. In the event the Company's Board of Directors determines that the provision of Necessary Information by the Large-Scale Buyer has been completed, it will send the Large-Scale Buyer a notification to such effect and make a public announcement.

Further, in the event part of the corresponding information is not provided by the Large-Scale Buyer, despite the request of an additional information by the Company's Board of Directors, there may be instances where our negotiations, etc., with the Large-Scale Buyer pertaining to information provision are concluded without obtaining all of the Necessary Information requested by the Company's Board of Directors and a public announcement is made to such effect along with the commencement of the evaluation and consideration by the Company's Board of Directors in (3) below, as long as reasonable explanation is given by the Large-Scale Buyer regarding the reason why such information has not been provided.

The Necessary Information provided to the Company's Board of Directors will be submitted to the Independent

Committee and, if it is deemed to be necessary for the shareholders to make a decision, it will be publicly announced in whole or in part at the point in time determined to be appropriate by the Company's Board of Directors.

(3) Evaluation and Consideration by the Board of Directors

After the Large-Scale Buyer has completed providing the Necessary Information, the Company's Board of Directors will set a period for the evaluation, consideration, negotiation, formation of opinions and alternate proposals by the Board of Directors (hereinafter referred to as "Board of Directors Evaluation Period"), which will be a maximum of 60 days in case where all of the shares of the Company are acquired through a tender offer using cash only remuneration (yen), and a maximum of 90 days in case of any other Large-Scale Acquisition. The Large-Scale Acquisition may only commence after the Board of Directors Evaluation Period.

During the Board of Directors Evaluation Period, the Company's Board of Directors will, taking advice from external experts (financial advisers, lawyers, CPAs, etc.) as necessary, thoroughly evaluate and consider the Necessary Information provided, to prudently form an opinion as the Company's Board of Directors, respecting the recommendations of the Independent Committee to the fullest extent, from the point of view of whether or not it contributes to the Company's corporate value and the common interests of shareholders, and then publicly announce the outcome. Also, as necessary, the Company's Board of Directors may negotiate with the Large-Scale Buyer to improve the details of the Large-Scale Acquisition and offer alternative proposals.

Further, in the event the Company's Board of Directors cannot reach a decision as to whether or not countermeasures are to be taken during the Board of Directors Evaluation Period, due to unavoidable reasons such as the Independent Committee not reaching a decision as to whether or not countermeasures are to be taken or not during the Board of Directors Evaluation Period, the Company's Board of Directors may, pursuant to the recommendations of the Independent Committee, extend the Board of Directors Evaluation Period within the scope necessary by up to 30 days. In the event the Company's Board of Directors resolves to extend the Board of Directors Evaluation Period, the specific period of extension and the reason such specific extension is required will be publicly announced.

5. Response Policy in the Event of a Large-Scale Acquisition

(1) In the Event the Large-Scale Buyer Has Complied with the Large-Scale Acquisition Rules

In the event the Large-Scale Buyer has complied with the Large-Scale Acquisition Rules, even if the Company's Board of Directors has an opinion against the Large-Scale Acquisition, it will not, in principle, take countermeasures against the Large-Scale Acquisition, but will only try persuading the Company's shareholders by providing dissenting opinions against the Large-Scale Acquisition or making alternate proposals. As for whether or not to accept the offer of the Large-Scale Acquisition, the shareholders will make decision upon consideration of the acquisition proposal, etc., and the opinion of the Company regarding such acquisition proposal and alternate proposals of the Company.

Even in the event the Large-Scale Acquisition Rules are complied with, however, if it is decided by the Company's Board of Directors that the Company's corporate value and the common interests of shareholders will be significantly harmed by the Large-Scale Acquisition, for example, in the cases that the Large-Scale Acquisition falls in any of (a) through (e) below where it is clearly foreseeable that irreparable harm will be done to the Company, the Company's Board of Directors may, pursuant to their fiduciary duty as a Board of Directors, take exceptional countermeasures against the Large-Scale Acquisition, to the extent necessary and reasonable, in order to protect the interests of the Company's shareholders.

- (a) In case that, despite having no real intention to participate in the Company's management, the Large-Scale Buyer is acquiring the shares only for the purpose increasing the share price and causing the Company's related parties to purchase the shares at an overstated price (so-called greenmail case);

- (b) In case that the Large-Scale Buyer is acquiring the shares for the purpose of conducting so-called scorched earth management, such as temporarily taking control of the Company's management in order to cause the transfer of intellectual property, know-how, trade secrets, key trading partners or key customers, etc., that are necessary for the management of the Company's business to the buyer or its group company, etc.;
- (c) In case that the Large-Scale Buyer is acquiring the shares with a plan to use the assets as collateral for or source of funds for repayment of the debts of the buyer or its group company after it takes control of the company's management;
- (d) In case that it is acquiring the shares for the purpose of temporarily taking control of the company's management in order to dispose of, such as by selling, the high value assets of the Company which are not directly related to the Company's business for the time being, such as real estate and marketable securities, and, with the profits from such disposal, temporarily distributing high dividends or aiming to cause the share price to suddenly increase through high dividends in order to sell the shares at higher price;
- (e) In case that the method of acquisition of the Company's shares proposed by the Large-Scale Buyer may restrain the shareholder's opportunities or freedom to make a decision, having a risk to substantially force the shareholders to sell the Company's shares, such as in the cases of so-called "coercive two-tiered tender offers" (meaning conducting a tender offer, setting more unfavorable acquisition conditions for the second stage than the first stage, or not setting clear conditions for the second stage).

(2) In the Event the Large-Scale Buyer Does Not Comply with the Large-Scale Acquisition Rules

In the event the Large-Scale Buyer has not complied with the Large-Scale Acquisition Rules, regardless of the specific acquisition method, the Company's Board of Directors may take countermeasures against the Large-Scale Buyer for the purpose of protecting the Company's corporate value and the common interests of shareholders.

(3) Procedures for Taking Countermeasures

In the event the Company's Board of Directors determines whether or not to take countermeasures against a Large-Scale Buyer in cases of (1) or (2) above, in order to ensure the objectivity and reasonableness of such determination, the Company's Board of Directors shall make the decision, considering and respecting the recommendations of the Independent Committee to the fullest extent.

In regard to what measures will be taken in particular, the Company's Board of Directors will select the measure, which it deems to be the most appropriate at the time, from the measures authorized by the Companies Act, other laws and the Company's articles of incorporation. As for the specific countermeasures taken by the Company's Board of Directors, for example, an overview of the allotment of share acquisition rights without contribution is as per Appendix 3, while, in the event of an actual allotment of share acquisition rights without contribution, some conditions may be added in light of the effectiveness of the countermeasure, such as a condition that shareholder shall not belong to a specific shareholder group having certain ratio or more of voting rights for exercise of the share acquisition rights, or adding the condition to share acquisition right that the Company shall be entitled to acquire such share acquisition right in exchange for the Company's shares. In such an event, however, the Company will not offer monetary consideration for the acquisition of share acquisition rights held by a Large-Scale Buyer.

Further, depending on the details of the countermeasure selected, there may be procedures in order to confirm the intentions of the shareholders, such as seeking for the resolution of the general shareholders meeting pursuant to the laws and the articles of incorporation, or seeking for the approval of the shareholders at the general shareholders meeting according to the recommendations of the Independent Committee. Once procedures have been taken to confirm the intention of the shareholders, the Large-Scale Acquisition shall not be commenced until a resolution of whether or

not to take countermeasures is made as confirmation of shareholders' intention. In the event the Company's Board of Directors and general shareholders meeting have decided to take specific countermeasures, such will be appropriately disclosed at a proper time in accordance with laws and listing regulations of financial instruments exchanges.

(4) Suspension, etc., of Countermeasures

Even in the event the Company's Board of Directors has decided to take specific countermeasures in case of (1) or (2) above, the countermeasures may be suspended or changed in the cases below, respecting the opinions and recommendations of the Independent Committee to the fullest extent. For example, in the event share acquisition rights without contribution are allotted as a countermeasure, even if the Company's Board of Directors has passed a resolution for allotment without contribution or even after allotment without contribution has taken place, in the event the Company's Board of Directors decides that taking such countermeasures is not appropriate due to the withdrawal or amendment of the Large-Scale Acquisition by the Large-Scale Buyer, the countermeasures may be suspended by revoking the allotment of the share acquisition rights without contribution on or prior to the day immediately before the effective date of the share acquisition rights, or, after the share acquisition rights have been allotted without contribution, by having the Company acquire the share acquisition rights without consideration on or prior to the date immediately before the commencement date of the exercise period.

- (a) In case that the Large-Scale Buyer changes the acquisition proposal and the Company's Board of Directors has determined that such alternate proposal is reasonable and appropriate;
- (b) In case that the Company's Board of Directors and the Large-Scale Buyer reaches an agreement not to take the countermeasures or suspend the countermeasures;
- (c) In case that the Large-Scale Buyer has withdrawn from the acquisition or the acquisition no longer exists for some other reasons;
- (d) In case that there are changes in the facts on which the taking of countermeasures is premised and the acquisition by the Large-Scale Buyer no longer fulfills the requirements for such countermeasures, or in the event the Company's Board of Directors reaches a decision that the taking of such countermeasures is not appropriate despite the fact that the requirements for such countermeasures are fulfilled.

In such cases of suspensions, etc., of countermeasures, such will be appropriately disclosed at a proper time in accordance with laws and listing regulations of financial instruments exchanges.

6. Effective Period, Abolition, and Amendment of the Plan

The Plan shall become effective on the same day of and subject to the resolution at this annual general meeting of shareholders, and its effective period ends upon conclusion of the regular shareholders meeting of the final business in the business year concluding within three years of the effective date (the annual general meeting of shareholders scheduled to be held in June 2020).

However, even prior to the expiration of the effective period of the Plan, in the event the Company's shareholders pass a resolution to abolish the Plan or the Company's Board of Directors passes a resolution to abolish the plan (the period of appointment of the Company's directors is one year and it is possible that the intention of the shareholders will be manifested through the election of directors each year), the Plan shall be abolished at such time.

Further, it is possible that the Company's Board of Directors may change the Plan, upon obtaining consent of the Independent Committee, to the extent it is reasonably deemed to be necessary due to changes to the Companies Act, Financial Instruments and Exchange Act, or other laws or changes to the rules of financial instruments exchanges, or changes to their interpretation or application, or changes to the taxation system, judicial precedent, etc.

In the event the Company's Board of Directors abolishes or changes the Plan, prompt disclosure will be made with

respect to the such abolition or change, and the details of the change (in the event of change), and other matters recognized to be appropriate by the Company's Board of Directors.

<For Your Reference>

While the details of the Plan are as described in 1. to 6. above, the impact on shareholders and investors and the reasonableness of the plan are as follows.

1. Impact, etc., on Shareholders and Investors

(1) The Impact, etc., of the Plan on Shareholders and Investors

The purpose of the plan is to secure an opportunity for the Company's shareholders to determine whether or not to accept a Large-Scale Acquisition, by providing necessary information and the views of the Board of Directors in charge of the management of the Company at the time, and, further, an opportunity for the Company's shareholders to have alternative proposals. This makes it possible for the Company's shareholders to appropriately determine whether or not to accept the Large-Scale Acquisition based on appropriate information, which we believe will contribute to the protection of the overall interests of the Company's shareholders. The establishment of the Plan, therefore, is a prerequisite for the Company's shareholders and investors to make appropriate investment decisions, and we believe that it will contribute to the interests of the Company' shareholders and investors.

Further, as the way the Company handles Large-Scale Acquisitions may vary, depending on whether or not the Large-Scale Buyer complies with the Large-Scale Acquisition Rules, we would like to advise shareholders and investors to pay closer attention to actions and movements of the Large-Scale Buyer.

(2) The Impact, etc., of Execution of Countermeasures on Shareholders and Investors

In the event a Large-Scale Buyer does not comply with the Plan or the acquisition proposal of a Large-Scale Buyer is recognized to be harmful to the Company's corporate value and the common interests of shareholders, there may be instances where the Company may take the countermeasures described in 5. above against the Large-Scale Buyer.

We do not envision, however, that execution of such countermeasures will bring any significant losses to the Company's shareholders (excluding the Large-Scale Buyer) in terms of the legal rights or economic aspects.

Further, in the event that the allotment of share acquisition right without contribution is executed as one of the countermeasures, allotment will be made for shareholders who are registered on the shareholder registry on the date of allotment of share acquisition right. Shareholders will be allotted share acquisition rights without any application procedure for subscriptions and, in case that the Company takes procedures to acquire share acquisition rights, shareholders do not need to take any procedures such as applications or payments, since shareholders will receive shares of the Company consideration for the Company's acquisition of the share acquisition rights without paying an amount equivalent to the exercise price of the share acquisition rights. In such cases, however, it is possible that the Company may request shareholders to submit prescribed forms, including representations and warranties, supplementary terms, and other affidavits with respect to the shareholder themselves fulfilling the conditions for the exercise of share acquisition rights, etc. The details of relevant procedures will be appropriately disclosed at a proper time in accordance with laws and listing regulations of financial instruments exchanges. Further, the Company's Board of Directors, upon recommendations of the Independent Committee, may suspend the allotment of share acquisition rights or cause the Company to acquire the share acquisition rights without consideration, even after the date of allotment of share acquisition rights or after the share acquisition rights have come into effect, due to circumstances such as withdrawal of the Large-Scale Acquisition by the Large-Scale Buyer. In such cases, there may be a possibility that shareholders or investors who have conducted sales, etc., assuming that there will be dilution of per share price will suffer unexpected

losses due to fluctuations in the share price.

2. Regarding the Reasonableness of the Plan

For the reasons below, we believe that the Plan is in line with the Company's Basic Policy in Relation to Those who Controls its Finances and Business Policy Decisions and contributing to the Company's corporate value and the common interests of shareholders, and does not have the purpose of maintaining the positions of the Board members of the Company.

(1) Satisfying the Requirements of the Guideline regarding Takeover Defense Measures

The Plan satisfies the three principles prescribed by the "Guideline regarding Takeover Defense Measures in Order to Protect and Improve Corporate Value and the Common Interests of Shareholders" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 ((1) the principle of protecting and improving corporate value and the common interests of shareholders; (2) the principle of disclosure in advance and respect for shareholders' intention; and (3) the principle of securing necessity and reasonableness). Further, it also takes into consideration the contents of the report, "Takeover Defense Measures in Light of Recent Environmental Changes," published by the Corporate Value Research Group established within the Ministry of Economy, Trade and Industry, on June 30, 2008, and "Principle 1-5. So-Called Takeover Defense Measures" in the "Corporate Governance Code" published by the Tokyo Stock Exchange on June 1, 2015.

(2) Continued with the Purpose of Securing and Improving the Common Interests of Shareholders

The Plan makes it possible, when a Large-Scale Acquisition is being conducted for the Company's shares, to secure the necessary time and information for shareholders to decide whether or not they should agree to the Large-Scale Acquisition as well as an opportunity to have alternative proposals from the Company's Board of Directors, etc., and will be continued with the purpose of securing and improving the Company's corporate value and the common interests of shareholders.

(3) Reflecting the Intention of Shareholders

The Company will confirm the intention of the shareholders in relation to the continuation of the plan at this annual general meeting of shareholders. Further, even during the effective period of the Plan, in the event a resolution is passed to abolish the Plan in a Board of Directors composed of directors elected by the Company's general shareholders meeting, the Plan will be abolished at the time, which duly reflects the intention of the shareholders.

(4) Exclusion of Arbitrary Decision-Making by the Board of Directors

Under the Plan, an Independent Committee is established as a separate organization independent of the Company's Board of Directors and, in case the Company's Board of Directors decides whether or not to take countermeasures, it must respect the recommendations of the Independent Committee to the fullest extent, in order to assure the transparency, objectivity, fairness, and reasonableness of its decisions and to exclude arbitrary decision-making by the Company's Board of Directors. It is stipulated that an overview of the decision of the Independent Committee shall be disclosed to shareholders, in order to ensure establishment of a structure for transparent operation of the Plan that conforms to the Company's corporate value and the common interests of shareholders.

(5) Setting Reasonable and Objective Requirements for the Execution of the Plan

The countermeasures in the plan are designed in the way that they cannot be executed without fulfilling reasonable and objective requirements in order to ensure that there is a structure that prevents arbitrary execution of the countermeasures by the Company's Board of Directors.

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

The Plan may be abolished by a Board of Directors composed of directors elected by the Company's general shareholders meeting. Accordingly, the Plan is not a dead-hand takeover defense measure (a takeover defense measure the taking of which cannot be prevented even if a majority of the members of the Board of Directors are replaced).

Further, as the period of appointment of the directors at the Company is one year with no staggered terms, the Plan is not a slow-hand takeover defense measure (a takeover defense measure the prevention of which requires a period of time due to the members of the Board of Directors not being capable of being replaced all at once).

Further, there is no addition requirement for resolution, such as special resolution, regarding dismissal of directors.

End

Names and Career Summaries of Independent Committee Members

The six persons below are planned to be members of the Independent Committee after the Plan is implemented.

1. Toshikazu Saeki

Career Summary April 1970 Joined Kobe Steel Ltd.

June 2001 Director and Osaka Branch Company President of Kobe Steel, Ltd.

June 2002 Representative Director and President of Shinko Care Life, Ltd.

June 2011 Consultant at Shinko Care Life Ltd.

April 2012 Special Professor and Assistant President at Kobe University (Current Position)

June 2015 Outside Director of the Company (Current Position)

June 2015 Member of the Company's Independent Committee (Current Position)

December 2016 Lockon Co., Ltd. Member of the Board of Directors and Auditors

*Toshikazu Saeki is an outside director as provided by Article 2.15 of the Companies Act.

Further, Toshikazu Saeki is registered as an independent officer in accordance with the regulation of the Tokyo Stock Exchange.

2. Hiroshi Okamura

Career Summary April 1976 Joined The Daiwa Bank Limited (currently Resona Bank, Limited)

June 2006 Resona Bank, Limited Representative Director and Vice President and Executive Officer

June 2008 Resona Research Institute Co., Ltd. Representative Director and President

June 2009 Kinki Osaka Bank, Limited Director

June 2011 Osaka co-sei Shinkin Bank, Ltd. Part-time inspector (Current Position)

June 2011 Japan Foundation Engineering Co., Ltd. Part-time Auditor (Current Position)

June 2012 Shikishima Printing Co., Ltd. Representative Director and President (Current Position)

June 2012 Koyubusiness Co., Ltd. Part-time Director (Current Position)

June 2013 Osaka International Convention Center Corp. Auditor (Current Position)

June 2015 Outside Director of the Company (Current Position)

June 2015 Member of the Company's Independent Committee (Current Position)

*Hiroshi Okamura is an outside director as provided by Article 2.15 of the Companies Act.

Further, Hiroshi Okamura is registered as an independent officer in accordance with the regulation of the Tokyo Stock Exchange.

3. Osamu Utsuro

Career Summary April 1995 Registered as an Attorney, Joined Utsuro Yusho Law Office

(currently Hommachi Chuo Law Office) (Current Position)

June 2012 Outside Audit & Supervisory Board Member of the Company (Current Position)

June 2012 Member of the Company's Independent Committee (Current Position)

*Osamu Utsuro is an outside Audit & Supervisory Board Member as prescribed by Article 2.16 of the Companies Act.

Further, Osamu Utsuro is registered as an independent officer in accordance with the regulation of the Tokyo Stock Exchange.

4. Tomotaka Iwata

Career Summary October 1996 Joined Chuo Audit Corporation

April 2000 Registered as a Certified Public Accountant

August 2002 Joined KPMG FAS Ltd.

December 2012 Registered as an attorney

January 2013 Joined Fujikishinsei Law Office

February 2015 Opened Showa Law Office (Current Position)

June 2016 Outside Audit & Supervisory Board Member of the Company (Current Position)

June 2016 Member of the Company's Independent Committee (Current Position)

*Tomotaka Iwata is an outside Audit & Supervisory Board Member as provided by Article 2.16 of the Companies Act.

Further, Tomotaka Iwata is registered as an independent officer in accordance with the regulation of the Tokyo Stock Exchange.

5. Hidetaka Tomita

Career Summary January 1965 Tomijima Certified Public Accountant Office

(currently Ernst & Young ShinNihon LLC)

October 1965 Registered as a Certified Public Accountant

July 2004 Opened Tomita Certified Public Accountant Office (Current Position)

May 2006 Member of the Company's Independent Committee (Current Position)

6. Yasuhiro Kawaguchi

Career Summary April 1999 Professor of the Faculty of Law, Kobe Gakuin University

April 2000 Professor of the Faculty of Law, Doshisha University (Current Position)

April 2009 Dean of the Faculty of Law, Doshisha University

End

Overview of the Independent Committee

1. The Independent Committee is established by the resolution of the Company's Board of Directors.
2. The Independent Committee shall have three or more members and, in order to make it possible for their decision-making to be fair and neutral, they are to be elected by the Board of Directors from among the outside directors, outside auditors, and other outside qualified experts who are independent from the management team that engages in the execution of the company's operations.
3. Even before the expiry of the effective period of the Plan, the Company's Board of Directors may change the Plan, upon consent of the Independent Committee, to the extent it is reasonably recognized to be necessary due to changes to the Companies Act, Financial Instruments and Exchange Act, or other acts or changes to the regulations of financial instruments exchanges, or changes to their interpretation or application, or changes to the taxation system, or judicial precedent, etc.
4. With regard to the resolutions of the Independent Committee, a quorum shall be established by a majority of the members being present and resolutions shall be passed by a majority vote of attending members.
5. In the event the Independent Committee have been consulted by the Board of Directors, it shall decide on the matters below and make recommendations of the contents of such decision with reasons and grounds to the Board of Directors.
 - (1) Whether to take or not to take countermeasures authorized by the Companies Act, other laws or the articles of incorporation, such as the issuance of share acquisition rights in order to resist a Large-Scale Buyer;
 - (2) Whether to suspend the acquisition of share acquisition rights without consideration, issuance of share acquisition rights, and other countermeasures based on the withdrawal, etc., of the Large-Scale Acquisition by the Large-Scale Buyer;
 - (3) Any other matters that should be decided by the Board of Directors, and that the Board of Directors consulted the Independent Committee among.
6. The Independent Committee will perform the following matters and will make recommendations of the contents with reasons and grounds to the Board of Directors.
 - (1) Deciding whether or not the Large-Scale Buyer has complied with the Large-Scale Acquisition Rules
 - (2) Deciding the Necessary Information that should be provided by the Large-Scale Buyer to the Board of Directors;
 - (3) Deciding whether the Necessary Information provided has sufficient detail and whether the submission of the Necessary Information is complete;
 - (4) Examining and considering the details of the Large-Scale Acquisition of the Large-Scale Buyer;
 - (5) Deciding whether or not the Large-Scale Acquisition leads to doing significant harm to corporate value and the common interests of shareholders;
 - (6) Deciding whether to extend the Board of Directors Evaluation Period;
 - (7) Other matters, prescribed by the Board of Directors, that the Independent Committee may be entitled to do.
7. The Independent Committee may obtain advice from investment banks, securities companies, lawyers, and other external experts at the cost of the Company.

End

Overview of the Allotment of Share Acquisition Rights Without Contribution

1. Shareholders to be Allotted Share Acquisition Rights Without Contribution

Share acquisition rights will be allotted without payment to shareholders registered on the final shareholder registry as of the record date determined by the Company's Board of Directors and at a ratio of one right per one ordinary share of the Company (excluding ordinary shares of the Company held by the Company).

2. Class and Number of Shares Subject to Share Acquisition Rights

The class of shares that is subject to share acquisition rights is the ordinary share of the Company, and the total number of shares subject to share acquisition rights shall be limited to the total number of issuable shares of the Company as of the record date determined by the Board of Directors less the number of outstanding ordinary shares of the Company (excluding ordinary shares of the Company held by the Company). The number of shares to be acquired upon exercise of a share acquisition right shall be separately determined by the Company's Board of Directors; provided, however, that necessary adjustments shall be made in case of share split or share consolidation by the Company.

3. Total Number of Share Acquisition Rights to Be Issued

The total number of share acquisition rights to be issued shall be a number that is separately determined by the Company's Board of Directors. The Company's Board of Directors may make allotment of the share acquisition rights over multiple times.

4. Value of Property to be Contributed Upon Exercise of Each Share Acquisition Right (Price to be Paid)

The value of property to be contributed upon exercise of each share acquisition right (price to be paid) shall be an amount of one yen or more determined by the Company's Board of Directors.

5. Restrictions on Transfer of Share Acquisition Rights

Any acquisition of share acquisition rights by transfer shall be subject to approval of the Company's Board of Directors.

6. Conditions for Exercise of Share Acquisition Rights

Conditions for exercise of share acquisition rights is that shareholder shall not belong to a specific shareholder group having 20% or more of the voting rights, excluding the case that the Company's Board of Directors has given prior consent. The details shall be separately determined by the Company's Board of Directors. Monetary consideration shall not be offered for the acquisition of share acquisition rights owned by a shareholder who is not allowed to exercise the share acquisition rights.

7. Exercise Period, etc., of Share Acquisition Rights

The Company's Board of Directors shall separately determine the effective date of allotment of share acquisition rights, exercise period, terms of acquisition, and other necessary matters. Further, terms of acquisition may be set forth in a way that the Company may acquire the share acquisition rights from shareholders except those who are not allowed to exercise share acquisition rights due to the conditions for exercise provided in 6. above, and may deliver ordinary shares of the Company at certain ratio per each share acquisition right as separately determined by the Company's Board of Directors.

End

Guide to the Exercise of Voting Rights via the Internet

1. Regarding Exercise of Voting Rights via the Internet

1) Instead of voting by mail, you may vote via the Internet by accessing the designated “Exercise of Voting Rights Website” (refer to the URL below). To use this website, you need to log in with the “Exercise of Voting Rights Code” and the “Password” printed on the right-hand side of the enclosed Voting Form, and enter information in accordance with the instructions on the screen. For security reasons, it is necessary for you to change your password when you log in for the first time.

<http://www.it-soukai.com/>

2) The deadline for voting is 5 p.m. on Wednesday, June 21, 2017 (Japan Standard Time). The Company kindly requests that you exercise your voting rights well in advance.

3) If you exercise your voting rights by both sending the Voting Form and using the Internet, only your vote via the Internet shall be deemed effective. If you exercise your voting rights more than once via the Internet, only your final vote shall be deemed effective.

4) Your password (including the password after you have changed it) shall be effective only for this Ordinary General Meeting of Shareholders. At the time of the next Ordinary General Meeting of Shareholders, a new password will be issued.

5) You shall bear your own expenses for connection to the Internet.

(Notes)

- The password is a means to confirm that the person voting is the relevant shareholder. Please be noted that the Company will not contact you to ask for your password.
- If you enter your password incorrectly for a certain number of times, the password will be locked and you will no longer be able to use it. If this occurs, please complete the procedures indicated in the guidance on the screen.
- Although operational checks have been carried out for the Exercise of Voting Rights Website for common Internet connection devices, there is a possibility that you may be unable to access the site due to the device you are using.

2. For your inquiries

If you have any inquiries, please contact **the Securities Agent Dept. of Mizuho Trust & Banking Co., Ltd.**, which is the Company’s shareholder registry administrator, as shown below.

1) Inquiries regarding operation of the Exercise of Voting Rights Website:

Tel: 0120 - 768 - 524 (toll free only from Japan) (Business hours: 9 a.m. to 9 p.m. on weekdays)

2) Inquiries regarding share handling matters other than the above:

Tel: 0120 - 288 - 324 (toll free only from Japan) (Business hours: 9 a.m. to 5 p.m. on weekdays)