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Securities code: 4043
June 6, 2016

To Those Shareholders with Voting Rights

Hiroshi Yokota
Representative Director
Tokuyama Corporation
1-1 Mikage-cho, Shunan-shi, Yamaguchi

Notice of Convocation of the 152nd Ordinary General Meeting of Shareholders

First and foremost, we at Tokuyama Corporation would like to express our deepest sympathies to all those who have been affected by the 2016 Kumamoto Earthquake.

You are cordially invited to attend the 152nd Ordinary General Meeting of Shareholders of the Company.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. on Thursday, June 23, 2016.

Exercise of Voting Rights in Writing (by Mail)

Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it so that it arrives by the voting deadline indicated above.

Exercise of Voting Rights via the Internet

Access the Company's designated voting rights exercise website (<http://www.evot.jp/>), input the login ID and temporary password indicated on the enclosed Voting Rights Exercise Form, follow the instructions on the screen, and input your approval or disapproval of the proposals.

1. Date and time: Friday, June 24, 2016, at 10:00 a.m. (Reception opens at 8:30 a.m.)
*** Please come early to the venue as the reception will be congested as it becomes close to the commencement of the meeting.**

2. Place: Tokuyama Corporation Culture Gymnasium
1-1-25, Eguchi, Shunan-shi, Yamaguchi
*** (Please note that the meeting will be held in a different place from the previous year.)**

3. Meeting agenda

Matters to be reported:

1. Report on the Business Report, the Consolidated Financial Statements for the 152nd Fiscal Term (from April 1, 2015 to March 31, 2016) and the Results of Audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Report on the Non-Consolidated Financial Statements for the 152nd Fiscal Term (from April 1, 2015 to March 31, 2016)

Matters to be resolved:

- Proposal No. 1:** Reduction of Capital Stock, Legal Capital Surplus, and Legal Retained Earnings
- Proposal No. 2:** Appropriation of Surplus
- Proposal No. 3:** Partial Amendments to the Articles of Incorporation
- Proposal No. 4:** Issuance of Class A Shares by Third-party Allotment
- Proposal No. 5:** Election of Nine (9) Directors
- Proposal No. 6:** Election of the Accounting Auditor

4. Decision for convocation

Please refer to the information on the exercise of voting rights via the Internet.

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- * When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception.
 - * Documents attached to the “Notice of Convocation of the 152nd Ordinary General Meeting of Shareholders” are included in the enclosed “Report on the 152nd Fiscal Term: To Our Shareholders.”
 - * Of the documents to be provided with this notice, the “Notes to the Consolidated Financial Statements” and the “Notes to the Non-Consolidated Financial Statements” are not provided in the appendix to the reported matters because they have been posted on the Company’s website (<http://www.tokuyama.co.jp/>), pursuant to the provisions of applicable laws and regulations and Article 16 of the Articles of Incorporation.
 - * If any revision is made with regard to the matters stated in the Business Report, Non-Consolidated Financial Statements, Consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders, the modified information will be shown on the website of the Company (<http://www.tokuyama.co.jp/>).
 - * Reception is scheduled to start at 8:30 a.m. on the day of the meeting.
 - * We will abolish the shareholders’ briefing and a shareholders’ reception, which have been held until previous year. We would like to sincerely ask the shareholders’ understanding of the abolition.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Reduction of Capital Stock, Legal Capital Surplus, and Legal Retained Earnings

1. Reason for Proposal

The Company recorded retained earnings brought forward of 97,622,102,409 yen as a result of recording a loss in the fiscal year ended March 31, 2016. To make up for the deficit and promptly build its healthy financial position and prepare for a dynamic and flexible capital policy in the future, pursuant to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the Company proposes to decrease the amount of capital stock, legal capital surplus, and legal retained earnings (hereinafter, the “Reduction of Capital Stock, etc.”), and make transfers from capital stock and legal capital surplus to other capital surplus and from legal retained earnings to retained earnings brought forward.

As this Proposal involves the transfer of accounts inside the net assets section of the Company’s balance sheet, there is no change to the net asset amount, and it will not affect the number of shares owned by shareholders.

2. Matters Concerning the Reduction of Capital Stock, etc.

(1) Amount of capital stock to be decreased

The 53,458,962,788 yen of capital stock, is to be reduced by 43,458,962,788 yen, and the full amount by which capital stock is reduced is to be transferred to other capital surplus.

(2) Amount of legal capital surplus to be decreased

The ¥57,670,181,909 of legal capital surplus is to be reduced by its full amount and the full amount by which legal capital surplus is reduced is to be transferred to other capital surplus.

(3) Amount of legal retained earnings to be decreased

The 4,122,180,058 yen of legal retained earnings is to be reduced by its full amount and the full amount by which legal retained earnings is reduced is to be transferred to retained earnings brought forward.

(4) Effective date of the Reduction of Capital Stock, etc.

June 24, 2016

Proposal No. 2: Appropriation of Surplus

1. Reason for Proposal

The Company shall perform the Reduction of Capital Stock, etc. described in the Proposal No. 1 “Reduction of Capital Stock, Legal Capital Surplus, and Legal Retained Earnings” and after making this transfer of accounts, pursuant to the provisions of Article 452 of the Companies Act, it shall reverse 81,928,922,351 yen of the total of 101,129,144,697 yen of other capital surplus and the full amount of general reserve and transfer the amount to retained earnings brought forward in order to make up for the deficit.

The appropriation of surplus pursuant to this Proposal (hereinafter, the “Appropriation of Surplus,” is conditional upon the Reduction of Capital Stock, etc. taking effect.

In regard to the payment of dividends for the fiscal year under review, the Company has considered the detrimental effect on net assets as a result of recording the loss, and judging it prudent to give priority to recover a sound financial position that is resilient to business risks, the Company, with sincere regret, has decided to not pay dividends.

While aiming to recover a prompt financial position and build stable revenue earning power, the Company will strive to recommence the payment of dividends to shareholders at the earliest opportunity.

2. Matters Concerning the Appropriation of Surplus

(1) Items and amounts of surplus to be decreased

Other capital surplus:	81,928,922,351 yen
General reserve:	11,571,000,000 yen

(2) Items and amounts of surplus to be increased

Retained earnings brought forward:	93,499,922,351 yen
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(3) Effective date of the appropriation of surplus

June 24, 2016

Proposal No. 3: Partial Amendments to the Articles of Incorporation

1. Reason for Proposal

Based on the key words “Accelerating Our Growth Strategies,” the Company put in place a three-year management plan in May 2012 and made efforts to build a structure for accelerating growth and addressing issues. According to the plan, we aimed to expand the polysilicon business at Tokuyama Malaysia Sdn. Bhd., in order to reinforce strategic growth businesses. However, we fell short of stabilizing the quality and production of semiconductor-grade products, while the business environment for solar-grade products deteriorated due to a slump in the polysilicon market and the Company considered the possibility of recovering investment. As a result, the Company posted extraordinary losses of 88.4 billion yen and 125.7 billion yen in its consolidated financial results for the fiscal year ended March 2015 and the fiscal year ended March 2016, respectively. Consequently, consolidated net assets plummeted to 60.2 billion yen (fiscal year ended March 2016) from 236.4 billion yen (fiscal year ended March 2014), reducing the Company’s equity ratio to 29.3% and 12.8% in the fiscal year ended March 2015 and the fiscal year ended March 2016, respectively. We regard it to be an urgent task to reinforce the deteriorated shareholders’ equity and strengthen our financial platform, in order to promptly restore the confidence of stakeholders, including business partners who have long-standing business relations with us.

Moreover, as announced on May 12, 2016, the Company has set “New Foundation” as the fundamental policy, with the aim of becoming the world’s No. 1 in the field of advanced materials using unique technologies for growth businesses (Specialty Products, Life & Amenity and new businesses), and attaining Japan’s top position for traditional businesses (Chemicals and Cement) in terms of competitiveness. As the foundation for a recovery toward achieving those goals, we have formulated a five-year medium-term management plan covering the period from FY2016 to FY2020. The Company aims to achieve net sales of 335.0 billion yen and operating income of 36.0 billion yen in FY2020 by implementing operational measures in line with the positioning of growth businesses and traditional businesses, as well as by carrying out cross-business measures to strengthen the competitiveness of the Tokuyama Factory.

We believe that appropriate and strategic capital expenditures are important to consistently carry out the five-year medium-term management plan for building the “cornerstone of the Group’s revitalization” and achieve the plan’s numerical targets of net sales and operating income. In the medium-term management plan, we plan to invest a total of 116.0 billion yen over five years, including aggressive investments for expansion of capacity and sales, as well as investments in maintenance and renewal, and for strategic investments limit in M&As, etc. of 20.0 billion yen.

We intend to further expand our businesses and achieve growth by steadily implementing the five-year medium-term management plan, rapidly improving shareholders’ equity, which has

been impaired to 12.8%, and maintaining and enhancing the trust of stakeholders including our business partners.

Taking such circumstances into account, since February of this year, the Company has investigated and reviewed multiple investors as candidates to accept a third-party allotment who could contribute the funds required to reinforce the Company's capital. From a small number of candidate allottees who could afford to pay the amount required for the increase in capital, Japan Industrial Solutions Fund I (hereinafter referred to as the "Planned Allottee"), which is feasible to meet the conditions, has been selected. The Board of Directors' meeting held on May 12, 2016 resolved to issue a total of 20,000,000,000 yen of Class A Shares to the Planned Allottee (hereinafter referred to the "Capital Increase by Third-Party Allotment"). We consider that this resolution will pave the way for returning the capital to the past level and consequently stabilizing our financial standing, as well as securing the necessary funds for capital expenditures to expand sales of advanced materials, rationalize investments for strengthening the competitiveness of the Tokuyama Factory, make strategic M&A investments, which will be used specifically for the expansion of aluminum nitride production equipment, which is a part of the aforementioned capital expenditures limit, and some of funds required for M&As, thus contributing to reinforcing the revenue base of the Company's group and enhancing shareholder value in the long run. Through this increase of shareholders' equity, we will fulfill the expectations of our stakeholders, including shareholders. To enable the issuance of Class A Shares, Class B Shares—which are issued if put options, the consideration for which is cash and Class B Shares, attached to all Class A Shares are exercised—and Class C Shares—which are issued if Class A Shares are acquired based on call options, the consideration for which is cash and Class C Shares, attached to all Class A Shares—new provisions in relation to Class A Shares, Class B Shares, and Class C Shares, i.e., adding Class A Shares, Class B Shares, and Class C Shares as new types of share will be added to the Articles of Incorporation, and other necessary amendments will be made (The amendments based on this Proposal are hereinafter referred to as the "amendments to the Articles of Incorporation)."

2. The Content of Amendments

The details of amendments are as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Revisions
<p>Chapter 2. Shares</p> <p>Article 6. Total Number of Authorized Shares</p> <p>The total number of authorized shares of the Company shall be <u>700 million (700,000,000) shares.</u></p> <p>(New Clause)</p>	<p>Chapter 2. Shares</p> <p>Article 6. Total Number of Authorized Shares</p> <p>The total number of authorized shares of the Company shall be <u>700 million (700,000,000) shares and the total number of authorized class shares of common shares shall be 700 million (700,000,000) shares, the total number of authorized class shares of Class A Shares shall be twenty thousand (20,000) shares, the total number of authorized class shares of Class B Shares shall be four thousand and four hundred (4,400) shares, and the total number of authorized class shares of Class C Shares shall be twenty thousand (20,000) shares.</u></p> <p><u>Article 6-2. Class A Shares</u></p> <p><u>1. The contents of Class A Shares to be issued by the Company are set forth in the following paragraph to Paragraph 12.</u></p> <p><u>2. Dividend of Surplus</u></p> <p><u>(1) Class A Preferred Dividends</u></p> <p><u>When the Company divides its surplus with the day belonging to one business year set as the record date, the Company shall divide the surplus in cash as set forth in the following item per Class A Share (hereinafter cash to be paid per Class A Share in the dividend called “Class A Preferred Dividends”) among shareholders holding Class A Shares (hereinafter called the “Class A Shareholders”) and registered pledgees of shares of Class A Shares (hereinafter collectively called with Class A Shareholders, “Class A Shareholders, Etc.”) who are entered or recorded in the last shareholder register as of the record date of the dividend of surplus (hereinafter in this Article called the “Record Date for Dividend”) in accordance with the payment priority set forth in Paragraph 11 (1). If there is a fraction of less than one (1) yen in the amount obtained by multiplying Class A Preferred Dividends by the number of Class A Shares to which each of Class A Shareholders, Etc. is entitled, the fraction shall be rounded down.</u></p> <p><u>(2) Amount of Class A Preferred Dividends</u></p> <p><u>The amount of Class A Preferred Dividends shall be the amount of cash calculated by multiplying 1,000,000 yen (hereinafter in this Article called, the “Amount Equivalent to the Amount to Be Paid in”) by the Class A Preferred Dividend Yearly Rate (as defined below), which shall be calculated per diem, as one (1) year being three hundred and sixty-five (365) days (or three hundred and sixty-six (366) days, if the business year is a leap year), for the actual number of days of the period from the first day of the business year to which the Record Date for Dividend belongs (or June 27, 2016, if the Record Date for Dividend belongs to the business year ending on March 31, 2017) (including the date) to the Record Date for Dividend (including the date). (Division shall be to the second decimal place below one (1) yen and it shall be rounded to the first decimal place.) Provided, however, in a case where payment of dividends of surplus with a record date prior to the Record Date for Dividend in the business year to which the Record Date for Dividend belongs has already been paid to Class A Shareholders, Etc., the amount of Class A Preferred Dividends pertaining to the Record Date for Dividend shall be the amount obtained by deducting the total amount of Class A Preferred Dividends in the dividend of surplus carried out earlier in the business year prior to the Record Date for Dividend from the amount calculated by the above method.</u></p> <p><u>The “Class A Preferred Dividend Yearly Rate” shall be each of the</u></p>

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	<p><u>yearly rates set forth below for the business year in case the Record Date for Dividend belongs to any of the business years listed below:</u></p> <p><u>Fiscal year ending on March 31, 2017: 5.0%</u></p> <p><u>Fiscal year ending on March 31, 2018: 5.5%</u></p> <p><u>Fiscal year ending on March 31, 2019: 6.0%</u></p> <p><u>Fiscal years ending on and after April 1, 2019: 6.5%</u></p> <p><u>(3) Non-participation</u></p> <p><u>No dividends of surplus shall be paid to Class A Shareholders, Etc. beyond the amount of Class A Preferred Dividends nor the Amount of Class A Accumulated Unpaid Dividends (as defined in the following item), except for dividends of surplus paid in an absorption-type company split procedure carried out by the Company, which is provided in Article 758 (viii) (b) or Article 760 (vii) (b) or dividends of surplus paid in an incorporation-type company split procedure carried out by the Company which is provided in Article 763, Paragraph 1 (xii) (b) or Article 765, Paragraph 1 (viii) (b), of the Companies Act (Act No. 86 of 2005) (hereinafter called, the “Companies Act”).</u></p> <p><u>(4) Accumulation</u></p> <p><u>Unless the total amount of dividends of surplus per share paid to Class A Shareholders, Etc. under the condition that the day that belongs to one business year is the record date (excluding dividends of the Class A Accumulated Unpaid Dividends (as defined below) accumulated in accordance with the provision of this item for Class A Preferred Dividends in respect of each business year prior to the business year) reaches Class A Preferred Dividends in respect of the business year (meaning Class A Preferred Dividends calculated in accordance with item (2) on the assumption that dividends of surplus for which the last day of the business year is the record date are paid, provided, however, that the calculation shall be done as if the proviso of item (2) shall not apply thereto), the shortfall shall be accumulated in the business years after the next business year of the business year (hereinafter in this item called, the “Business Year with Shortfall”). The accumulated amount in the case shall be the amount obtained, for the shortfall, by adding to the shortfall the amount obtained by calculating compound interest for each business year (meaning a period from the first day of the business year (including the date) to the Accumulated Dividend Date (including the date) in case of the business year to which the Accumulated Dividend Date belongs) at the Class A Preferred Dividend Yearly Rate in respect of each business year after the next business year of the Business Year with Shortfall for the period from the first day of the next business year of the Business Year with Shortfall (including the date) to the day on which the accumulated amount is to be divided among Class A Shareholders, Etc. (hereinafter in this item called, the “Accumulated Dividend Date”) (including the date). The calculation shall be done per diem, as one (1) year being three hundred and sixty-five (365) days (or three hundred and sixty-six (366) days, if the business year is a leap year), and division shall be done at the end to the second decimal place below one (1) yen and it shall be rounded to the first decimal place. The amount accumulated in accordance with this item (hereinafter called, the “Amount of Class A Accumulated Unpaid Dividends”) shall be divided among Class A Shareholders, Etc. in accordance with the payment priority set forth in Paragraph 11 (1).</u></p> <p><u>3. Distribution of Residual Assets</u></p> <p><u>(1) Distribution of Residual Assets</u></p> <p><u>When the Company distributes residual assets, the Company shall pay to Class A Shareholders, Etc. the amount of cash obtained by adding the Amount of Class A Accumulated Unpaid Dividends and the Amount of Class A Daily Prorated Unpaid Dividends (as defined below) to the Amount Equivalent to the Amount to Be Paid in</u></p>

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	<p><u>(hereinafter called, the “Amount of Class A Residual Assets to Be Distributed”) per Class A Share in accordance with the payment priority set forth in Paragraph 11 (2). If there is a fraction of less than one (1) yen in the amount obtained by multiplying the Amount of Class A Residual Assets to Be Distributed by the number of Class A Shares to which each of Class A Shareholders, Etc. is entitled, the fraction shall be rounded down. The “Amount of Class A Daily Prorated Unpaid Dividends” shall be the amount equivalent to the Class A Preferred Dividends calculated in accordance with item (2) of the preceding paragraph on the assumption that the Class A Preferred Dividends are paid under the condition that the Distribution Date is the record date in the business year to which the day on which residual assets are to be distributed (hereinafter in this Article called, the “Distribution Date”) belongs.</u></p> <p><u>(2) Non-participation</u></p> <p><u>No residual assets shall be distributed to Class A Shareholders, Etc. other than as set forth in the preceding item.</u></p> <p><u>4. Voting Rights</u></p> <p><u>Except as otherwise provided in laws or regulations, Class A Shareholders have no voting right at the General Meetings of Shareholders.</u></p> <p><u>5. Call Options, Consideration for Which Is Cash</u></p> <p><u>When the day determined separately by the Company’s Board of Directors arrives on or after June 27, 2016 (hereinafter in this Article called, the “Cash Consideration Redemption Date”), the Company may, by virtue of the Cash Consideration Redemption Date, acquire all or a part of Class A Shares (being limited to the number of shares of the whole-number multiple of 5,000 shares in case of a partial acquisition) from Class A Shareholders, Etc. in exchange for a cash consideration to the extent permissible under laws and regulations (hereinafter in this Article called, the “Cash Consideration Redemption”) and the Company shall pay to the Class A Shareholders the amount of cash obtained by multiplying the Amount Equivalent to the Amount to Be Paid in by the Redemption Coefficient (as defined below) and then adding the Amount of Class A Accumulated Unpaid Dividends and the Amount of Class A Daily Prorated Unpaid Dividends thereto per Class A Share in exchange for the acquisition of Class A Shares in respect of the Cash Consideration Redemption. Any partial acquisition of Class A Shares shall be carried out by a pro rata method. Concerning the application of the definitions of the “Amount of Class A Accumulated Unpaid Dividends” and the “Amount of Class A Daily Prorated Unpaid Dividends” in this paragraph, the “day on which the accumulated amount is to be divided among Class A Shareholders, Etc.” the “Accumulated Dividend Date,” the “day on which residual assets are to be distributed” and the “Distribution Date” in the definitions shall be read respectively as the “Cash Consideration Redemption Date” and the definitions shall apply accordingly. If there is a fraction of less than one (1) yen in cash to be paid in exchange for the acquisition of Class A Shares in respect of the Cash Consideration Redemption, the fraction shall be rounded down.</u></p> <p><u>The “Redemption Coefficient” shall be each of the figures set forth below for the period in case the Cash Consideration Redemption Date belongs to any of the following periods:</u></p> <p><u>On or after June 27, 2016 to June 30, 2017: 1.07</u></p> <p><u>On or after July 1, 2017 to June 30, 2018: 1.13</u></p> <p><u>On or after July 1, 2018 to June 30, 2019: 1.19</u></p> <p><u>On or after July 1, 2019 to June 30, 2020: 1.25</u></p> <p><u>On or after July 1, 2020: 1.30</u></p> <p><u>6. Call Portions, Consideration for Which Is Cash and Class C Shares</u></p> <p><u>When the day determined separately by the Company’s Board of</u></p>

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	<p><u>Directors arrives on or after the day on which the financial statements in respect of the business year ending on March 31, 2018 (including the date) is approved by the Company’s Board of Directors (hereinafter in this Article called the “Exercise Date of Call Options, Consideration for Which Is Shares, Etc.”), the Company may acquire all, but not a part, of Class A Shares in exchange for cash and Class C Shares as a consideration to the extent permissible under laws and regulations (hereinafter in this Article called, the “Exercise of Call Options, Consideration for Which Is Shares, Etc.”) and the Company shall pay and issue to Class A Shareholders (a) cash in the total of the Amount of Class A Accumulated Unpaid Dividends and the Amount of Class A Daily Prorated Unpaid Dividends and (b) one (1) Class C Share in exchange for the acquisition of Class A Shares in respect of the Exercise of Call Options, Consideration for Which Is Shares, Etc. Concerning the application of the definitions of the “Amount of Class A Accumulated Unpaid Dividends” and the “Amount of Class A Daily Prorated Unpaid Dividends” in this item, the “day on which the accumulated amount is to be divided among Class A Shareholders, Etc.” the “Accumulated Dividend Date,” the “day on which residual assets are to be distributed,” and the “Distribution Date” in the definitions shall be read, respectively, as the “Exercise Date of Call Options, Consideration for Which Is Shares, Etc.” and the definitions shall apply accordingly. If there is a fraction of less than one (1) yen in cash to be paid in exchange for the acquisition of Class A Shares in respect of the Exercise of Call Options, Consideration for Which Is Shares, Etc., the fraction shall be rounded down.</u></p> <p><u>7. Put Options, Consideration for Which Is Cash and Class B Shares</u></p> <p><u>(1) Put Options, Consideration for Which Is Shares, Etc.</u></p> <p><u>Class A Shareholders may, at any time on and after June 27, 2016, request the Company to acquire all or a part of Class A Shares held by them in exchange for the payment of cash and the issuance of Class B Shares to the extent permissible under laws and regulations (hereinafter in this Article called, the “Exercise of Put Options, Consideration for Which Is Shares, Etc.”) and the Company shall pay and issue to the Class A Shareholders (a) the amount of cash obtained by adding the Amount of Class A Accumulated Unpaid Dividends and the Amount of Class A Daily Prorated Unpaid Dividends to the Amount Equivalent to the Amount to Be Paid in and (b) the number of Class B Shares set forth in the following item (hereinafter in this Article called, “Class B Shares Subject to Put Option”) per Class A Share in exchange for the acquisition of Class A Shares in respect of the Exercise of Put Options, Consideration for Which Is Shares, Etc. Concerning the application of the definitions of “Amount of Class A Accumulated Unpaid Dividends” and “Amount of Class A Daily Prorated Unpaid Dividends” in this item, the “day on which the accumulated amount is to be divided among Class A Shareholders, Etc.” the “Accumulated Dividend Date,” the “day on which residual assets are to be distributed” and the “Distribution Date” in the definitions shall be read respectively as the “day on which the Exercise of Put Options, Consideration for Which Is Shares, Etc. becomes effective” and the definitions shall apply accordingly. If there is a fraction of less than one (1) yen in cash to be paid in exchange for the acquisition of Class A Shares in respect of the Exercise of Put Options, Consideration for Which Is Shares, Etc., the fraction shall be rounded down.</u></p> <p><u>(2) Number of Class B Shares to Be Issued in Exchange for Acquisition of Class A Shares</u></p> <p><u>The number of Class B Shares to be issued in exchange for the acquisition of Class A Shares per Class A Share in respect of the Exercise of Put Options, Consideration for Which Is Shares, Etc. shall be each of the following numbers set forth concerning the period in case the day on which the Exercise of Put Options, Consideration for Which Is Shares, Etc. becomes effective belongs to</u></p>

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	<p><u>any of the periods listed below. If there is a fraction of less than one (1) share in the total number of Class B Shares to be issued in exchange for the acquisition of Class A Shares in respect of the Exercise of Put Options, Consideration for Which Is Shares, Etc., the fraction shall be rounded down. In the case, no cash provided in Article 167, Paragraph 3 of the Companies Act shall be paid.</u></p> <p><u>On or after June 27, 2016 to June 30, 2017: 0.16</u></p> <p><u>On or after July 1, 2017 to June 30, 2018: 0.16</u></p> <p><u>On or after July 1, 2018 to June 30, 2019: 0.18</u></p> <p><u>On or after July 1, 2019 to June 30, 2020: 0.20</u></p> <p><u>On or after July 1, 2020: 0.22</u></p> <p><u>8. Put Options, Consideration for Which Is Common Shares</u></p> <p><u>(1) Put Options, Consideration for Which Is Common Shares</u></p> <p><u>Class A Shareholders may, at any time on and after June 27, 2016, request the Company to acquire all or a part of Class A Shares held by them in exchange for the issuance of the number of common shares set forth in the following item (hereinafter in this Article called, "Common Shares Subject to Put Option") (hereinafter in this Article called, "Exercise of Put Options, Consideration for Which Is Common Shares") and the Company shall issue to the Class A Shareholders Common Shares Subject to Put Option in exchange for the acquisition of Class A Shares in respect of the Exercise of Put Options, Consideration for Which Is Common Shares.</u></p> <p><u>(2) Number of Common Shares to Be Issued in Exchange for Acquisition of Class A Shares</u></p> <p><u>The number of common shares to be issued in exchange for the acquisition of Class A Shares per Class A Share in respect of the Exercise of Put Options, Consideration for Which Is Common Shares shall be the number obtained by adding the Amount of Class A Accumulated Unpaid Dividends and the Amount of Class A Daily Prorated Unpaid Dividends to the Amount Equivalent to the Amount to Be Paid in and then dividing it by the acquisition price set forth in the following item to item (6). Concerning the application of definitions of "Amount of Class A Accumulated Unpaid Dividends" and "Amount of Class A Daily Prorated Unpaid Dividends" in this item, the "day on which the accumulated amount is to be divided among Class A Shareholders, Etc.," the "Accumulated Dividend Date," the "day on which residual assets are to be distributed" and the "Distribution Date" in the definitions shall be read, respectively, as the "day on which the Exercise of Put Options, Consideration for Which Is Common Shares becomes effective" and the definitions shall apply accordingly. If there is a fraction of less than one (1) share in the total number of common shares to be issued in exchange for the acquisition of Class A Shares in respect of the Exercise of Put Options, Consideration for Which Is Common Shares, the fraction shall be rounded down. In the case, no cash provided in Article 167, Paragraph 3 of the Companies Act shall be paid.</u></p> <p><u>(3) Initial Acquisition Price</u></p> <p><u>174.8 yen</u></p> <p><u>(4) Revision of Acquisition Price</u></p> <p><u>The acquisition price shall be revised to the amount equivalent to ninety (90) percent (being calculated to the second decimal place below one (1) yen and then being rounded to the first decimal place) of the average of the Volume Weighted Average Price (hereinafter called, "VWAP"), which shall be adjusted to the amount judged to be appropriate by the Company by applying the following item if any of the events provided in the following item occurs during the Acquisition Price Calculation Period, of ordinary trading of the Company's common shares announced by Tokyo Stock Exchange, Inc. (hereinafter called, "TSE") for twenty (20) continuous Trading</u></p>

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	<p><u>Days prior to each Revision Date of Acquisition Price (meaning twenty (20) Trading Days excluding days on which VWAP is not announced, hereinafter in this item called, the “Acquisition Price Calculation Period”) on the first day on which the Exercise of Put Options, Consideration for Which Is Common Shares becomes effective on or after December 27, 2016 and anniversaries thereof every six (6) months thereafter (or the next Trading Day thereof unless the day falls under the Trading Day (as defined below), hereinafter in this Article called, the “Revision Date of Acquisition Price”) (hereinafter in this Article the acquisition price after the revision being called, the “Revised Acquisition Price”) and the Revised Acquisition Price shall apply on and after the Revision Date of Acquisition Price, provided, however, that if the Revised Acquisition Price falls below 139.8 yen (being subject to the adjustment in item (6), hereinafter called, the “Lower Limit of Class A Acquisition Price”), the Revised Acquisition Price shall be the Lower Limit of Class A Acquisition Price and, if the Revised Acquisition Price exceeds 209.8 yen (being subject to the adjustment in item (6), hereinafter called, the “Higher Limit of Class A Acquisition Price”), the Revised Acquisition Price shall be the Higher Limit of Class A Acquisition Price.</u></p> <p><u>The “Trading Day” shall be the day on which ordinary trading of common shares of the Company is carried out at TSE.</u></p> <p><u>(5) Adjustment of Acquisition Price</u></p> <p><u>(a) In case of any of the events listed below, the acquisition price shall be adjusted for each event as follows:</u></p> <p><u>(i) In case of split or allotment of shares without contribution concerning common shares, the acquisition price shall be adjusted using the following formula. In case of allotment of shares without contribution, the “number of issued common shares before split.” in the following formula, shall be read as the “number of issued common shares before allotment without contribution (excluding common shares held by the Company at that time)” and the “number of issued common shares after split” as the “number of issued common shares after allotment without contribution (excluding common shares held by the Company at that time).” respectively.</u></p> $\frac{\text{acquisition price after adjustment}}{\text{acquisition price before adjustment}} = \frac{\text{acquisition price before adjustment}}{\text{acquisition price before adjustment}} \times \frac{\frac{\text{number of issued common shares before split}}{\text{number of issued common shares after split}}}{1}$ <p><u>The acquisition price after adjustment shall apply on and after the day after the record date in respect of the share split or the day on which the allotment of shares without contribution becomes effective (or the day after the record date, if any record date in respect of the allotment of shares without contribution is set).</u></p> <p><u>(ii) In case of consolidation of shares concerning common shares, the acquisition price shall be adjusted using the following formula:</u></p> $\frac{\text{acquisition price after adjustment}}{\text{acquisition price before adjustment}} = \frac{\text{acquisition price before adjustment}}{\text{acquisition price before adjustment}} \times \frac{\frac{\text{number of issued common shares before consolidation}}{\text{number of issued common shares after consolidation}}}{1}$ <p><u>The acquisition price after adjustment shall apply on and after the day on which the consolidation of shares becomes effective.</u></p> <p><u>(iii) In case of issuance of common shares or disposition of common shares held by the Company at the paid-in amount below the market price per common share set forth in (d) of this item</u></p>

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	<p><u>(excluding the allotment of shares without contribution, the acquisition of shares or share options (hereinafter in this item including those attached to corporate bonds with share options) in exchange for the issuance of common shares, the exercise of share options subject to common shares or the issuance of common shares in a merger, share exchange, or company split), the acquisition price shall be adjusted using the following formula (hereinafter in this Article called, the “Formula for Acquisition Price Adjustment”). The “paid-in amount per share” in the Formula for Acquisition Price Adjustment shall be a fair valuation of the asset in case the subject of contribution is any asset other than cash. The acquisition price after adjustment shall apply on and after the day after the payment date (or the last day of the payment period, if any payment period is set) or on and after the day after the record date if any record date in respect of the allotment to shareholders is set (hereinafter in this Article called, the “Shareholder Allotment Date”). In case of the disposition of common shares held by the Company, the “number of common shares to be newly issued” in the following formula shall be read as the “number of common shares held by the disposing Company” and the “number of common shares held by the Company” as the “number of common shares held by the Company before disposition,” respectively.</u></p> $\frac{\text{acquisition price after adjustment} = \text{acquisition price before adjustment} \times \frac{\text{number of issued common shares - number of common shares held by the Company)}}{\text{number of common shares held by the Company} + \text{number of common shares to be newly issued}} \times \frac{\text{paid-in amount per share}}{\text{market price per common share}}}{\text{number of common shares held by the Company} + \text{number of common shares to be newly issued}}$ <p><u>(iv) In case of issuance or disposition of shares for which holders are entitled to have common shares issued at the acquisition price per common share below the market price per common share set forth in (d) of this item by requesting the Company to acquire or being acquired by the Company (including the allotment of shares without contribution), all of the shares to be issued or disposed of shall be deemed as being acquired under the initial terms and conditions and common shares being issued on the payment date (or, hereinafter in this (iv), the last day of the payment period, if any payment period is set) of the shares, the day on which the allotment of shares without contribution becomes effective, in case thereof, (or, hereinafter in this (iv), the record date, if any record date in respect of the allotment of shares without contribution is set) or the Shareholder Allotment Date, if any, and the amount calculated using the value as the “paid-in amount per share” in the Formula for Acquisition Price Adjustment shall be the acquisition price after adjustment. The acquisition price after adjustment shall apply on and after the day after the payment date, the day after the day on which the allotment of shares without contribution becomes effective, in case thereof, or the day after the Shareholder Allotment Date, if any. Notwithstanding the above, if the consideration for common shares to be issued at the acquisition is not yet determined at that time, the acquisition price after adjustment shall be calculated as if all of the shares to be issued or disposed of are acquired under the terms and conditions effective at the time of determining the consideration and common shares are issued when determining the consideration and it shall apply on and after the day when determining the consideration.</u></p> <p><u>(v) In case of the issuance of share options (including the allotment of</u></p>

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	<p><u>share options without contribution) for which holders are entitled to have common shares issued at the value where the total amount of share options to be paid in per common share and any asset to be contributed at the exercise of share options (hereinafter in this (v) meaning a fair valuation of the assets if the subject of contribution is any asset other than cash) is below the market price per common share set forth in (d) of this item by exercising options or being acquired by the Company, all of the share options to be issued shall be deemed as being exercised or acquired under the initial terms and conditions and common shares being issued on the allotment date of the share options, the day on which the allotment of share option without contribution becomes effective, in case thereof, (hereinafter in this (v) meaning the record date if any record date in respect of the allotment of share option without contribution is set), or the Shareholder Allotment Date, if any, and the amount calculated using the total amount of the share options to be paid in per common share and the value per common share of the asset to be contributed at the exercise of share option as the “paid-in amount per share” in the Formula for Acquisition Price Adjustment shall be the acquisition price after adjustment. The acquisition price after adjustment shall apply on and after the day after the allotment date of the share options, the day after the day on which the allotment of share option without contribution becomes effective, in case thereof, or the day after the Shareholder Allotment Date, if any. Notwithstanding the above, if the consideration for common shares to be issued at the acquisition or exercise is not yet determined at that time, the acquisition price after adjustment shall be calculated as if all of the share options to be issued are exercised or acquired under the terms and conditions effective when determining the consideration and common shares are issued when determining the consideration and it shall apply on and after the day after the day when determining the consideration.</u></p> <p><u>(b) In addition to the events listed in (a) of this item, in any case of (b), (i) to (b) (iii) of this item, the Company shall properly adjust the acquisition price after giving prior written notice to Class A Shareholders, Etc. of the occurrence and description of the event, the acquisition price after adjustment, application date, and any other necessary matters:</u></p> <p><u>(i) when the acquisition price needs to be adjusted for a merger, share exchange, acquisition of all issued shares of another stock company by share exchange, share transfer, absorption-type company split, succession of all or a part of rights and obligations held by another company with regard to the company’s business by an absorption-type company split or incorporation-type company split,</u></p> <p><u>(ii) when there are two (2) or more events for which the acquisition price should be adjusted and it is necessary to take the influence of the other event into consideration in the market price that should be used in the calculation of the acquisition price after adjustment based on one event, or</u></p> <p><u>(iii) when the acquisition price otherwise needs to be adjusted due to an event that causes or is likely to cause a change in the number of issued common shares (excluding the number of common shares held by the Company).</u></p> <p><u>(c) If the calculation is necessary when adjusting the acquisition price, it shall be calculated to the second decimal place below one (1) yen and then rounded to the first decimal place.</u></p> <p><u>(d) The market price per common share used in the Formula for Acquisition Price Adjustment shall be the average VWAP in the ordinary trading of common shares of the Company announced by TSE for continuous twenty (20) Trading Days prior to the</u></p>

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	<p><u>application day of the acquisition price after adjustment.</u></p> <p><u>(e) If the difference between the acquisition price after adjustment and the acquisition price before adjustment obtained as a result of the calculation when adjusting the acquisition price remains at less than one (1) yen, no adjustment to the acquisition price shall be carried out, provided, however, that an adjustment judged unnecessary pursuant to this (e) shall be carried forward to and taken into consideration in the subsequent adjustment calculation.</u></p> <p><u>(6) Adjustment of Lower Limit of Class A Acquisition Price and Higher Limit of Class A Acquisition Price</u></p> <p><u>In case of adjusting the acquisition price pursuant to the provision of the preceding item, the same adjustment shall be carried out also for the Lower Limit of Class A Acquisition Price and the Higher Limit of Class A Acquisition Price by applying mutatis mutandis the provision of the preceding item by reading the “acquisition price” as the “Lower Limit of Class A Acquisition Price” or the “Higher Limit of Class A Acquisition Price.”</u></p> <p><u>9. Restrictions on Transfer</u></p> <p><u>Any acquisition of Class A Shares by transfer shall be approved by the Company’s Board of Directors.</u></p> <p><u>10. Consolidation or Split of Shares, Allotment of Shares for Subscription, Etc.</u></p> <p><u>(1) Consolidation or Split of Shares</u></p> <p><u>The Company shall not carry out a consolidation or share split of Class A Shares.</u></p> <p><u>(2) Allotment of Shares for Subscription, Etc.</u></p> <p><u>The Company shall not grant Class A Shareholders any right to have shares for subscription allotted or to have share options for subscription allotted nor shall it carry out the allotment of shares without contribution nor the allotment of share option without contribution.</u></p> <p><u>11. Priority</u></p> <p><u>(1) Priority for Dividend of Surplus</u></p> <p><u>For the payment priority for the Class A Preferred Dividends, the Amount of Class A Accumulated Unpaid Dividends, Class B Preferred Dividends (as defined in Article 6-3.2.(1)), the Amount of Class B Accumulated Unpaid Dividends (as defined in Article 6-3.2.(4)), Class C Preferred Dividends (as defined in Article 6-4.2.(1)), the Amount of Class C Accumulated Unpaid Dividends (as defined in Article 6-4.2.(4)) and dividends of surplus in respect of common shares, the Amount of Class A Accumulated Unpaid Dividends, the Amount of Class B Accumulated Unpaid Dividends, and the Amount of Class C Accumulated Unpaid Dividends shall be first, Class A Preferred Dividends, Class B Preferred Dividends, and Class C Preferred Dividends shall be second and dividends of surplus in respect of common shares shall be third.</u></p> <p><u>(2) Priority for Distribution of Residual Assets</u></p> <p><u>For the payment priority for distributions of residual assets in respect of Class A Shares, Class B Shares, Class C Shares, and common shares, the distribution of residual assets in respect of Class A Shares, Class B Shares, and Class C Shares shall be first, and the distribution of residual assets in respect of common shares shall be second.</u></p> <p><u>(3) Handling of Any Dividends or Distributions in Priority below Total Amount</u></p> <p><u>If the amount at which the Company divides surplus or distributes residual assets does not reach the total amount necessary to divide surplus or distribute residual assets in a certain priority, surplus or residual assets shall be divided or distributed by a pro rata method based on the amount necessary to make the dividend of surplus or</u></p>

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(New Clause)	<p><u>distribution of residual assets in the priority.</u></p> <p><u>12. Period of Exclusion</u></p> <p><u>The Provision of Article 46 shall apply mutatis mutandis to the payment of the Class A Preferred Dividends.</u></p> <p><u>Article 6-3. Class B Shares</u></p> <p><u>1. The contents of Class B Shares to be issued by the Company shall be as set forth in the following paragraph to Paragraph 10.</u></p> <p><u>2. Dividend of Surplus</u></p> <p><u>(1) Class B Preferred Dividends</u></p> <p><u>When the Company divides its surplus with the day belonging to one business year set as the record date, the Company shall divide the surplus in cash as set forth in the following item per Class B Share (hereinafter cash to be paid per Class B Share in the dividend called “Class B Preferred Dividends”) among shareholders holding Class B Shares (hereinafter called the “Class B Shareholders”) and the registered pledgees of shares of Class B Shares (hereinafter collectively called with Class B Shareholders, “Class B Shareholders, Etc.”) who are entered or recorded in the last shareholder register as of the record date of the dividend of surplus (hereinafter in this Article called the “Record Date for Dividend”) in accordance with the payment priority set forth in Paragraph 9 (1). If there is a fraction of less than one (1) yen in the amount obtained by multiplying Class B Preferred Dividends by the number of Class B Shares to which each of Class B Shareholders, Etc. is entitled, the fraction shall be rounded down.</u></p> <p><u>(2) Amount of Class B Preferred Dividends</u></p> <p><u>The amount of Class B Preferred Dividends shall be the amount of cash calculated by multiplying 1,000,000 yen (hereinafter in this Article called, the “Amount Equivalent to the Amount to Be Paid in”) by five point zero (5.0) percent, which shall be calculated per diem, as one (1) year being three hundred and sixty-five (365) days (or three hundred and sixty-six (366) days, if the business year is a leap year), for the actual number of days of the period from the first day of the business year to which the Record Date for Dividend belongs (or the day on which Class B Shares are issued for the first time, if the Record Date for Dividend belongs to the business year in which Class B Shares are issued for the first time) (including the date) to the Record Date for Dividend (including the date). (Division shall be done at the end to the second decimal place below one (1) yen and it shall be rounded to the first decimal place.) Provided, however, in a case where payment of dividends of surplus with a record date prior to the Record Date for Dividend in the business year to which the Record Date for Dividend belongs has already been paid to Class B Shareholders, Etc., the amount of Class B Preferred Dividends pertaining to the Record Date for Dividend shall be the amount obtained by deducting the total amount of Class B Preferred Dividends in the dividend of surplus carried out earlier in the business year prior to the Record Date for Dividend from the amount calculated by the above method.</u></p> <p><u>(3) Non-participation</u></p> <p><u>No dividends of surplus shall be paid to Class B Shareholders, Etc. beyond the amount of Class B Preferred Dividends nor the Amount of Class B Accumulated Unpaid Dividends (as defined in the following item), except for dividends of surplus paid in an absorption-type company split procedure carried out by the Company which is provided in Article 758 (viii) (b) or Article 760 (vii) (b) or dividends of surplus paid in an incorporation-type company split procedure carried out by the Company which is provided in Article 763, Paragraph 1 (xii) (b) or Article 765, Paragraph 1 (viii) (b), of the Companies Act.</u></p>

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	<p data-bbox="657 273 842 297"><u>(4) Accumulation</u></p> <p data-bbox="703 309 1385 1272"><u>Unless the total amount of dividends of surplus per share paid to Class B Shareholders, Etc. under the condition that the day that belongs to one business year is the record date (excluding dividends of Class B Accumulated Unpaid Dividends (as defined below) accumulated in accordance with the provision of this item for Class B Preferred Dividends in respect of each business year prior to the business year) reaches Class B Preferred Dividends in respect of the business year (meaning Class B Preferred Dividends calculated in accordance with item (2) on the assumption that dividends of surplus for which the last day of the business year is set as the record date are paid, provided, however, that the calculation shall be done as if the proviso of item (2) shall not apply thereto), the shortfall shall be accumulated in business years after the next business year of the business year (hereinafter in this item called, the “Business Year with Shortfall”). The accumulated amount in the case shall be the amount obtained, for the shortfall, by adding to the shortfall the amount obtained by calculating compound interest for each business year (meaning a period from the first day of the business year (including the date) to the Accumulated Dividend Date (including the date) in case of a business year to which the Accumulated Dividend Date belongs) at the Class B Preferred Dividend Yearly Rate in respect of each business year after the next business year of the Business Year with Shortfall for a period from the first day of the next business year of the Business Year with Shortfall (including the date) to the day on which the accumulated amount is to be divided among Class B Shareholders, Etc. (hereinafter in this item called, the “Accumulated Dividend Date”) (including the date). The calculation shall be done per diem, as one (1) year being three hundred and sixty-five (365) days (or three hundred and sixty-six (366) days, if the business year is a leap year), and division shall be done at the end to the second decimal place below one (1) yen and it shall be rounded to the first decimal place. The amount accumulated in accordance with this item (hereinafter called, the “Amount of Class B Accumulated Unpaid Dividends”) shall be divided among Class B Shareholders, Etc. in accordance with the payment priority set forth in Paragraph 9 (1).</u></p> <p data-bbox="644 1279 991 1303"><u>3. Distribution of Residual Assets</u></p> <p data-bbox="657 1314 1018 1339"><u>(1) Distribution of Residual Assets</u></p> <p data-bbox="703 1350 1385 1682"><u>When the Company distributes residual assets, the Company shall pay to Class B Shareholders, Etc. the amount of cash obtained by adding the Amount of Class B Accumulated Unpaid Dividends and the Amount of Class B Daily Prorated Unpaid Dividends (as defined below) to the Amount Equivalent to the Amount to Be Paid in (hereinafter called, the “Amount of Class B Residual Assets to Be Distributed”) per Class B Share in accordance with the payment priority set forth in Paragraph 9 (2). If there is a fraction of less than one (1) yen in the amount obtained by multiplying the Amount of Class B Residual Assets to Be Distributed by the number of Class B Shares to which each of Class B Shareholders, Etc. is entitled, the fraction shall be rounded down.</u></p> <p data-bbox="703 1688 1385 1883"><u>The “Amount of Class B Daily Prorated Unpaid Dividends” shall be the amount equivalent to the Class B Preferred Dividends calculated in accordance with item (2) of the preceding paragraph on the assumption that the Class B Preferred Dividends are paid under the condition that the Distribution Date is the record date in the business year to which the day on which residual assets are to be distributed (hereinafter in this Article called, the “Distribution Date”) belongs.</u></p> <p data-bbox="657 1890 879 1915"><u>(2) Non-participation</u></p> <p data-bbox="703 1926 1385 1980"><u>No residual assets shall be distributed to Class B Shareholders, Etc. other than as set forth in the preceding item.</u></p>

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	<p data-bbox="639 271 826 297">4. <u>Voting Rights</u></p> <p data-bbox="687 309 1386 387"><u>Except as otherwise provided in laws or regulations, Class B Shareholders have no voting right at the General Meetings of Shareholders.</u></p> <p data-bbox="639 398 1145 425">5. <u>Call Options, Consideration for Which Is Cash</u></p> <p data-bbox="687 436 1386 1200"><u>Upon the day determined separately by the Company’s Board of Directors (hereinafter in this Article called the “Cash Consideration Redemption Date”), the Company may, at any time, by virtue of the Cash Consideration Redemption Date and giving to Class B Shareholders, Etc. a prior written notice, which is irrevocable, on or after the sixtieth (60th) Trading Day (as defined below), but no later than thirty (30) Trading Days, prior to the Cash Consideration Redemption Date, acquire all, but not a part, of Class B Shares in exchange for a cash consideration to the extent permissible under laws and regulations (hereinafter in this Article called “Cash Consideration Redemption”) and the Company shall pay to the Class B Shareholders the amount of cash obtained by multiplying the Amount Equivalent to the Amount to Be Paid in by the Redemption Coefficient (as defined below) and then adding the Amount of Class B Accumulated Unpaid Dividends and the Amount of Class B Daily Prorated Unpaid Dividends thereto per Class B Share in exchange for the acquisition of Class B Shares in respect of the Cash Consideration Redemption. Concerning the application of the definitions of the “Amount of Class B Accumulated Unpaid Dividends” and the “Amount of Class B Daily Prorated Unpaid Dividends” in this paragraph, the “day on which the accumulated amount is to be divided among Class B Shareholders, Etc.”, the “Accumulated Dividend Date”, the “day on which residual assets are to be distributed” and the “Distribution Date” in the definitions shall be read respectively as the “Cash Consideration Redemption Date” and the definitions shall apply accordingly. If there is a fraction of less than one (1) yen in cash to be paid in exchange for the acquisition of Class B Shares in respect of the Cash Consideration Redemption, the fraction shall be rounded down.</u></p> <p data-bbox="687 1211 1386 1267"><u>The “Trading Day” shall be the day on which an ordinary trading of common shares of the Company is carried out at TSE.</u></p> <p data-bbox="687 1279 1386 1357"><u>The “Redemption Coefficient” shall be each of the figures set forth below for the period in case the Cash Consideration Redemption Date belongs to any of the following periods:</u></p> <p data-bbox="687 1368 1161 1395"><u>On or after June 27, 2016 to June 30, 2017: 1.07</u></p> <p data-bbox="687 1406 1145 1433"><u>On or after July 1, 2017 to June 30, 2018: 1.13</u></p> <p data-bbox="687 1444 1145 1471"><u>On or after July 1, 2018 to June 30, 2019: 1.19</u></p> <p data-bbox="687 1482 1145 1509"><u>On or after July 1, 2019 to June 30, 2020: 1.25</u></p> <p data-bbox="687 1520 986 1547"><u>On or after July 1, 2020: 1.30</u></p> <p data-bbox="639 1559 1257 1585">6. <u>Put Options, Consideration for Which Is Common Shares</u></p> <p data-bbox="655 1597 1273 1624">(1) <u>Put Options, Consideration for Which Is Common Shares</u></p> <p data-bbox="687 1635 1386 1895"><u>Class B Shareholders may, at any time, request the Company to acquire all or a part of Class B Shares held by them in exchange for the issuance of the number of common shares set forth in the following item (hereinafter in this Article called the “Common Shares Subject to Put Option”) (hereinafter in this Article called, the “Exercise of Put Options, Consideration for Which Is Common Shares”) and the Company shall issue to the Class B Shareholders Common Shares Subject to Put Option in exchange for the acquisition of Class B Shares in respect of the Exercise of Put Options, Consideration for Which Is Common Shares.</u></p> <p data-bbox="655 1906 1386 1962">(2) <u>Number of Common Shares to Be Issued in Exchange for Acquisition of Class B Shares</u></p> <p data-bbox="687 1973 1386 2038"><u>The number of common shares to be issued in exchange for the acquisition of Class B Shares per Class B Share in respect of the Exercise of Put Options, Consideration for Which Is Common Shares</u></p>

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	<p><u>shall be the number obtained by adding the Amount of Class B Accumulated Unpaid Dividends and the Amount of Class B Daily Prorated Unpaid Dividends to the Amount Equivalent to the Amount to Be Paid in and then dividing it by the acquisition price set forth in the following item to item (6). Concerning application of the definitions of the “Amount of Class B Accumulated Unpaid Dividends” and the “Amount of Class B Daily Prorated Unpaid Dividends” in this item, the “day on which the accumulated amount is to be divided among Class B Shareholders, Etc.,” the “Accumulated Dividend Date,” the “day on which residual assets are to be distributed” and the “Distribution Date” in the definitions shall be read respectively as the “day on which the Exercise of Put Options, Consideration for Which Is Common Shares becomes effective” and the definitions shall apply accordingly. If there is a fraction of less than one (1) share in the total number of common shares to be issued in exchange for the acquisition of Class B Shares in respect of the Exercise of Put Options, Consideration for Which Is Common Shares, the fraction shall be rounded down. In the case, no cash provided in Article 167, Paragraph 3 of the Companies Act shall be paid.</u></p> <p><u>(3) Initial Acquisition Price</u> <u>174.8 yen</u></p> <p><u>(4) Revision of Acquisition Price</u> <u>The acquisition price shall be revised to an amount equivalent to ninety (90) percent (calculated to the second decimal place below one (1) yen and then rounded to the first decimal place) of the average of VWAP, which shall be adjusted to the amount judged by the Company to be appropriate by applying the following item if any of the events provided in the following item occurs during the Acquisition Price Calculation Period, of ordinary trading of the Company’s common shares announced by TSE for continuous twenty (20) Trading Days prior to each Revision Date of Acquisition Price (meaning twenty (20) Trading Days excluding days on which VWAP is not announced, hereinafter in this item called, the “Acquisition Price Calculation Period”) on the first day on which the Exercise of Put Options, Consideration for Which Is Common Shares, becomes effective on or after December 27, 2016 and anniversaries thereof every six (6) months thereafter (or the next Trading Day thereof unless the day falls under the Trading Day, hereinafter in this Article called, the “Revision Date of Acquisition Price”) (hereinafter in this Article the acquisition price after the revision being called, the “Revised Acquisition Price”) and the Revised Acquisition Price shall apply on and after the Revision Date of Acquisition Price, provided, however, that, if the Revised Acquisition Price falls below 139.8 yen (being subject to the adjustment in item (6), hereinafter called, the “Lower Limit of Class B Acquisition Price”), the Revised Acquisition Price shall be the Lower Limit of Class B Acquisition Price and, if the Revised Acquisition Price exceeds 209.8 yen (being subject to the adjustment in item (6), hereinafter called, the “Higher Limit of Class B Acquisition Price”), the Revised Acquisition Price shall be the Higher Limit of Class B Acquisition Price.</u> <u>The “Trading Day” shall be the day on which ordinary trading of common shares of the Company is carried out at TSE.</u></p> <p><u>(5) Adjustment of Acquisition Price</u> <u>(a) In case of any of the events listed below, the acquisition price shall be adjusted for each event as follows:</u> <u>(i) In case of split or allotment of shares without contribution concerning common shares, the acquisition price shall be adjusted using the following formula. In case of allotment of shares without contribution, the “number of issued common shares before split,” in the following formula, shall be read as the “number of issued common shares before allotment without</u></p>

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	<p><u>contribution (excluding common shares held by the Company at that time)” and the “number of issued common shares after split” as the “number of issued common shares after allotment without contribution (excluding common shares held by the Company at that time),” respectively.</u></p> $\text{acquisition price after adjustment} = \frac{\text{acquisition price before adjustment}}{\frac{\text{number of issued common shares before split}}{\text{number of issued common shares after split}}} \times$ <p><u>The acquisition price after adjustment shall apply on and after the day after the record date in respect of the share split or the day on which the allotment of shares without contribution becomes effective (or the day after the record date, if any record date in respect of the allotment of shares without contribution is set).</u></p> <p><u>(ii) In case of the consolidation of shares concerning common shares, the acquisition price shall be adjusted using the following formula:</u></p> $\text{acquisition price after adjustment} = \frac{\text{acquisition price before adjustment}}{\frac{\text{number of issued common shares before consolidation}}{\text{number of issued common shares after consolidation}}} \times$ <p><u>The acquisition price after adjustment shall apply on and after the day on which the consolidation of shares becomes effective.</u></p> <p><u>(iii) In case of issuance of common shares or disposition of common shares held by the Company at the paid-in amount below the market price per common share set forth in (d) of this item (excluding the allotment of shares without contribution, the acquisition of shares or share options (hereinafter in this item including those attached to corporate bonds with share options) in exchange for the issuance of common shares, the exercise of share options subject to common shares or the issuance of common shares in a merger, share exchange, or company split), the acquisition price shall be adjusted using the following formula (hereinafter in this Article called, the “Formula for Acquisition Price Adjustment”). The “paid-in amount per share” in the Formula for Acquisition Price Adjustment shall be a fair valuation of the asset in case the subject of contribution is any asset other than cash. The acquisition price after adjustment shall apply on and after the day after the payment date (or the last day of the payment period, if any payment period is set) or on and after the day after the record date if any record date in respect of the allotment to shareholders is set (hereinafter in this Article called, the “Shareholder Allotment Date”). In case of the disposition of common shares held by the Company, the “number of common shares to be newly issued” in the following formula shall be read as the “number of common shares held by the disposing Company” and the “number of common shares held by the Company” as the “number of common shares held by the Company before disposition.” respectively.</u></p>

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	$\frac{\text{acquisition price after adjustment} = \text{acquisition price before adjustment} \times \left(\frac{\text{number of issued common shares - number of common shares held by the Company)}}{\text{number of issued common shares - number of common shares held by the Company} + \text{number of common shares to be newly issued}} \right) \times \text{market price per common share}}{\text{number of issued common shares - number of common shares held by the Company} + \text{number of common shares to be newly issued}}$ <p>(iv) <u>In case of the issuance or disposition of shares for which holders are entitled to have common shares issued at the acquisition price per common share below the market price per common share set forth in (d) of this item by requesting the Company to acquire or being acquired by the Company (including the allotment of shares without contribution), all of the shares to be issued or disposed of shall be deemed as being acquired under the initial terms and conditions and common shares being issued on the payment date (or, hereinafter in this (iv), the last day of the payment period, if any payment period is set) of the shares, the day on which the allotment of shares without contribution becomes effective, in case thereof, (or, hereinafter in this (iv), the record date, if any record date in respect of the allotment of shares without contribution is set) or the Shareholder Allotment Date, if any, and the amount calculated using the value as the “paid-in amount per share” in the Formula for Acquisition Price Adjustment shall be the acquisition price after adjustment. The acquisition price after adjustment shall apply on and after the day after the payment date, the day after the day on which the allotment of shares without contribution becomes effective, in case thereof, or the day after the Shareholder Allotment Date, if any. Notwithstanding the above, if the consideration for common shares to be issued at the acquisition is not yet determined at that time, the acquisition price after adjustment shall be calculated as if all of the shares to be issued or disposed of are acquired under the terms and conditions effective at the time of determining the consideration and common shares are issued when determining the consideration and it shall apply on and after the day after the day when determining the consideration.</u></p> <p>(v) <u>In case of the issuance of share options (including the allotment of share options without contribution) for which holders are entitled to have common shares issued at the value where the total amount of share options to be paid in per common share and any asset to be contributed at the exercise of share options (hereinafter in this (v) meaning a fair valuation of the asset if the subject of contribution is any asset other than cash) is below the market price per common share set forth in (d) of this item by exercising options or being acquired by the Company, all of the share options to be issued shall be deemed as being exercised or acquired under the initial terms and conditions and common shares being issued on the allotment date of the share options, the day on which the allotment of share option without contribution becomes effective, in case thereof, (hereinafter in this (v) meaning the record date if any record date in respect of the allotment of share option without contribution is set), or the Shareholder Allotment Date, if any, and the amount calculated using the total amount of share options to be paid in per common share and the value per common share of the asset to be contributed at the exercise of share option as the “paid-in amount per share” in the Formula for Acquisition Price Adjustment shall be the acquisition price after adjustment. The</u></p>

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	<p><u>acquisition price after adjustment shall apply on and after the day after the allotment date of the share options, the day after the day on which the allotment of share option without contribution becomes effective, in case thereof, or the day after the Shareholder Allotment Date, if any. Notwithstanding the above, if the consideration for common shares to be issued at the acquisition or exercise is not yet determined at that time, the acquisition price after adjustment shall be calculated as if all of the share options to be issued are exercised or acquired under the terms and conditions effective when determining the consideration and common shares are issued when determining the consideration and it shall apply on and after the day after the day when determining the consideration.</u></p> <p>(b) <u>In addition to the events listed in (a) of this item, in any case of (b) (i) to (b) (iii) of this item, the Company shall properly adjust the acquisition price after giving a prior written notice to Class B Shareholders, Etc. of the occurrence and description of the event, the acquisition price after adjustment, application date and any other necessary matters:</u></p> <p>(i) <u>when the acquisition price needs to be adjusted for a merger, share exchange, acquisition of all issued shares of another stock company by share exchange, share transfer, absorption-type company split, succession of all or a part of rights and obligations held by another company with regard to the company's business by an absorption-type company split or incorporation-type company split,</u></p> <p>(ii) <u>when there are two (2) or more events for which the acquisition price should be adjusted and it is necessary to take the influence of the other event into consideration in the market price that should be used in the calculation of the acquisition price after adjustment based on one event, or</u></p> <p>(iii) <u>when the acquisition price otherwise needs to be adjusted due to an event that causes or is likely to cause a change in the number of issued common shares (excluding the number of common shares held by the Company).</u></p> <p>(c) <u>If the calculation is necessary when adjusting the acquisition price, it shall be calculated to the second decimal place below one (1) yen and then rounded to the first decimal place.</u></p> <p>(d) <u>The market price per common share used in the Formula for Acquisition Price Adjustment shall be the average VWAP in ordinary trading of common shares of the Company announced by TSE for continuous twenty (20) Trading Days prior to the application day of the acquisition price after adjustment.</u></p> <p>(e) <u>If the difference between the acquisition price after adjustment and the acquisition price before adjustment obtained as a result of the calculation when adjusting the acquisition price remains at less than one (1) yen, no adjustment to the acquisition price shall be carried out, provided, however, that an adjustment judged unnecessary pursuant to this (e) shall be carried forward to and taken into consideration in the subsequent adjustment calculation.</u></p> <p>(6) <u>Adjustment of Lower Limit of Class B Acquisition Price and Higher Limit of Class B Acquisition Price</u></p> <p><u>In case of adjusting the acquisition price pursuant to the provision of the preceding item, the same adjustment shall be carried out also for the Lower Limit of Class B Acquisition Price and the Higher Limit of Class B Acquisition Price by applying mutatis mutandis the provision of the preceding item by reading the "acquisition price" as the "Lower Limit of Class B Acquisition Price" or the "Higher Limit of Class B Acquisition Price."</u></p> <p>7. <u>Restrictions on Transfer</u></p> <p><u>Any acquisition of Class B Shares by transfer shall be approved by the</u></p>

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(New Claws)	<p><u>Company's Board of Directors.</u></p> <p>8. <u>Consolidation or Split of Shares, Allotment of Shares for Subscription, Etc.</u></p> <p>(1) <u>Consolidation or Split of Shares</u> <u>The Company shall not carry out a consolidation or share split of Class B Shares.</u></p> <p>(2) <u>Allotment of Shares for Subscription, Etc.</u> <u>The Company shall not grant Class B Shareholders any right to have shares for subscription allotted or to have share options for subscription allotted nor shall it carry out the allotment of shares without contribution nor the allotment of share option without contribution.</u></p> <p>9. <u>Priority</u></p> <p>(1) <u>Priority for Dividend of Surplus</u> <u>For the payment priority for the Class A Preferred Dividends, the Amount of Class A Accumulated Unpaid Dividends, the Class B Preferred Dividends, the Amount of Class B Accumulated Unpaid Dividends, Class C Preferred Dividends (as defined in Article 6-4.2.(1)), the Amount of Class C Accumulated Unpaid Dividends (as defined in Article 6-4.2.(4)) and dividends of surplus in respect of common shares, the Amount of Class A Accumulated Unpaid Dividends, the Amount of Class B Accumulated Unpaid Dividends and the Amount of Class C Accumulated Unpaid Dividends shall be first, the Class A Preferred Dividends, the Class B Preferred Dividends and the Class C Preferred Dividends shall be second and dividends of surplus in respect of common shares shall be third.</u></p> <p>(2) <u>Priority for Distribution of Residual Assets</u> <u>For the payment priority for distributions of residual assets in respect of Class A Shares, Class B Shares, Class C Shares and common shares, the distribution of residual assets in respect of Class A Shares, Class B Shares and Class C Shares shall be first, and the distribution of residual assets in respect of common shares shall be second.</u></p> <p>(3) <u>Handling of Any Dividends or Distributions in Certain Priority below Total Amount</u> <u>If the amount at which the Company divides surplus or distributes residual assets does not reach the total amount necessary to divide surplus or distribute residual assets in a certain priority, surplus or residual assets shall be divided or distributed by a pro rata method based on the amount necessary to make the dividend of surplus or distribution of residual assets in the priority.</u></p> <p>10. <u>Period of Exclusion</u> <u>The Provision of Article 46 shall apply mutatis mutandis to the payment of the Class B Preferred Dividends.</u></p> <p><u>Article 6-4. Class C Shares</u></p> <p>1. <u>The contents of Class C Shares to be issued by the Company shall be as set forth in the following paragraph to Paragraph 11.</u></p> <p>2. <u>Dividend of Surplus</u></p> <p>(1) <u>Class C Preferred Dividends</u> <u>When the Company divides its surplus with the day belonging to one business year set as the record date, the Company shall divide the surplus in cash as set forth in the following item per Class C Share (hereinafter cash to be paid per Class C Share in the dividend called "Class C Preferred Dividends") among shareholders holding Class C Shares (hereinafter called "Class C Shareholders") and the registered pledgees of shares of Class C Shares (hereinafter collectively called with Class C Shareholders, "Class C Shareholders, Etc.") who are entered or recorded in the last shareholder register as of the record date of the dividend of surplus (hereinafter in this Article called, the</u></p>

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	<p><u>“Record Date for Dividend”) in accordance with the payment priority set forth in Paragraph 10 (1). If there is a fraction of less than one (1) yen in the amount obtained by multiplying the Class C Preferred Dividends by the number of Class C Shares to which each of Class C Shareholders, Etc. is entitled, the fraction shall be rounded down.</u></p> <p><u>(2) Amount of Class C Preferred Dividends</u></p> <p><u>The amount of Class C Preferred Dividends shall be the amount of cash calculated by multiplying 1,000,000 yen (hereinafter in this Article called, the “Amount Equivalent to the Amount to Be Paid in”) by five point zero (5.0) percent, which shall be calculated per diem, as one (1) year being three hundred and sixty-five (365) days (or three hundred and sixty-six (366) days, if the business year is a leap year), for the actual number of days of the period from the first day of the business year to which the Record Date for Dividend belongs (or the day on which Class C Shares are issued for the first time, if the Record Date for Dividend belongs to the business year in which Class C Shares are issued for the first time) (including the date) to the Record Date for Dividend (including the date). (Division shall be done at the end to the second decimal place below one (1) yen and it shall be rounded off to the first decimal place.) Provided, however, in a case where payment of dividends of surplus with a record date prior to the Record Date for Dividend in the business year to which the Record Date for Dividend belongs has already been paid to Class C Shareholders, Etc., the amount of Class C Preferred Dividends pertaining to the Record Date for Dividend shall be the amount obtained by deducting the total amount of Class C Preferred Dividends in the dividend of surplus carried out earlier in the business year prior to the Record Date for Dividend from the amount calculated by the above method.</u></p> <p><u>(3) Non-participation</u></p> <p><u>No dividends of surplus shall be paid to Class C Shareholders, Etc. beyond the amount of Class C Preferred Dividends nor the Amount of Class C Accumulated Unpaid Dividends (as defined in the following item), except for dividends of surplus paid in an absorption-type company split procedure carried out by the Company which is provided in Article 758 (viii) (b) or Article 760 (vii) (b) or dividends of surplus paid in an incorporation-type company split procedure carried out by the Company which is provided in Article 763, Paragraph 1 (xii) (b) or Article 765, Paragraph 1 (viii) (b), of the Companies Act.</u></p> <p><u>(4) Accumulation</u></p> <p><u>Unless the total amount of dividends of surplus per share paid to Class C Shareholders, Etc. under the condition that the day that belongs to one business year is the record date (excluding dividends of Amount of Class C Accumulated Unpaid Dividends (as defined below) accumulated in accordance with the provision of this item for Class C Preferred Dividends in respect of each business year prior to the business year) reaches Class C Preferred Dividends in respect of the business year (meaning Class C Preferred Dividends calculated in accordance with item (2) on the assumption that dividends of surplus for which the last day of the business year is the record date are paid, provided, however, that the calculation shall be done as if the proviso of item (2) shall not apply thereto), the shortfall shall be accumulated in business years after the next business year of the business year (hereinafter in this item called, the “Business Year with Shortfall”). The accumulated amount in the case shall be the amount obtained, for the shortfall, by adding to the shortfall the amount obtained by calculating compound interest for each business year (meaning a period from the first day of the business year (including the date) to the Accumulated Dividend Date (including the date) in case of a business year to which the Accumulated Dividend Date belongs) at the Class C Preferred Dividend Yearly Rate in respect of each</u></p>

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	<p><u>business year after the next business year of the Business Year with Shortfall for a period of time from the first day of the next business year of the Business Year with Shortfall (including the date) to the day on which the accumulated amount is to be divided among Class C Shareholders, Etc. (hereinafter in this item called, the “Accumulated Dividend Date”) (including the date). The calculation shall be done per diem, as one (1) year being three hundred and sixty-five (365) days (or three hundred and sixty-six (366) days, if the business year is a leap year), and division shall be done at the end to the second decimal place below one (1) yen and it shall be rounded to the first decimal place. The amount accumulated in accordance with this item (hereinafter called, the “Amount of Class C Accumulated Unpaid Dividends”) shall be divided among Class C Shareholders, Etc. in accordance with the payment priority set forth in Paragraph 10 (1).</u></p> <p><u>3. Distribution of Residual Assets</u></p> <p><u>(1) Distribution of Residual Assets</u></p> <p><u>When the Company distributes residual assets, the Company shall pay to Class C Shareholders, Etc. the amount of cash obtained by adding the Amount of Class C Accumulated Unpaid Dividends and the Amount of Class C Daily Prorated Unpaid Dividends (as defined below) to the Amount Equivalent to the Amount to Be Paid in (hereinafter called, the “Amount of Class C Residual Assets to Be Distributed”) per Class C Share in accordance with the payment priority set forth in Paragraph 10 (2). If there is a fraction of less than one (1) yen in the amount obtained by multiplying the Amount of Class C Residual Assets to Be Distributed by the number of Class C Shares to which each of Class C Shareholders, Etc. is entitled, the fraction shall be rounded down.</u></p> <p><u>The “Amount of Class C Daily Prorated Unpaid Dividends” shall be the amount equivalent to the Class C Preferred Dividends calculated in accordance with item (2) of the preceding paragraph on the assumption that the Class C Preferred Dividends are paid under the condition that the Distribution Date is the record date in the business year to which the day on which residual assets are to be distributed (hereinafter in this Article called, the “Distribution Date”) belongs.</u></p> <p><u>(2) Non-participation</u></p> <p><u>No residual assets shall be distributed to Class C Shareholders, Etc. other than as set forth in the preceding item.</u></p> <p><u>4. Voting Rights</u></p> <p><u>Except as otherwise provided in laws or regulations, Class C Shareholders have no voting right at the General Meetings of Shareholders.</u></p> <p><u>5. Call Options, Consideration for Which Is Cash</u></p> <p><u>When the day determined separately by the Company’s Board of Directors arrives on or after June 27, 2016 (hereinafter in this Article called “Cash Consideration Redemption Date”), the Company may, by virtue the Cash Consideration Redemption Date, acquire all or a part of Class C Shares (being limited to the number of shares of the whole-number multiple of 5,000 shares in case of a partial acquisition) from Class C Shareholders, Etc. in exchange for a cash consideration to the extent permissible under laws and regulations (hereinafter in this Article called “Cash Consideration Redemption”) and the Company shall pay to Class C Shareholders the amount of cash obtained by multiplying the Amount Equivalent to the Amount to Be Paid in by the Redemption Coefficient (as defined below) and then adding the Amount of Class C Accumulated Unpaid Dividends and the Amount of Class C Daily Prorated Unpaid Dividends thereto per Class C Share in exchange for the acquisition of Class C Shares in respect of the Cash Consideration Redemption. Any partial acquisition of Class C Shares shall be carried out by a pro rata method. Concerning the application of</u></p>

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	<p><u>the definitions of the “Amount of Class C Accumulated Unpaid Dividends” and the “Amount of Class C Daily Prorated Unpaid Dividends” in this paragraph, the “day on which the accumulated amount is to be divided among Class C Shareholders, Etc.”, the “Accumulated Dividend Date”, the “day on which residual assets are to be distributed” and the “Distribution Date” in the definitions shall be read respectively as the “Cash Consideration Redemption Date” and the definitions shall apply accordingly. If there is a fraction of less than one (1) yen in cash to be paid in exchange for the acquisition of Class C Shares in respect of the Cash Consideration Redemption, the fraction shall be rounded down.</u></p> <p><u>The “Redemption Coefficient” shall be each of the figures set forth below for the period in case the Cash Consideration Redemption Date belongs to any of the following periods:</u></p> <p><u>Until June 30, 2018: 1.10</u></p> <p><u>On or after July 1, 2018 to June 30, 2019: 1.16</u></p> <p><u>On or after July 1, 2019 to June 30, 2020: 1.18</u></p> <p><u>On or after July 1, 2020: 1.20</u></p> <p><u>6. Put Options, Consideration for Which Is Cash and Class B Shares</u></p> <p><u>(1) Put Options, Consideration for Which Is Shares, Etc.</u></p> <p><u>Class C Shareholders may, at any time, request the Company to acquire all or a part of Class C Shares held by them in exchange for the payment of cash and the issuance of Class B Shares to the extent permissible under laws and regulations (hereinafter in this Article called, the “Exercise of Put Options, Consideration for Which Is Shares, Etc.”) and the Company shall pay and issue to the Class C Shareholders (a)the amount of cash obtained by adding the Amount of Class C Accumulated Unpaid Dividends and the Amount of Class C Daily Prorated Unpaid Dividends to the Amount Equivalent to the Amount to Be Paid in and (b)the number of Class B Shares set forth in the following item (hereinafter in this Article called the “Class B Shares Subject to Put Option”) per Class C Share in exchange for the acquisition of Class C Shares in respect of the Exercise of Put Options, Consideration for Which Is Shares, Etc. Concerning the application of the definitions of the “Amount of Class C Accumulated Unpaid Dividends” and the “Amount of Class C Daily Prorated Unpaid Dividends” in this item, the “day on which the accumulated amount is to be divided among Class C Shareholders, Etc.” the “Accumulated Dividend Date,” the “day on which residual assets are to be distributed” and the “Distribution Date” in the definitions shall be read respectively as the “day on which the Exercise of Put Options, Consideration for Which Is Shares, Etc. becomes effective” and the definitions shall apply accordingly. If there is a fraction of less than one (1) yen in cash to be paid in exchange for the acquisition of Class C Shares in respect of the Exercise of Put Options, Consideration for Which Is Shares, Etc., the fraction shall be rounded down.</u></p> <p><u>(2) Number of Class B Shares to Be Issued in Exchange for Acquisition of Class C Shares</u></p> <p><u>The number of Class B Shares to be issued in exchange for the acquisition of Class C Shares per Class C Share in respect of the Exercise of Put Options, Consideration for Which Is Shares, Etc. shall be each of the following numbers set forth concerning the period in case the day on which the Exercise of Put Options, Consideration for Which Is Shares, Etc. becomes effective belongs to any of the periods listed below. If there is a fraction of less than one (1) share in the total number of Class B Shares to be issued in exchange for the acquisition of Class C Shares in respect of the Exercise of Put Options, Consideration for Which Is Shares, Etc., the fraction shall be rounded down. In the case, no cash provided in Article 167, Paragraph 3 of the Companies Act shall be paid.</u></p>

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	<p><u>Until June 30, 2018: 0.16</u> <u>On or after July 1, 2018 to June 30, 2019: 0.18</u> <u>On or after July 1, 2019 to June 30, 2020: 0.20</u> <u>On or after July 1, 2020: 0.22</u></p> <p><u>7. Put Options, Consideration for Which Is Common Shares</u></p> <p><u>(1) Put Options, Consideration for Which Is Common Shares</u> <u>Class C Shareholders may, at any time, request the Company to acquire all or a part of Class C Shares held by them in exchange for the issuance of the number of common shares set forth in the following item (hereinafter in this Article called, the “Common Shares Subject to Put Option”) (hereinafter in this Article called “Exercise of Put Options, Consideration for Which Is Common Shares”) and the Company shall issue to the Class C Shareholders the Common Shares Subject to Put Option in exchange for the acquisition of Class C Shares in respect of the Exercise of Put Options, Consideration for Which Is Common Shares.</u></p> <p><u>(2) Number of Common Shares to Be Issued in Exchange for Acquisition of Class C Shares</u> <u>The number of common shares to be issued in exchange for the acquisition of Class C Shares per Class C Share in respect of the Exercise of Put Options, Consideration for Which Is Common Shares shall be the number obtained by adding the Amount of Class C Accumulated Unpaid Dividends and the Amount of Class C Daily Prorated Unpaid Dividends to the Amount Equivalent to the Amount to Be Paid in and then dividing it by the acquisition price set forth in the following item to item (6). Concerning the application of the definitions of “Amount of Class C Accumulated Unpaid Dividends” and “Amount of Class C Daily Prorated Unpaid Dividends” in this item, the “day on which the accumulated amount is to be divided among Class C Shareholders, Etc.” the “Accumulated Dividend Date,” the “day on which residual assets are to be distributed” and the “Distribution Date” in the definitions shall be read respectively as the “day on which the Exercise of Put Options, Consideration for Which Is Common Shares becomes effective” and the definitions shall apply accordingly. If there is a fraction of less than one (1) share in the total number of common shares to be issued in exchange for the acquisition of Class C Shares in respect of the Exercise of Put Options, Consideration for Which Is Common Shares, the fraction shall be rounded down. In the case, no cash provided in Article 167, Paragraph 3 of the Companies Act shall be paid.</u></p> <p><u>(3) Initial Acquisition Price</u> <u>174.8 yen</u></p> <p><u>(4) Revision of Acquisition Price</u> <u>The acquisition price shall be revised to the amount equivalent to ninety (90) percent (being calculated to the second decimal place below one (1) yen and then being rounded to the first decimal place) of the average of VWAP, which shall be adjusted to the amount judged by the Company to be appropriate by applying the following item if any of the events provided in the following item occurs during the Acquisition Price Calculation Period, in ordinary trading of the Company’s common shares announced by TSE for continuous twenty (20) Trading Days prior to each Revision Date of Acquisition Price (meaning twenty (20) Trading Days excluding days on which VWAP is not announced, hereinafter in this item called, the “Acquisition Price Calculation Period”) on the first day on which the Exercise of Put Options, Consideration for Which Is Common Shares becomes effective on or after December 27, 2016 and anniversaries thereof in every six (6) months thereafter (or the next Trading Day (as defined below) thereof unless the day falls on a Trading Day, hereinafter in this Article called, the “Revision Date of Acquisition Price” (hereinafter in this Article the acquisition price after the revision</u></p>

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	<p>being called, the “Revised Acquisition Price”) and the Revised Acquisition Price shall apply on and after the Revision Date of Acquisition Price, provided, however, that, if the Revised Acquisition Price falls below 139.8 yen (being subject to the adjustment in item (6), hereinafter called “Lower Limit of Class C Acquisition Price”), the Revised Acquisition Price shall be the Lower Limit of Class C Acquisition Price and, if the Revised Acquisition Price exceeds 209.8 yen (being subject to the adjustment in item (6), hereinafter called, the “Higher Limit of Class C Acquisition Price”), the Revised Acquisition Price shall be the Higher Limit of Class C Acquisition Price.</p> <p>The “Trading Day” shall be the day on which ordinary trading of common shares of the Company is carried out at TSE.</p> <p><u>(5) Adjustment of Acquisition Price</u></p> <p><u>(a) In case any of the events listed below occurs on or after June 27, 2016, the acquisition price shall be adjusted for each event as follows:</u></p> <p><u>(i) In case of a split or allotment of shares without contribution concerning common shares, the acquisition price shall be adjusted using the following formula. In case of the allotment of shares without contribution, the “number of issued common shares before split,” in the following formula, shall be read as the “number of issued common shares before allotment without contribution (excluding common shares held by the Company at that time)” and the “number of issued common shares after split” as the “number of issued common shares after allotment without contribution (excluding common shares held by the Company at that time)” respectively.</u></p> $\text{acquisition price after adjustment} = \text{acquisition price before adjustment} \times \frac{\text{number of issued common shares before split}}{\text{number of issued common shares after split}}$ <p><u>The acquisition price after adjustment shall apply on and after the day after the record date in respect of the share split or the day on which the allotment of shares without contribution becomes effective (or the day after the record date, if any record date in respect of the allotment of shares without contribution is set).</u></p> <p><u>(ii) In case of the consolidation of shares concerning common shares, the acquisition price shall be adjusted using the following formula:</u></p> $\text{acquisition price after adjustment} = \text{acquisition price before adjustment} \times \frac{\text{number of issued common shares before consolidation}}{\text{number of issued common shares after consolidation}}$ <p><u>The acquisition price after adjustment shall apply on and after the day on which the consolidation of shares becomes effective.</u></p> <p><u>(iii) In case of issuance of common shares or disposition of common shares held by the Company at the paid-in amount below the market price per common share set forth in (d) of this item (excluding the allotment of shares without contribution, the acquisition of shares or share options (hereinafter in this item including those attached to corporate bonds with share options) in exchange for the issuance of common shares, the exercise of share options subject to common shares or the issuance of common shares in a merger, share exchange or company split), the acquisition price shall be adjusted using the following</u></p>

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	<p><u>formula (hereinafter in this Article called, the “Formula for Acquisition Price Adjustment”). The “paid-in amount per share” in the Formula for Acquisition Price Adjustment shall be a fair valuation of the asset in case the subject of contribution is any asset other than cash. The acquisition price after adjustment shall apply on and after the day after the payment date (or the last day of the payment period, if any payment period is set) or on and after the day after the record date if any record date in respect of the allotment to shareholders is set (hereinafter in this Article called, the “Shareholder Allotment Date”). In case of the disposition of common shares held by the Company, the “number of common shares to be newly issued” in the following formula shall be read as the “number of common shares held by the disposing Company” and the “number of common shares held by the Company” as the “number of common shares held by the Company before disposition” respectively.</u></p> $\frac{\text{acquisition price after adjustment} = \text{acquisition price before adjustment} \times \frac{\text{number of issued common shares - number of common shares held by the Company)}}{\text{number of common shares held by the Company} + \text{number of common shares to be newly issued}} \times \frac{\text{paid-in amount per share}}{\text{market price per common share}}}{\text{number of issued common shares - number of common shares held by the Company} + \text{number of common shares to be newly issued}}$ <p><u>(iv) In case of the issuance or disposition of shares for which holders are entitled to have common shares issued at the acquisition price per common share below the market price per common share set forth in (d) of this item by requesting the Company to acquire or being acquired by the Company (including the allotment of shares without contribution), all of the shares to be issued or disposed of shall be deemed being acquired under the initial terms and conditions and common shares being issued on the payment date (or, hereinafter in this (iv), the last day of the payment period, if any payment period is set) of the shares, the day on which the allotment of shares without contribution becomes effective, in case thereof, (or, hereinafter in this (iv), the record date, if any record date in respect of the allotment of shares without contribution is set) or the Shareholder Allotment Date, if any, and the amount calculated using the value as the “paid-in amount per share” in the Formula for Acquisition Price Adjustment shall be the acquisition price after adjustment. The acquisition price after adjustment shall apply on and after the day after the payment date, the day after the day on which the allotment of shares without contribution becomes effective, in case thereof, or the day after the Shareholder Allotment Date, if any. Notwithstanding the above, if the consideration for common shares to be issued at the acquisition is not yet determined at that time, the acquisition price after adjustment shall be calculated as if all of the shares to be issued or disposed of are acquired under the terms and conditions effective when determining the consideration and common shares are issued when determining the consideration and it shall apply on and after the day after the day when determining the consideration.</u></p> <p><u>(v) In case of the issuance of share options (including the allotment of share options without contribution) for which holders are entitled to have common shares issued at the value where the total amount of share options to be paid in per common share and any asset to be contributed at the exercise of share options (hereinafter in this (v) meaning a fair valuation of the asset if the subject of contribution is any asset other than cash) is below the</u></p>

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	<p><u>market price per common share set forth in (d) of this item by exercising options or being acquired by the Company, all of the share options to be issued shall be deemed being exercised or acquired under the initial terms and conditions and common shares being issued on the allotment date of the share options, on the day on which the allotment of share option without contribution becomes effective, in case thereof, (hereinafter in this (v) meaning the record date if any record date in respect of the allotment of share option without contribution is set), or the Shareholder Allotment Date, if any, and the amount calculated using the total amount of share options to be paid in per common share and the value per common share of the asset to be contributed at the exercise of share option as the “paid-in amount per share” in the Formula for Acquisition Price Adjustment shall be the acquisition price after adjustment. The acquisition price after adjustment shall apply on and after the day after the allotment date of the share options, the day after the day on which the allotment of share option without contribution becomes effective, in case thereof, or the day after the Shareholder Allotment Date, if any. Notwithstanding the above, if the consideration for common shares to be issued at the acquisition or exercise is not yet determined at that time, the acquisition price after adjustment shall be calculated as if all of the share options to be issued are exercised or acquired under the terms and conditions effective when determining the consideration and common shares are issued when determining the consideration and it shall apply on and after the day after the day when determining the consideration.</u></p> <p><u>(b) In addition to the events listed in (a) of this item, in any case of (b) (i) to (b) (iii) of this item, the Company shall properly adjust the acquisition price after giving a prior written notice to Class C Shareholders, Etc. of the occurrence and description of the event, the acquisition price after adjustment, application date and any other necessary matters:</u></p> <p><u>(i) when the acquisition price needs to be adjusted for a merger, share exchange, acquisition of all issued shares of another stock company by share exchange, share transfer, absorption-type company split, succession of all or a part of rights and obligations held by another company with regard to the company’s business by an absorption-type company split or incorporation-type company split,</u></p> <p><u>(ii) when there are two (2) or more events for which the acquisition price should be adjusted and it is necessary to take the influence of the other event into consideration in the market price that should be used in the calculation of the acquisition price after adjustment based on one event, or</u></p> <p><u>(iii) when the acquisition price otherwise needs to be adjusted due to an event that causes or is likely to cause a change in the number of issued common shares (excluding the number of common shares held by the Company).</u></p> <p><u>(c) If the calculation is necessary when adjusting the acquisition price, it shall be calculated to the second decimal place below one (1) yen and then rounded off to the first decimal place.</u></p> <p><u>(d) The market price per common share used in the Formula for Acquisition Price Adjustment shall be the average VWAP in ordinary trading of common shares of the Company announced by TSE for continuous twenty (20) Trading Days prior to the application day of the acquisition price after adjustment.</u></p> <p><u>(e) If the difference between the acquisition price after adjustment and the acquisition price before adjustment obtained as a result of the calculation when adjusting the acquisition price remains at less than one (1) yen, no adjustment to the acquisition price shall be</u></p>

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	<p><u>carried out, provided, however, that an adjustment judged unnecessary pursuant to this (e) shall be carried forward to and taken into consideration in the subsequent adjustment calculation.</u></p> <p><u>(6) Adjustment of Lower Limit of Class C Acquisition Price and Higher Limit of Class C Acquisition Price</u></p> <p><u>In case of adjusting the acquisition price pursuant to the provision of the preceding item, the same adjustment shall be carried out also for the Lower Limit of Class C Acquisition Price and the Higher Limit of Class C Acquisition Price by applying mutatis mutandis the provision of the preceding item by reading the “acquisition price” as the “Lower Limit of Class C Acquisition Price” or the “Higher Limit of Class C Acquisition Price.”</u></p> <p><u>8. Restrictions on Transfer</u></p> <p><u>Any acquisition of Class C Shares by transfer shall be approved by the Company’s Board of Directors.</u></p> <p><u>9. Consolidation or Split of Shares, Allotment of Shares for Subscription, Etc.</u></p> <p><u>(1) Consolidation or Split of Shares</u></p> <p><u>The Company shall not carry out a consolidation or split of shares for Class C Shares.</u></p> <p><u>(2) Allotment of Shares for Subscription, Etc.</u></p> <p><u>The Company shall not grant the Class C Shareholders any right to have shares for subscription allotted or to have share options for subscription allotted nor shall carry out the allotment of shares without contribution nor the allotment of share option without contribution.</u></p> <p><u>10. Priority</u></p> <p><u>(1) Priority for Dividend of Surplus</u></p> <p><u>For the payment priority for the Class A Preferred Dividends, the Amount of Class A Accumulated Unpaid Dividends, the Class B Preferred Dividends, the Amount of Class B Accumulated Unpaid Dividends, the Class C Preferred Dividends, the Amount of Class C Accumulated Unpaid Dividends and dividends of surplus in respect of common shares, the Amount of Class A Accumulated Unpaid Dividends, the Amount of Class B Accumulated Unpaid Dividends and the Amount of Class C Accumulated Unpaid Dividends shall be first, Class A Preferred Dividends, Class B Preferred Dividends and Class C Preferred Dividends shall be second, and dividends of surplus in respect of common shares shall be third.</u></p> <p><u>(2) Priority for Distribution of Residual Assets</u></p> <p><u>For the payment priority for distributions of residual assets in respect of Class A Shares, Class B Shares, Class C Shares and common shares, the distribution of residual assets in respect of Class A Shares, Class B Shares, and Class C Shares shall be first, and the distribution of residual assets in respect of common shares shall be second.</u></p> <p><u>(3) Handling of Any Dividends or Distributions in Certain Priority below Total Amount</u></p> <p><u>If the amount at which the Company divides surplus or distributes residual assets does not reach the total amount necessary to divide surplus or distribute residual assets in a certain priority, surplus or residual assets shall be divided or distributed by a pro rata method based on the amount necessary to make the dividend of surplus or distribution of residual assets in the priority.</u></p> <p><u>11. Period of Exclusion</u></p> <p><u>The Provision of Article 46 shall apply mutatis mutandis to the payment of the Class C Preferred Dividends.</u></p>
Article 8. Number of Shares in One Unit of Shares	Article 8. Number of Shares in One Unit of Shares The number of shares in one (1) unit of shares of the Company shall be <u>one</u>

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<p>The number of shares in one (1) unit of shares of the Company shall be <u>one thousand (1,000) shares.</u></p> <p>Chapter 3. General Meeting of Shareholders</p> <p>(New Clause)</p>	<p><u>thousand (1,000) shares for common shares and one (1) share for Class A Shares, Class B Shares and Class C Shares.</u></p> <p>Chapter 3. General Meeting of Shareholders</p> <p><u>Article 19-2 General Meeting of Class Shareholders</u></p> <ol style="list-style-type: none"> <li data-bbox="644 479 1385 562">1. <u>The provision of Article 14 shall apply mutatis mutandis to the General Meeting of Class Shareholders held on the same day as the Ordinary General Meeting of Shareholders.</u> <li data-bbox="644 568 1385 629">2. <u>The provisions of Articles 15, 16, 17, and 19 shall apply mutatis mutandis to the General Meeting of Class Shareholders.</u> <li data-bbox="644 636 1385 797">3. <u>The provision of Article 18.1 shall apply mutatis mutandis to resolutions of the General Meetings of Class Shareholders pursuant to the provision of Article 324, Paragraph 1 of the Companies Act and the provision of Article 18.2 shall apply to resolutions of the General Meetings of Class Shareholders pursuant to the provision of Article 324, Paragraph 2 of the Companies Act respectively.</u>

Proposal No. 4: Issuance of Class A Shares by Third-party Allotment

1. Reasons for Issuance of Class Shares by Third-Party Allotment

(1) Reason for selecting the Planned Allottee

As described in the “1. Reason for Proposal” in the Proposal No. 3 “Partial Amendments to the Articles of Incorporation” regarding the polysilicon business at Tokuyama Malaysia Sdn. Bhd., due to the failure to ensure the stabilization of the quality and production of the semiconductor-grade products and a worsening business environment caused by a slump in the polysilicon market for solar-grade products, as a result of considering investment collectability, the Company posted extraordinary losses of 88.4 billion yen and 125.7 billion yen in its consolidated financial results for the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016, respectively. As a result, consolidated net assets plummeted to 60.2 billion yen (fiscal year ended March 31, 2016) from 236.4 billion yen (fiscal year ended March 31, 2014).

Although this erosion of capital is unlikely to affect the Company’s management immediately, the Company investigated and reviewed multiple investors as a candidate to accept a third-party allotment, who could contribute the funds required to reinforce the Company’s capital and business expansion in the light of the need to turn around this financial conditions at an early stage and cement the competitive edge in our main operations for the future. Among the small number of allottee candidates, we have decided to issue Class A shares to Japan Industrial Solutions Fund I, which can contribute the funds required to increase the capital of the Company, has solid experience of investing in Japan, and has agreed to the management policy of the Company of improving corporate value in the medium and long term, as well as the purpose of offering Class A shares and its marketability.

The Company and the Planned Allottee have entered into the subscription agreement (hereinafter, the “Agreement”) on matters regarding contributions to the Company on May 12, 2016. A summary is below.

1) Matters the Company must comply with

The Company has given the Planned Allottee a pledge: (i) to make its best and reasonable efforts to achieve the Company’s business plan; (ii) to submit to the Company’s general meeting of shareholders an agenda and proposal to select a person designated by the Planned Allottee as an External Director of the Company, and make its best and reasonable efforts to have such proposal obtain approval, as far as the Planned Allottee holds more than a specified number of Class A shares and Class C shares; (iii) to establish a monitoring meeting regarding the Company’s business plan, etc. and decide the contents thereof through discussions with the Planned Allottee; (iv) to make specified reports on financial conditions. etc. to the Planned Allottee; (v) to obtain prior approval from the Planned Allottee in case the Company (and the Company’s consolidated subsidiaries for certain

matters) conducts specified matters (such as change the Articles of Incorporation, etc., issue shares, etc., acquire treasury shares, distribute dividend of surplus, dispose of specified important properties, carry out specified reorganization, make specified loans or guarantee, etc., launch bankruptcy disposition procedures, etc., or change the business plan, etc.), as far as the Planned Allottee holds more than a specified number of Class A shares and Class C shares; (vi) with the purpose of enabling a dividend of surplus regarding class shares and acquiring class shares in exchange for cash from the Planned Allottee, to endeavor to generate funds required for a dividend of surplus or the said acquisition and distributable amount as much as possible; and (vii) to discuss with the Planned Allottee a necessary review of the business plan in case the Company and consolidated subsidiaries of the Company breach either financial covenants or any other event resulting in default set forth in specified loan contracts, etc. or breach obligations provided in the Agreement, as the contracting parties.

2) Restriction on exercising put option

The Planned Allottee is not entitled to exercise put options, the consideration for which is cash and Class B shares, attached to Class A shares and Class C share, unless any of the following occur; (i) if the Company and consolidated subsidiaries of the Company breach either financial covenants or any other event of defaults (except minor breaches), set forth in certain loan contracts, etc., as the contracting parties, and the said breach is not remedied within a certain period, (hereinafter, the “Conversion Restriction Removal Reason (i)”), (ii) the Company fails to fulfill its obligations under the Agreement or breaches representations and warranties (except minor breaches) (hereinafter, the “Conversion Restriction Removal Reason (ii)”), or (iii) the Company’s distributable amount, as provided in Article 461, Paragraph 2 of the Companies Act, as of the end of the fiscal year, falls below the amount calculated by multiplying the total numbers of Class A shares and Class C shares, which have been issued (except treasury shares for each share), by 1,050,000 yen, on the day the Company’s Board of Directors approves the financial statements for the latest fiscal year of the fiscal years ending on and after March 31, 2017 (hereinafter, the “Conversion Restriction Removal Reason (iii),” and Conversion Restriction Removal Reason (i) through (iii) shall be collectively referred to as the “Conversion Restriction Removal Reasons”), and is not entitled to exercise put options, the consideration for which is common shares, attached to Class A shares and Class C shares unless both of either Conversion Restriction Removal Reason (i) or (ii) and Conversion Restriction Removal Reason (iii) occur, from the payment date until June 30, 2019.

In addition, prior to June 30, 2019, if the date of the request for acquisition of the consideration related to the above put options and the consideration redemption (acquisition) date regarding call options are the same, the call options will have priority.

Furthermore, the Planned Allottee is entitled to exercise put options, the consideration for which is common shares, attached to Class A shares and Class C shares, only if Conversion Restriction Removal Reason (iii) occurs, even after July 1, 2019.

3) Restrictions on transfer, etc.

The Planned Allottee, without prior approval in writing from the Company, cannot transfer Class A shares, Class B shares, and Class C shares, owned by the Planned Allottee. In addition, if the Planned Allottee, with prior approval in writing from the Company, transfers Class A shares, Class B shares, and Class C shares that the Planned Allottee owns, the Planned Allottee is required to ensure that the said purchaser of the shares pledges to comply with the obligations of the Planned Allottee provided in the Agreement.

4) Conditions precedent to the payment obligation

The conditions precedent for the Planned Allottee's obligation to pay for the Class A shares are the case in which the Ordinary General Meeting of Shareholders approves the Amendments to the Articles of Incorporation, Capital Increase by Third-Party Allotment, Reduction of Capital Stock, etc., Appropriation of Surplus, election of one (1) person named by the Planned Allottee as External Director of the Company, and others.

(2) Calculation ground for amount to be paid in and its specific contents

In determining the issuing conditions of Class A shares, the Company requested that PLUTUS CONSULTING Co., Ltd. (hereinafter, "PLUTUS CONSULTING"), which is a third party valuation organ independent of the Company, calculate the value of Class A shares to ensure fairness, and obtained a calculation report for Class A shares (hereinafter, the "Calculation Report") from PLUTUS CONSULTING. Under certain assumptions (dividend rate of the Class A shares, put options, the consideration for which is common shares, put options, the consideration for which is cash and Class B shares, call options, the consideration for which is cash, call options, the consideration for which is cash and Class C shares, the Company's share price and its volatility, credit spreads, etc.), PLUTUS CONSULTING has calculated the fair value of the Class A shares using the Monte Carlo Simulation, which is a general calculation model for valuing share options. The Calculation Report states that the price per Class A share is 1,013,000 yen.

Details of the results of the calculation for Class A shares are as follows.

- (i) The valuation of Class A shares is 1,013,000 yen per share.
- (ii) Main issuing conditions considering the valuation of Class A shares

Description	Numerical value	Overview of numerical value adopted
Number of shares to be issued	20,000 shares	As per the terms and conditions of the Class A

Description	Numerical value	Overview of numerical value adopted
		share issuance
Total issue value	20,000 million yen	As per the terms and conditions of the Class A share issuance
Issue value	1,000,000 yen	As per the terms and conditions of the Class A share issuance
Preferred dividends	5.0 to 6.5 %	As per the terms and conditions of the Class A share issuance
Put options, the consideration for which is cash and Class B shares	–	As per the terms and conditions of the Class A share issuance
Put options, the consideration for which is common shares	–	As per the terms and conditions of the Class A share issuance
Call options, the consideration for which is cash	–	As per the terms and conditions of the Class A share issuance
Call options, the consideration for which is cash and Class C shares	–	As per the terms and conditions of the Class A share issuance

* Regarding put options, the consideration for which is common shares, and call options, the consideration for which is cash and Class C shares, it is not possible to objectively evaluate the probability of exercising these options while satisfying certain conditions. Therefore, the evaluation is made assuming that these options are not exercised.

(iii) Overview of numerical values adopted

Description	Numerical value	Overview of numerical value adopted
Class A initial conversion price	174.8 yen per share	As per the terms and conditions of the Class A share issuance
Class B initial conversion price	174.8 yen per share	As per the contents of the Class B shares
Class C initial conversion price	174.8 yen per share	As per the contents of the Class C shares
Duration until maturity	5.4 years	Duration in consideration of presumable premises of behavior of parties concerned
Share price	171 yen per share	Closing price at the TSE on the valuation record day
Share price volatility	48.17 %	Calculated by seeing share information in the most recent period that corresponds to the period up to maturity, on a weekly basis

Description	Numerical value	Overview of numerical value adopted
Dividend yield	0 %	Calculated based on the most recent dividend of common shares
Risk free rate	-0.242 %	Used the distribution yield rate of medium-term Japanese government bonds that corresponds to the period up to maturity

(iv) Valuation model used

Description	Numerical value	Overview of numerical values adopted
Action by the Company	—	Preferred dividends for each class shares is assumed to be paid in each term. If the Company receives a request for acquisition, the consideration for which is cash and Class B shares, from the allottee, the Company will accept such request. It is assumed that, in a situation where the allottee retains Class B shares, if the conversion price to common shares exceeds the upper limit, the Company will exercise call options and acquire all residual Class B shares. In addition, for certain reasons, which are the conditions for conversion to Class C shares, it is not possible to objectively evaluate the probability of occurrence. Therefore, it is assumed that call options, the consideration for which is cash and Class C shares, will not be exercised.
Action by the Planned Allottee	—	It is assumed that the allottee will exercise put options, the consideration for which is cash and Class B shares, appropriately in view of the fund continuance period after the issuance of Class A shares. The evaluation is made on the assumption that in case the share price of the Class B shares acquired is higher than the conversion price to common shares, such class shares will be converted to common shares, as needed, by 10% of the average trading volume and sold in the market, and in case Class B shares remain at the end of the fund continuance period, all of such residual Class B shares will be sold to any third party at the price to which a specified discount is applied.
Calculation method used	—	Monte Carlo Simulation, which is a general calculation model for valuing share options

The Company determined that the Capital Increase by Third-Party Allotment would not be deemed to be a favorable issuance by comprehensively considering the above valuation results in the Calculation Report of PLUTUS CONSULTING, which is a third

party evaluation organ independent of the Company, and considering that the issuing conditions for Class A shares was decided through consultations and negotiations with the Planned Allottee, taking into account the Company's business environment and financial condition.

- (3) Grounds on which the Company determined that the amounts to be issued and the size of the share dilution is reasonable

The Company is financing a total of 20,000,000,000 yen by issuing 20,000 shares of Class A shares. Considering that the purpose of issuing the Class A shares and the usage of funds, as mentioned above, are reasonable, the Company has determined that the amounts of class shares to be issued are also reasonable.

Although the Class A shares do not have voting rights at general meetings of shareholders, a dilution impact might affect existing shareholders due to the exercise of put options, the consideration for which is common shares, attached to Class A shares, or the exercise of put options, the consideration for which is common shares, attached to Class B shares, that will be distributed by the exercise of the put option, the consideration for which is cash and Class B shares, attached to Class A shares. If put options, the consideration for which is common shares, are assumed to be exercised at the lower limit of the acquisition price (139.8 yen) regarding all Class A shares, common shares with a maximum of 143,061 voting rights will be distributed under a situation where a Class A accumulated unpaid dividends (as defined in Article 6-2, Paragraph 2, Item (4) of the Proposal No. 3 "Partial Amendments to the Articles of Incorporation") and Class A daily prorated unpaid dividends (as defined in Article 6-2, Paragraph 3, Item.(1) of the Proposal No. 3 "Partial Amendments to the Articles of Incorporation") do not exist. This means that the ratio to the total amount of 346,371 voting rights related to the Company's issued common shares based on the shareholders' register as of March 31, 2016 will be approximately 41.3%. In the case that put options, the consideration for which is cash and Class B shares, attached to all Class A shares are exercised at the time as most Class B shares are distributed (that is, the said put options are exercised after July 1, 2020.) , if all put options, the consideration for which is common shares attached to all Class B shares, to be distributed by the exercise of the above options are exercised at the lower limit of the acquisition price (139.8 yen), common shares with a maximum of 31,473 voting rights will be distributed under a situation where a Class B accumulated unpaid dividends (as defined in Article 6-3, Paragraph 2, Item (4) of the Proposal No. 3 "Partial Amendments to the Articles of Incorporation") and Class B daily prorated unpaid dividends (as defined in Article 6-3, Paragraph 3, Item (1) of the Proposal No. 3 "Partial Amendments to the Articles of Incorporation") do not exist. This means that the ratio to the total amount of 346,371 voting rights related to the Company's issued common shares based on the shareholders' register as of March 31, 2016, will be approximately 9.1%. Accordingly, the dilution will be smaller than the

maximum dilution caused by the exercise of put options, the consideration for which is common shares, attached to all Class A shares.

Although call options, the consideration for which is cash and Class C shares, are attached to Class A shares, the contents of put options, the consideration for which is cash and Class B shares, attached to Class C shares and put options, the consideration for which is common shares, attached to Class C shares are, in principle, the same as those of put options, the consideration for which is cash and Class B shares, attached to Class A shares and put options, the consideration for which is common shares attached to Class A shares. Therefore, in respect of all Class C shares that will be distributed as a result of all Class A shares being acquired, based on call options, the consideration for which is cash and Class C shares, (i) if put options, the consideration for which is cash and Class B shares, are exercised, thereby distributing Class B shares, and then put options, the consideration for which is common shares, of all the above Class B shares are exercised; and (ii) if put options, the consideration for which is common shares, are exercised, the maximum dilution rate of each case will be the same as the above.

Although share dilution may occur if the common shares of the Company are distributed by exercising the put options of Class A shares, Class B shares, or Class C shares, (i) an increase in shareholder's equity through the Capital Increase by Third-Party Allotment contributes to the stability of financial position; (ii) as it has been agreed in the Agreement that unless Conversion Restriction Removal Reasons occur, the Planned Allottee will not exercise put options until July 1, 2019, three years after the payment date, thereby avoiding early dilution of common shares and securing time to enhance corporate value through the reconstruction of business strategies; (iii) even on and after July 1, 2019, put options, the consideration for which is common shares, that can cause a greater dilution cannot be exercised if the Company has a certain distributable amount on the last day of each fiscal year; (iv) Class A shares, Class B shares, and Class C shares are attached with call options, the consideration for which is cash, that the Company is entitled to exercise any time after the issuance date. The Company can make its own judgment on resorting to mandatory redemption of Class A shares, Class B shares, and Class C shares, thereby preventing the exercise of put options, the consideration for which is common shares, or put options, the consideration for which is cash and Class B shares. Thus, this scheme is designed to avoid dilution (furthermore, regarding the period prior to June 30, 2019, if the dates of the request for the acquisition of the consideration related to the put options, the consideration for which is common shares, and put options, the consideration for which is cash and Class B shares, and the cash consideration redemption date related to call options, the consideration for which is cash, are the same, call options, the consideration for which is cash, have priority); and (v) in order to further reduce the impact of dilution on existing shareholders, measures have been taken, such as setting the lower limit of the revised acquisition price of any put options, the consideration for which is common shares, attached to

Class A shares, Class B shares, and Class C shares. From these perspectives, the Company has concluded that the size of the dilution caused by the issuance of Class A shares is also reasonable.

The Company is scheduled to make a redemption in cash for the entire amount, in order to eliminate the possibility of dilution as much as possible. The Company will appropriate procured funds to invest in growth and build a sound financial position through increased profits. Call options, the consideration for which is cash and Class C shares, are attached to Class A shares. The Company is entitled to acquire all Class A shares, based on call options, the consideration for which is cash and Class C shares, in case the Company's distributable amount, as provided in Article 461, Paragraph 2 of the Companies Act, as of the end of the fiscal year, exceeds the amount calculated by multiplying the number of issued Class A shares (excluding treasury shares) by 1,000,000 yen, and then adding 40.0 billion yen to that product, on the day the Company's Board of Directors approves the financial statements for the latest fiscal year of the fiscal years ending on and after March 31, 2018. The Company believes that it will be able to ensure the aforementioned distributable amount early by implementing the medium-term management plan, and is scheduled to make cash redemption flexibly in the light of its improved financial condition.

(4) Reason for submission to this Ordinary General Meeting of Shareholders

As described in the "(2) Calculation ground for the amount to be paid in and its specific contents" above, the Company has determined that the Capital Increase by Third-Party Allotment would not be deemed to be a favorable issuance. However, because there are no objective market prices for Class A shares, the valuation of class shares is very advanced and complex, and various ways of thinking are possible with regard to the valuation of class shares, the possibility that the paid-in amount for Class A shares under the Companies Act might be favorable for the Planned Allottee in particular cannot totally be denied. Therefore, considering that it is appropriate to confirm the intentions of shareholders, the Company requests approval of the issuance of Class A shares by a special resolution of the Ordinary General Meeting of Shareholders for prudence.

The issuance of Class A shares in accordance with this Proposal is conditional upon the approval of the Proposal No. 3 "Partial Amendments to the Articles of Incorporation" and this Proposal as originally proposed.

2. Content of Matters for the Offering

(1) Class of shares for the offering

Class A shares

(2) Number of shares for the offering

20,000 shares

(3) Paid-in amount of shares for the offering

1,000,000 yen per share

(4) Amounts of capital stock and legal capital surplus to be increased

Capital stock 10,000,000,000 yen (500,000 yen per share)

Legal capital surplus 10,000,000,000 yen (500,000 yen per share)

(5) Total paid-in amount

20,000,000,000 yen

(6) Payment date

June 27, 2016

(7) Method of issuance

Through the method of a third-party allotment, 20,000 shares shall be allotted to Japan Industrial Solutions Fund I.

(8) Contents of Class A shares

For contents of Class A shares, please refer to the Proposal No. 3 “Partial Amendments to the Articles of Incorporation.”

Proposal No. 5: Election of Nine (9) Directors

The terms of office of all eight (8) Directors will expire at the close of this General Meeting of Shareholders.

Accordingly, we request the election of nine (9) Directors, including one (1) External Director, who is additionally nominated by Japan Industrial Solutions Fund I, which has concluded a subscription agreement for Class A shares under Proposal No. 4.

The election of Mr. Hiroshi Akao shall take effect on June 27, 2016, the payment date for Class A shares, conditional upon the issuance of Class A shares concerning the Proposal No. 4 taking effect.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
1	<p><u>Reelected</u></p> <p>Masao Kusunoki (January 3, 1948)</p> <p>Number of Company Shares Owned: 54,000 shares</p> <p>Tenure as Director: 11 years in total</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2016: 16/16 (100%)</p>	April 1970	Joined the Company
		December 1995	General Manager, Chemicals Sales Dept. 1
		June 1997	General Manager, Chemicals Sales Dept.
		June 2000	Deputy Executive Officer, Deputy General Manager, Cement Business Div.
		June 2001	Director, Deputy General Manager, Cement Business Div.
		April 2002	Director, General Manager, Cement Business Div.
		April 2003	Managing Director, General Manager, Cement Business Div.
		April 2011	Managing Director, Supervision of Cement Business Div., Supervision of ESS Project Dept.
		June 2011	Executive Officer Corporate Advisor President, EXCEL SHANON CORPORATION
		April 2015	Executive Officer
June 2015	Representative Director, Chairman and Executive Officer (To present)		
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Masao Kusunoki supervises the management as Representative Director. At the Company, after serving as head of Chemicals Business Division and Cement Business Division, he retired as Director in 2011, and rehabilitated the management of a subsidiary. Deemed an appropriate person in an unprecedented difficult time for the Company, he returned as Director in 2015. We again propose his election as Director.</p>			

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
2	<p><u>Reelected</u></p> <p>Hiroshi Yokota (October 12, 1961)</p> <p>Number of Company Shares Owned: 22,000 shares</p> <p>Tenure as Director: 1 year</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2016: 16/16 (100%)</p>	<p>April 1985</p> <p>April 2008</p> <p>January 2010</p> <p>April 2014</p> <p>March 2015</p> <p>June 2015</p>	<p>Joined the Company</p> <p>General Manager, Fine Chemicals Sales Dept.</p> <p>General Manager, Silica & Derivatives Sales Dept.</p> <p>Executive Officer, General Manager, Specialty Products Business Div.</p> <p>President and Executive Officer</p> <p>Representative Director, President and Executive Officer (To present)</p>
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Hiroshi Yokota supervises the management as Representative Director. At the Company, he has not only extensive sales experience in wide-ranging areas, including chemicals, fine chemicals, and silica & derivatives, but also has experience in personnel and labor issues, as well as information systems. Moreover, he has served as General Manager of the Specialty Products Business Division since 2014. Deemed an appropriate person who can lead the management in an unprecedented difficult time for the Company, by showing strong leadership with a sound business perspective, we again propose his election as Director.</p>			

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
3	<p data-bbox="296 712 395 741">Reelected</p> <p data-bbox="296 763 491 824">Takeshi Nakahara (December 4, 1955)</p> <p data-bbox="296 853 576 936">Number of Company Shares Owned: 17,000 shares</p> <p data-bbox="296 965 483 1025">Tenure as Director: 2 years</p> <p data-bbox="296 1048 587 1182">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2016: 19/19 (100%)</p>	April 1980	Joined the Company
		April 2004	Senior Chief, temporary transferred to FIGARO Engineering Inc., Managing Director, General Manager, Manufacturing Dept., General Manager, Corporate Planning Div.
		June 2006	Senior Chief of the Company, temporary transferred to FIGARO Engineering Inc., President
		April 2010	General Manager, Corporate Planning Dept.
		April 2011	Executive Officer, General Manager, Corporate Planning Dept., General Manager, ESS Project Dept.
		April 2013	Executive Officer, General Manager, Corporate Planning Div.
		January 2014	Executive Officer, General Manager, Corporate Planning Div., General Manager, Corporate Communications & Investor Relations Dept.
		April 2014	Managing Executive Officer, General Manager, Corporate Planning Div.
		June 2014	Director, Supervision of Corporate Planning Div., Managing Executive Officer, General Manager, Corporate Planning Div.
		April 2015	<p data-bbox="762 902 1383 963">Director, Supervision of MOT Div., and Kashima Factory</p> <p data-bbox="762 963 1383 1126">Managing Executive Officer, General Manager, MOT Div., General Manager, Management of Technology Planning Dept., General Manager, Research & Development Dept., General Manager, Tsukuba Research Lab.</p>
June 2015	<p data-bbox="762 1126 1383 1305">Director, In charge of MOT Div., and Kashima Factory, Managing Executive Officer, General Manager, Research & Development Div., General Manager, Management of Technology Planning Dept., Corporate Development Dept., General Manager, Tsukuba Research Lab.</p>		
August 2015	<p data-bbox="762 1305 1383 1366">Director, In charge of Research & Development and Kashima Factory</p> <p data-bbox="762 1366 1383 1440">Managing Executive Officer, General Manager, Research & Development Div.</p>		
April 2016	<p data-bbox="762 1440 1383 1500">Director, In charge of Research & Development and Kashima Factory</p> <p data-bbox="762 1500 1383 1594">Managing Executive Officer, General Manager, Research & Development Div., General Manager, Research & Development Dept. (To present)</p>		
<p data-bbox="296 1594 775 1624">Reasons for nomination as candidate for Director</p> <p data-bbox="296 1624 1383 1762">Mr. Takeshi Nakahara supervises the management as Director, mainly in the research & development field. At the Company, he has experience in management, research & development, management of a subsidiary, and the Corporate Planning Division. As Managing Executive Officer, he is currently General Manager of the MOT Division. Deemed a person who can re-establish business development for the future even in the current difficult conditions, we again propose his election as Director.</p>			

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
4	<p data-bbox="292 360 395 394"><u>Reelected</u></p> <p data-bbox="292 412 448 479">Hideki Adachi (May 24, 1955)</p> <p data-bbox="292 506 576 589">Number of Company Shares Owned: 13,000 shares</p> <p data-bbox="292 616 485 674">Tenure as Director: 1 year</p> <p data-bbox="292 701 587 837">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2016: 16/16 (100%)</p>	<p data-bbox="611 293 724 322">April 1981</p> <p data-bbox="611 331 724 360">April 2007</p> <p data-bbox="611 369 724 398">April 2011</p> <p data-bbox="611 432 724 461">April 2012</p> <p data-bbox="611 517 724 546">April 2013</p> <p data-bbox="611 555 724 584">April 2015</p> <p data-bbox="611 618 724 647">June 2015</p> <p data-bbox="611 748 724 777">April 2016</p>	<p data-bbox="815 293 1023 322">Joined the Company</p> <p data-bbox="815 331 1283 360">General Manager, Cement Manufacturing Dept.</p> <p data-bbox="815 369 1347 427">Deputy General Manager, Tokuyama Factory, General Manager, Cement Manufacturing Dept.</p> <p data-bbox="815 436 1369 519">Executive Officer, Deputy General Manager, Cement Business Div., General Manager, Cement Manufacturing Dept.</p> <p data-bbox="815 528 1362 557">Executive Officer, General Manager, Tokuyama Factory</p> <p data-bbox="815 566 1283 624">Managing Executive Officer, General Manager, Tokuyama Factory</p> <p data-bbox="815 633 1257 692">Director, In charge of Tokuyama Factory and Manufacturing Technology</p> <p data-bbox="815 701 1283 759">Managing Executive Officer, General Manager, Tokuyama Factory</p> <p data-bbox="815 768 1257 826">Director, In charge of Tokuyama Factory and Manufacturing Technology</p> <p data-bbox="815 835 1337 896">Managing Executive Officer, General Manager, Tokuyama Factory, General Manager, Manufacturing Technology Div. (To present)</p>
<p data-bbox="292 904 775 934">Reasons for nomination as candidate for Director</p> <p data-bbox="292 936 1375 1099">Mr. Hideki Adachi supervises the management as Director, mainly in the manufacturing and technology fields. At the Company, after engaging in the development of cement building materials, he has had long experience in the Cement Manufacturing Department, and is currently serving as General Manager of the Tokuyama Factory, our main production base. We request his reelection as a Director, since he is a right person to work on safety and disaster management of the Tokuyama Factory as well as to increase competitiveness of the entire plant from a broad standpoint.</p>			

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
5	<p data-bbox="296 443 395 477"><u>Reelected</u></p> <p data-bbox="296 495 483 562">Akihiro Hamada (October 31, 1955)</p> <p data-bbox="296 589 576 667">Number of Company Shares Owned: 13,000 shares</p> <p data-bbox="296 696 483 752">Tenure as Director: 1 year</p> <p data-bbox="296 781 587 916">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2016: 16/16 (100%)</p>	April 1980	Joined the Company
		April 2005	General Manager, Finance Dept.
		October 2007	Senior Chief, Management Support Center
		April 2010	General Manager, Management Support Center
		October 2011	Deputy General Manager, Corporate Administration Div., General Manager, Management Support Center
		April 2012	Executive Officer, Deputy General Manager, Corporate Administration Div., General Manager, Management Support Center
		April 2014	Executive Officer, General Manager, Corporate Administration Div., General Manager, Management Support Center
		December 2014	Executive Officer, General Manager, Corporate Administration Div.
		April 2015	Managing Executive Officer, General Manager, Corporate Administration Div.
		June 2015	Director, In charge of Corporate Administration and Corporate Social Responsibility Div.
April 2016	Managing Executive Officer, General Manager, Corporate Administration Div.		
April 2016	Director, In charge of Finance, Procurement & Logistics and Corporate Social Responsibility Div.		
	Managing Executive Officer, General Manager, Corporate Administration Div. (To present)		
<p data-bbox="296 1070 774 1104">Reasons for nomination as candidate for Director</p> <p data-bbox="296 1104 1366 1234">Mr. Akihiro Hamada supervises the management as Director, mainly in the finance and accounting fields. At the Company, after being engaged in the cement business and personnel affairs, he specialized in finance, and is currently General Manager of the Corporate Administration Division. Deemed an appropriate person who will respond to the Company's urgent task of reestablishing its financial base, we again propose his election as Director.</p>			

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
6	<p data-bbox="296 344 395 371"><u>Reelected</u></p> <p data-bbox="296 383 517 439">Candidate for External Director</p> <p data-bbox="296 499 507 562">Akio Fujiwara (September 16, 1944)</p> <p data-bbox="296 591 576 674">Number of Company Shares Owned: 14,000 shares</p> <p data-bbox="296 701 485 757">Tenure as Director: 5 years</p> <p data-bbox="296 786 587 920">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2016: 19/19 (100%)</p>	<p data-bbox="616 297 724 324">April 1967</p> <p data-bbox="616 333 724 360">April 1986</p> <p data-bbox="616 369 724 396">June 1993</p> <p data-bbox="616 432 772 459">December 1996</p> <p data-bbox="616 495 724 521">June 1999</p> <p data-bbox="616 530 746 557">January 2002</p> <p data-bbox="616 566 724 593">June 2003</p> <p data-bbox="616 602 724 629">April 2004</p> <p data-bbox="616 638 751 665">October 2004</p> <p data-bbox="616 701 724 728">June 2005</p> <p data-bbox="616 736 751 763">October 2005</p> <p data-bbox="616 799 724 826">April 2007</p> <p data-bbox="616 835 724 862">June 2008</p> <p data-bbox="616 898 724 925">June 2011</p>	<p data-bbox="818 297 1102 324">Joined The Sanwa Bank, Ltd.</p> <p data-bbox="818 333 1198 360">General Manager, Nishinomiya Branch</p> <p data-bbox="818 369 1305 425">Director, General Manager, Executive Secretariat, Secretary</p> <p data-bbox="818 432 1321 488">Managing Director, Deputy Chief Executive, Tokyo Branch Banking Div.</p> <p data-bbox="818 495 1315 521">Representative Director, Senior Managing Director</p> <p data-bbox="818 530 1034 557">Adviser, Ufit Co., Ltd</p> <p data-bbox="818 566 1150 593">President, Representative Director</p> <p data-bbox="818 602 1315 629">President, Representative Director, UFJIS Co., Ltd.</p> <p data-bbox="818 638 1331 694">Executive Vice President, Executive Officer, Nippon Shinpan Co., Ltd.</p> <p data-bbox="818 701 1283 728">Chairman of the Board, Representative Director</p> <p data-bbox="818 736 1337 792">Chairman of the Board, Representative Director, UFJ NICOS Co., Ltd.</p> <p data-bbox="818 799 1289 855">Chairman of the Board, Representative Director, Mitsubishi UFJ NICOS Co., Ltd.</p> <p data-bbox="818 862 1362 918">Senior Advisor, Mitsubishi UFJ NICOS Co., Ltd., Audit & Supervisory Board Member</p> <p data-bbox="818 925 1023 952">Director (To present)</p>
<p data-bbox="296 969 863 996">Reasons for nomination as candidate for External Director</p> <p data-bbox="296 996 1358 1128">With his extensive experience as a manager in the financial industry and excellent knowledge of finance and accounting, Mr. Akio Fujiwara appropriately supervises the management as External Director. At meetings of the Board of Directors and the Human Resources Committee, where appointments and remuneration of Directors are discussed, he actively expresses his opinions to improve the transparency and fairness of management. Accordingly, we again propose his election as External Director.</p>			

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
7	<p><u>Reelected</u> Candidate for External Director</p> <p>Takeru Ishibashi (September 29, 1941)</p> <p>Number of Company Shares Owned: 10,000 shares</p> <p>Tenure as Director: 3 years</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2016: 19/19 (100%)</p>	<p>April 1964</p> <p>July 1990</p> <p>July 1994</p> <p>June 1997</p> <p>April 2001</p> <p>June 2001</p> <p>April 2004</p> <p>June 2007</p> <p>June 2011</p> <p>June 2013</p>	<p>Joined Mitsubishi Corporation</p> <p>General Manager, Chlor-alkali Division</p> <p>Special Adviser</p> <p>Member of the Board</p> <p>Managing Director</p> <p>Executive Vice President</p> <p>Senior Executive Vice President</p> <p>Corporate Adviser</p> <p>Audit & Supervisory Board Member</p> <p>Director (To present)</p>
	<p>Reasons for nomination as candidate for External Director</p> <p>With his extensive experience as a manager with excellent knowledge of corporate management, Mr. Takeru Ishibashi appropriately supervises the management as External Director of the Company. At meetings of the Board of Directors and the Human Resources Committee, where appointments and remuneration of Directors are discussed, he actively expresses his opinions to improve the transparency and fairness of management. Accordingly, we again propose his election as External Director.</p>		
8	<p><u>Reelected</u> Candidate for External Director</p> <p>Toshihide Mizuno (April 19, 1950)</p> <p>Number of Company Shares Owned: 1,000 shares</p> <p>Tenure as Director: 1 year</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2016: 16/16 (100%)</p>	<p>April 1973</p> <p>February 1997</p> <p>May 2000</p> <p>January 2002</p> <p>May 2002</p> <p>May 2004</p> <p>October 2005</p> <p>June 2009</p> <p>June 2013</p> <p>June 2015</p> <p>(Principal Concurrent Positions)</p> <p>President, Sanshin Co. Ltd.</p>	<p>Joined The Sanwa Bank Ltd.</p> <p>General Manager, Funding Dept.</p> <p>Executive Officer</p> <p>Executive Officer, UFJ Bank Ltd.</p> <p>Senior Executive Officer, UFJ Holdings Inc.</p> <p>Director and Senior Executive Officer, UFJ Holdings, Inc., Director, UFJ Trust Bank Ltd., Director and Senior Executive Officer, UFJ Bank Ltd.</p> <p>Senior Managing Director, Mitsubishi UFJ Financial Group, Inc., Director, Mitsubishi UFJ Trust and Banking Corporation</p> <p>President, Mitsubishi UFJ Research & Consulting Co., Ltd.</p> <p>President, Sanshin Co. Ltd. (To present)</p> <p>Director, the Company (To present)</p>
	<p>Reasons for nomination as candidate for External Director</p> <p>With his extensive experience as a manager in the financial industry and excellent knowledge in finance and accounting, Mr. Toshihide Mizuno appropriately supervises the management as External Director of the Company. At meetings of the Board of Directors, he actively expresses his opinions to improve the transparency of management. Accordingly, we again propose his election as External Director.</p>		

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
9	<p><u>New candidate</u> Candidate for External Director</p> <p>Hiroshi Akao (June 22, 1961)</p> <p>Number of Company Shares Owned: 0 shares</p>	April 1984	Joined The Mitsubishi Bank, Ltd.
		November 2003	Deputy General Manager (Special Assignment), European Operations and Systems Office, Headquarters for Europe
		January 2005	Senior Vice President & Group Head, Group No.1, Credit Division for the Americas, Headquarters for the Americas
		May 2007	Senior Vice President & Group Head, Planning Group, Corporate Governance Division for the U.S., Mitsubishi UFJ Financial Group, Inc.
		April 2009	General Manager, Fund Investment Office, Structured Finance Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
		November 2010	Representative Director and Deputy CEO, Japan Industrial Solutions Co., Ltd.
		May 2013	Member of the Board, Japan Industrial Solutions Co., Ltd. (To present)
		(Principal Concurrent Positions) Member of the Board, Japan Industrial Solutions Co., Ltd. Outside Director, JEOL Ltd.	
	Reasons for nomination as candidate for External Director With his extensive track record, experience, and knowledge, Mr. Hiroshi Akao has supervised the execution of business at other company as outside director. As a person who can judge the appropriateness of decision-making by the Board of Directors, we newly propose his election as External Director at this time.		

Notes:

1. The four (4) candidates, Mr. Akio Fujiwara, Mr. Takeru Ishibashi, Mr. Toshihide Mizuno, and Mr. Hiroshi Akao are candidates for External Directors.
2. There are no special interests between the eight (8) candidates—Mr. Masao Kusunoki, Mr. Hiroshi Yokota, Mr. Takeshi Nakahara, Mr. Hideki Adachi, Mr. Akihiro Hamada, Mr. Akio Fujiwara, Mr. Takeru Ishibashi and Mr. Toshihide Mizuno—and the Company.
Mr. Hiroshi Akao is concurrently serving as Director of Japan Industrial Solutions Co., Ltd. Japan Industrial Solutions Fund I, for which the company is the General Partner, and the Company have concluded a subscription agreement for Class A shares.
3. The four (4) candidates, Mr. Akio Fujiwara, Mr. Takeru Ishibashi, Mr. Toshihide Mizuno and Mr. Hiroshi Akao are not planning to receive a large amount of money and other assets from the Company or a business with a specified relationship with the Company, nor have they received these in the past two years.
4. The four (4) candidates, Mr. Akio Fujiwara, Mr. Takeru Ishibashi, Mr. Toshihide Mizuno and Mr. Hiroshi Akao are not a spouse or relative within the third degree of consanguinity or of similar status of an executive or officer of the Company or a business with a specified relationship with the Company, or the like.
5. Mr. Akio Fujiwara is currently External Director of the Company, and at the close of this General Meeting of Shareholders, he will have served five years as External Director of the Company.

Mr. Takeru Ishibashi is currently External Director of the Company, and at the close of this General Meeting of Shareholders, he will have served three years as External Director of the Company.

Mr. Toshihide Mizuno is currently External Director of the Company, and at the close of this General Meeting of Shareholders, he will have served one year as External Director of the Company.

6. The Company has concluded agreements with Mr. Akio Fujiwara, Mr. Takeru Ishibashi, and Mr. Toshihide Mizuno pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act to limit the amount of their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act. Pursuant to these agreements, the amount of liability to damages shall be the minimum amount provided for by the laws and regulations. The Company will continue the said agreement if their election as External Directors is approved.

The Company will also conclude an agreement having similar contents with Mr. Hiroshi Akao if his election as External Director is approved and he assumes the office.

7. The Company has notified the TSE, that Mr. Akio Fujiwara, Mr. Takeru Ishibashi, and Mr. Toshihide Mizuno are independent directors in accordance with its Securities Listing Regulations. Even after being appointed as independent directors, they will continue to be notified as independent directors.

8. In addition to the Board of Directors meetings included in the attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2016, on June 15, 2015, there was one written resolution that is recognized as a resolution by the Board of Directors pursuant to Article 370 of the Companies Act and Article 27 of the Articles of Incorporation.

9. The five (5) candidates, Mr. Masao Kusunoki, Mr. Hiroshi Yokota, Mr. Hideki Adachi, Mr. Akihiro Hamada and Mr. Toshihide Mizuno were elected as Directors at 151st Ordinary General Meeting of Shareholders held at June 24, 2015. As a result, their record of attendance at meetings includes only the meetings that were held after June 24, 2015.

Proposal No. 6: Election of an Accounting Auditor

The accounting auditor, Yamaguchi Audit Corporation will resign at the close of this General Meeting of Shareholders due to the expiration of its term of office. Accordingly, we propose the election of Grant Thornton Taiyo LLC as a new accounting auditor, of which the Audit & Supervisory Board has previously given the approval.

The Audit & Supervisory Board recommends Grand Thornton Taiyo LLC, because it possesses professional competence, independence and appropriateness, expected for an accounting auditor of the Company, and maintains structure and systems sufficient to perform an accounting audit of the Company.

The candidate for an accounting auditor is as follows:

Name	Grant Thornton Taiyo LLC		
Address of Main Office	Akasaka Oji Bldg., 8-1-22 Akasaka, Minato-ku, Tokyo		
History	September 1971	Established Taiyo Audit Corporation	
	January 2006	Merged with ASG Audit Corporation and changed to Grant Thornton Taiyo ASG	
	July 2008	Changed the corporate form to limited liability company, Grant Thornton Taiyo ASG	
	July 2012	Merged with Eisho Audit Corporation	
	October 2013	Merged with Kasumigaseki Audit Corporation	
	October 2014	The English name changed to Grant Thornton Taiyo LLC	
Overview	Personnel	Senior partners/partners :	53
		Specified partners	2
		Certified public accountants:	183
		Passers of certified public accountant exam:	80
		Other professional staffs:	24
		Other staffs:	44
		<u>Total:</u>	386
	The number of audit companies:	501	

(As of March 31, 2016)