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Securities code: 4043
June 5, 2017

To Those Shareholders with Voting Rights

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

Notice of Convocation of the 153rd Ordinary General Meeting of Shareholders and General Meeting of Class Shareholders of Common Shares

You are cordially invited to attend the 153rd Ordinary General Meeting of Shareholders and General Meeting of Class Shareholders of Common Shares of the Company.

While we submit Share Consolidation as a proposal to this General Meeting of Shareholders, we have decided to hold a Meeting of Class Shareholders of Common Shares simultaneously to effect resolution on the said proposal pursuant with Article 322 of the Companies Act.

If you are unable to attend the meetings, 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 22, 2017.

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.evotep.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 by the voting deadline indicated above.

- 1. Date and time:** Friday, June 23, 2017, 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

3. Meeting agenda

Ordinary General Meeting of Shareholders

Matters to be reported:

1. Report on the Business Report, the Consolidated Financial Statements for the 153rd Fiscal Term (from April 1, 2016 to March 31, 2017) 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 153rd Fiscal Term (from April 1, 2016 to March 31, 2017)

Matters to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation (1)
- Proposal No. 3:** Partial Amendments to the Articles of Incorporation (2)
- Proposal No. 4:** Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal No. 5:** Election of Five (5) Directors who are Audit and Supervisory Committee Members
- Proposal No. 6:** Election of One (1) Substitute Director who is an Audit and Supervisory Committee Member
- Proposal No. 7:** Determination of Remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal No. 8:** Determination of Remuneration of Directors who are Audit and Supervisory Committee Members
- Proposal No. 9:** Share Consolidation

General Meeting of Class Shareholders of Common Shares

Matters to be resolved:

- Proposal:** Share Consolidation

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 153rd Ordinary General Meeting of Shareholders” are included in the enclosed “Report on the 153rd 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.
The Audit & Supervisory Board Member and the Accounting Auditor conducted audits on the Consolidated Financial Statements and Non-Consolidated Financial Statements when preparing the audit report and the financial audit report respectively. These statements also include, in addition to what is stated in the attached documents, matters requiring disclosure in “Notes to the Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements.”
 - * 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/>).

Reference Documents for the General Meeting of Shareholders

Ordinary General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company makes payment of cash dividends to shareholders, in principle on a continuous and stable basis, while taking into consideration changes in business performance and the medium-term business plan.

As to dividends of the fiscal term under review, the Company has determined that in view of impairment of net assets due to the recording of loss up until the previous fiscal term, it should give priority to restoration to the sound financial structure considering business risks. Regrettably, therefore, it proposes to suspend its dividends regarding common shares while, as to Class A Shares, it would like to pay dividends based on the prescribed calculation provided for at their issuance.

The Company will steadily conduct priority measures under the medium-term management plan, promote early stabilization of its financial base, build up stable earning power and make efforts to resume dividend payments to common shareholders at an early date.

Meanwhile, it will pay dividends of the Class A Shares by using funds from other retained earnings as follows.

1. Type of dividend property:

Dividends will be paid in cash.

2. Matters concerning the allocation of dividend property to shareholders and total amount thereof:

38,082.20 yen per Class A share of the Company

The total amount: 761,644,000 yen

3. Effective date of distribution of surplus

June 26, 2017

Proposal No. 2: Partial Amendments to the Articles of Incorporation (1)

1. Reasons for the Amendments

At the Meeting of the Board of Directors of the Company held on April 28, 2017, a resolution was passed to acquire and cancel all Class A Shares (total amount of issue is 20 billion yen) issued by the Company in accordance with the provision of Article 6-2, Paragraph 5 of its Articles of Incorporation (Call Options, Consideration for Which Is Cash) on June 14, 2017 . This is to avert an increase in the future dividend payment burden and an increase in the redemption amount due to a rise in the redemption coefficient on the Class A Shares by acquisition and cancellation of such shares.

To that end, the Company intends to amend and delete parts of its Articles of Incorporation that provided for the provisions related to class shares.

2. The Content of Amendments

The details of amendments are as follows.

The proposed amendments to the Articles of Incorporation may only take effect at the close of this General Meeting of Shareholders.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">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 style="text-align: center;">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 style="text-align: center;"><u>(Deleted)</u></p>

Current Articles of Incorporation	Proposed Amendments
<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 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</u></p>	

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<p><u>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 (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</u></p>	

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<p><u>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 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</u></p>	

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<p><u>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 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</u></p>	

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<p><u>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> <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 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 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> <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 contribution (excluding common shares held by the Company at</u></p>	

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<p><u>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 (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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$\frac{\text{acquisition price after adjustment} \times \text{acquisition price before adjustment} \times \left(\frac{\text{number of issued common shares - number of common shares held by the Company}}{\text{number of issued common shares - number of common shares held by the Company}} + \frac{\text{number of common shares to be newly issued}}{\text{number of common shares to be newly issued}} \right)}{\text{market price per common share}}$	
<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 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</u></p>	

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<p><u>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 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>	

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<p><u>9. Restrictions on Transfer</u> <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> <u>(1) Consolidation or Split of Shares</u> <u>The Company shall not carry out a consolidation or share split of Class A Shares.</u> <u>(2) Allotment of Shares for Subscription, Etc.</u> <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> <u>(1) 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, 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> <u>(2) 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> <u>(3) Handling of Any Dividends or Distributions in 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><u>12. Period of Exclusion</u> <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> <u>(1) Class B 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 B Share (hereinafter cash to be paid per Class B Share in the dividend called "Class B Preferred Dividends") among shareholders holding Class B</u></p>	<p>(Deleted)</p>

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<p><u>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> <p><u>(4) Accumulation</u></p> <p><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</u></p>	

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<p><u>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><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 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><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><u>(2) Non-participation</u></p> <p><u>No residual assets shall be distributed to Class B 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 B 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>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</u></p>	

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<p><u>Redemption</u>) 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.</p> <p>The “Trading Day” shall be the day on which an ordinary trading of common shares of the Company is carried out at TSE.</p> <p>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:</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. 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 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><u>(2) Number of Common Shares to Be Issued in Exchange for Acquisition of Class B Shares</u></p> <p><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 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</u></p>	

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<p><u>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> 174.8 yen</p> <p><u>(4) Revision of Acquisition Price</u> The acquisition price shall be revised to an amount equivalent to <u>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> 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 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> $\text{acquisition price after adjustment} = \frac{\text{acquisition price before adjustment} \times \frac{\text{number of issued common shares before split}}{\text{number of issued common shares after split}}}{1}$ <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</u></p>	

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<p><u>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 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> $\text{acquisition price after adjustment} = \text{acquisition price before adjustment} \times \frac{\text{number of issued common shares - number of common shares held by the Company) + number of common shares to be newly issued}}{\text{number of common shares to be newly issued}} \times \frac{\text{paid-in amount per share}}{\text{market price per common share}}$ <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 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</u></p>	

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<p><u>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><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 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 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 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>	

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<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> <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> <u>Any acquisition of Class B Shares by transfer shall be approved by the Company's Board of Directors.</u></p>	
<p>8. <u>Consolidation or Split of Shares, Allotment of Shares for Subscription, Etc.</u> (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> (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>	

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<p><u>9. 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, 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><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>10. Period of Exclusion</u></p> <p><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><u>1. 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><u>2. Dividend of Surplus</u></p> <p><u>(1) Class C 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 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 “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</u></p>	<p>(Deleted)</p>

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<p><u>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 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</u></p>	

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<p><u>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 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>	

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<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> <p><u>Until 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>7. 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 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</u></p>	

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<p><u>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></p> <p><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></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 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 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</u></p>	

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<p><u>Acquisition Price shall be the Higher Limit of Class C 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 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 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</u></p>	

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<p>the allotment to shareholders is set (hereinafter in this Article called, the “Shareholder Allotment Date”). In case of the <u>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> $\frac{\text{acquisition price after adjustment} = \frac{\text{acquisition price before adjustment} \times \left(\frac{\text{number of issued common shares - number of common shares held by the Company)}}{\text{number of common shares held by the Company}} + \frac{\text{number of common shares to be newly issued}}{\text{number of common shares held by the Company}} \right) \times \text{market price per common share}}{\text{number of common shares held by the Company}} + \text{number of common shares to be newly issued}}$ <p>(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 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>(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 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</u></p>	

Current Articles of Incorporation	Proposed Amendments
<p><u>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 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>	

Current Articles of Incorporation	Proposed Amendments
<p><u>(6) Adjustment of Lower Limit of Class C Acquisition Price and Higher Limit of Class C Acquisition Price</u> <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> <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> <u>(1) Consolidation or Split of Shares</u> <u>The Company shall not carry out a consolidation or split of shares for Class C Shares.</u> <u>(2) Allotment of Shares for Subscription, Etc.</u> <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> <u>(1) 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, 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> <u>(2) 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> <u>(3) 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><u>11. Period of Exclusion</u> <u>The Provision of Article 46 shall apply mutatis mutandis to the payment of the Class C Preferred Dividends.</u></p>	

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="226 280 759 304">Article 8. Number of Shares in One Unit of Shares</p> <p data-bbox="226 349 963 432">The number of shares in one (1) unit of shares of the Company shall be <u>one 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 data-bbox="376 450 813 474" style="text-align: center;">Chapter 3. General Meeting of Shareholders</p> <p data-bbox="226 519 730 544"><u>Article 19-2 General Meeting of Class Shareholders</u></p> <p data-bbox="226 557 963 640">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></p> <p data-bbox="226 658 900 707">2. <u>The provisions of Articles 15, 16, 17, and 19 shall apply mutatis mutandis to the General Meeting of Class Shareholders.</u></p> <p data-bbox="226 725 963 891">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></p>	<p data-bbox="976 280 1366 331">Article 8. Number of Shares in One Unit of Shares</p> <p data-bbox="976 342 1366 425">The number of shares in one (1) unit of shares of the Company shall be <u>one thousand (1,000) shares.</u></p> <p data-bbox="1027 450 1334 501" style="text-align: center;">Chapter 3. General Meeting of Shareholders</p> <p data-bbox="1129 519 1232 544" style="text-align: center;"><u>(Deleted)</u></p>

Proposal No. 3: Partial Amendments to the Articles of Incorporation (2)

1. Reasons for the Amendments

(1) Transition to a company with an Audit and Supervisory Committee, etc.

While the Company has made efforts to enhance corporate governance with an aim to improve the soundness and transparency of the execution of operations, it has determined to transition to a company with an Audit and Supervisory Committee in order to further strengthen the supervisory function for the execution of operations of the Board of Directors and to expedite the execution of operations and improve the corporate value. To this end, the Company will establish new provisions for Directors who are Audit and Supervisory Committee Members and the Audit and Supervisory Committee, delete the provisions for Audit & Supervisory Board Members and the Audit & Supervisory Board, and make the necessary amendments for the transition to a company with an Audit and Supervisory Committee. The changes will be carried out together with the abolition of Directors with special titles.

(2) Change of the scope of directors who can enter into a liability limitation agreement

In line with the change of the scope of directors who can enter into a liability limitation agreement to directors who are not an executive director, etc. due to revision of the Companies Act, the scope of Directors who can enter into a liability limitation agreement will be changed so that Directors who do not execute operations can fulfill their expected roles adequately. The consent of all Audit & Supervisory Board Member has been obtained concerning the amendments to the Articles of Incorporation in relation to liability limitation agreements.

2. The Content of Amendments

The details of amendments are as follows.

The proposed amendments to the Articles of Incorporation may only take effect at the close of this General Meeting of Shareholders.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 1. General Provisions</p> <p>Article 4. Establishment of Organizations</p> <p>The Company shall have the following organizations in addition to General Meetings of Shareholders and Directors.</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit & Supervisory Board Members</u></p> <p>(3) <u>Audit & Supervisory Board</u></p> <p>(4) Accounting Auditor</p> <p>Chapter 4. Directors and Board of Directors</p>	<p>Chapter 1. General Provisions</p> <p>Article 4. Establishment of Organizations</p> <p>The Company shall have the following organizations in addition to General Meetings of Shareholders and Directors.</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit and Supervisory Committee</u></p> <p style="text-align: center;"><u>(Deleted)</u></p> <p>(3) Accounting Auditor</p> <p>Chapter 4. Directors and Board of Directors</p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 20. Number of Directors</p> <p>1. The Company shall have no more than <u>twenty (20)</u> Directors.</p> <p style="text-align: center;"><u>(New Clause)</u></p> <p>Article 21. Method of Election of Directors</p> <p>1. A Director shall be elected by resolution of a General Meeting of Shareholders.</p> <p>2. Election of a Director shall be made by the quorum of shareholders holding one-third (1/3) or more of the voting rights held by all the shareholders entitled to exercise their voting rights being present at the relevant General Meeting of Shareholders, and by the resolution of a majority vote of the voting rights of such present shareholders.</p> <p>3. Cumulative voting shall not be used for resolutions to elect Directors.</p> <p>Article 22. Term of Directors</p> <p>The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within one (1) year after the Director's election.</p> <p style="text-align: center;"><u>(New Clause)</u></p> <p style="text-align: center;"><u>(New Clause)</u></p>	<p>Article 20. Number of Directors</p> <p>1. The Company shall have no more than <u>twelve (12)</u> Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u>.</p> <p>2. <u>The Company shall have no more than eight (8) Directors who are Audit and Supervisory Committee Members.</u></p> <p>Article 21. Method of Election of Directors</p> <p>1. A Director shall be elected by resolution of a General Meeting of Shareholders, <u>while making a distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p>2. (Same as the present)</p> <p>3. (Same as the present)</p> <p>Article 22. Term of Directors</p> <p>The term of office of a Director <u>(excluding a Director who is an Audit and Supervisory Committee Member)</u> shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within one (1) year after the Director's election.</p> <p><u>Article 23. Term of Directors who are Audit and Supervisory Committee Members</u></p> <p>1. <u>The term of office of a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within two (2) years after the Director's election.</u></p> <p>2. <u>The term of office of the Director who is an Audit and Supervisory Committee Member elected as a substitute of another Director who was an Audit and Supervisory Committee Member and retired before the expiration of his/her term shall be the remaining term of office of the predecessor.</u></p> <p><u>Article 24. A Substitute for a Director who is an Audit and Supervisory Committee Member</u></p> <p>1. <u>The Company may elect a substitute for a Director who is an Audit and Supervisory Committee Member (hereinafter, "Substitute") in advance to prepare for cases where the number of Directors who is an Audit and Supervisory Committee Member falls below the number stipulated by laws and regulations.</u></p> <p>2. <u>The effect of election of a Substitute shall expire at the start of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within two (2) years after the Substitute's election.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 23.</u> Representative Director(s) and Directors with Special Titles</p> <p>1. The Board of Directors shall appoint Representative Director(s) by its resolution.</p> <p>2. <u>The Board of Directors may determine one (1) Chairman and Director one (1) President and Director, and a few Vice Presidents and Directors, Senior Managing Directors and Managing Directors by its resolution.</u></p> <p><u>Article 24.</u> Person Authorized to Convene Meetings of the Board of Directors and Chair Thereof</p> <p>1. A meeting of the Board of Directors, unless otherwise provided by laws and regulations, shall be convened and chaired by a Director determined in advance by the Board of Directors.</p> <p>2. When a Director is prevented from doing so as stated in the preceding paragraph, the other Director shall convene and chair a meeting in the order determined in advance by the Board of Directors.</p> <p style="text-align: center;">(New Clause)</p> <p><u>Article 25.</u> Convocation Notice regarding Meetings of Board of Directors</p> <p>1. Convocation notice regarding a meeting of the Board of Directors shall be dispatched to <u>each Director and each Audit & Supervisory Board Member</u> three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>2. A meeting of the Board of Directors may be held without carrying out the convocation procedure upon the consent of all the Directors <u>and Audit & Supervisory Board Members.</u></p> <p><u>Article 26.</u> Method of Resolution of the Board of Directors</p> <p>A resolution of the Board of Directors shall be adopted by a majority of the Directors present, when a majority of all the Directors entitled to participate in the vote are present.</p>	<p>3. <u>In the case where a Substitute assumes the post of Director who is an Audit and Supervisory Committee Member, his or her term of office shall expire at the time when the term of office of the resigning Director who is an Audit and Supervisory Committee Member expires. However, this term shall not continue beyond the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within two (2) years after the Substitute's election.</u></p> <p><u>Article 25.</u> Representative Director(s)</p> <p>1. The Board of Directors shall appoint Representative Director(s) <u>from among Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by its resolution.</p> <p style="text-align: center;">(Deleted)</p> <p><u>Article 26.</u> Person Authorized to Convene Meetings of the Board of Directors and Chair Thereof</p> <p>1. (Same as the present)</p> <p>2. (Same as the present)</p> <p>3. <u>Notwithstanding the preceding two (2) paragraphs, a Director who is an Audit and Supervisory Committee Member appointed by the Audit and Supervisory Committee may convene a meeting of the Board of Directors.</u></p> <p><u>Article 27.</u> Convocation Notice regarding Meetings of Board of Directors</p> <p>1. Convocation notice regarding a meeting of the Board of Directors shall be dispatched to Director three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>2. A meeting of the Board of Directors may be held without carrying out the convocation procedure upon the consent of all the Directors.</p> <p><u>Article 28.</u> Method of Resolution of the Board of Directors</p> <p style="text-align: center;">(Same as the present)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 27.</u> Omission of resolution of the Board of Directors</p> <p>When all the Directors (only those entitled to participate in the vote on the matter to be resolved) express their consent to the matter to be resolved at the Board of Directors in writing or through electromagnetic records, the Company shall deem that a resolution of the Board of Directors approving the matter to be resolved has been made, <u>except where an Audit & Supervisory Board Member disagrees with such matter.</u></p> <p><u>Article 28.</u> Minutes of Meetings of Board of Directors</p> <p>Proceedings, outcome of meetings of the Board of Directors and other matters stipulated by laws and regulations shall be described or recorded in minutes, and Directors <u>and Audit & Supervisory Board Members</u> present shall write their signatures and affix their seals thereto or put their electronic signatures thereon.</p> <p style="text-align: center;"><u>(New Clause)</u></p> <p><u>Article 29.</u> Regulations of the Board of Directors</p> <p style="text-align: center;">(Omitted)</p> <p><u>Article 30.</u> Remunerations, etc. of Directors</p> <p>Remunerations, etc. of Directors shall be determined by resolution of a General Meeting of Shareholders.</p> <p><u>Article 31.</u> Exemption from Liability of Directors</p> <ol style="list-style-type: none"> 1. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt any Director (including any former Director) from liability for damages as provided for in Article 423, Paragraph 1 of the same act, to the extent permitted by laws and regulations. 2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>an External Director</u> to limit the liability of the <u>External Director</u> as provided for in Article 423, Paragraph 1 of the same act, provided that the maximum amount of the liability limitation under this agreement shall be the higher of the predetermined amount or the amount stipulated by laws and regulations. <p style="text-align: center;">Chapter 5. <u>Audit & Supervisory Board Members and Audit & Supervisory Board</u></p>	<p><u>Article 29.</u> Omission of resolution of the Board of Directors</p> <p>When all the Directors (only those entitled to participate in the vote on the matter to be resolved) express their consent to the matter to be resolved at the Board of Directors in writing or through electromagnetic records, the Company shall deem that a resolution of the Board of Directors approving the matter to be resolved has been made.</p> <p><u>Article 30.</u> Minutes of Meetings of Board of Directors</p> <p>Proceedings, outcome of meetings of the Board of Directors and other matters stipulated by laws and regulations shall be described or recorded in minutes, and Directors present shall write their signatures and affix their seals thereto or put their electronic signatures thereon.</p> <p><u>Article 31.</u> <u>Delegation of Decisions regarding Execution of Important Operations</u></p> <p><u>The Company may, pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, delegate all or part of decisions regarding execution of important operations (excluding matters set forth in items of Paragraph 5 of the said Article) to a Director by resolution of the Board of Directors.</u></p> <p><u>Article 32.</u> Regulations of the Board of Directors</p> <p style="text-align: center;">(Same as the present)</p> <p><u>Article 33.</u> Remunerations, etc. of Directors</p> <p>Remunerations, etc. of Directors shall be determined by resolution of a General Meeting of Shareholders, <u>while making a distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p><u>Article 34.</u> Exemption from Liability of Directors</p> <ol style="list-style-type: none"> 1. (Same as the present) 2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>a Director (excluding a Director who is an executive director, etc.)</u> to limit the liability of the <u>Director</u> as provided for in Article 423, Paragraph 1 of the same act, provided that the maximum amount of the liability limitation under this agreement shall be the higher of the predetermined amount or the amount stipulated by laws and regulations. <p style="text-align: center;">Chapter 5. <u>Audit and Supervisory Committee</u></p>
<p><u>Article 32.</u> <u>Number of Audit & Supervisory Board Members</u></p> <p><u>The Company shall have no more than five (5) Audit &</u></p>	<p style="text-align: center;"><u>(Deleted)</u></p>

Current Articles of Incorporation	Proposed Amendments
<u>Supervisory Board Members.</u>	
<u>Article 33. Method of Election of Audit & Supervisory Board Members</u>	<u>(Deleted)</u>
1. <u>An Audit & Supervisory Board Member shall be elected by resolution of a General Meeting of Shareholders.</u>	
2. <u>Election of an Audit & Supervisory Board Member shall be made by the quorum of shareholders holding one-third (1/3) or more of the voting rights held by all the shareholders entitled to exercise their voting rights being present at the relevant General Meeting of Shareholders, and by the resolution of a majority vote of the voting rights of such present shareholders.</u>	
<u>Article 34. A Substitute for an Audit & Supervisory Board Member</u>	<u>(Deleted)</u>
1. <u>The Company may elect a substitute for an Audit & Supervisory Board Member (hereinafter, "Substitute") in advance to prepare for cases where the number of Audit & Supervisory Board Members falls below the number stipulated by laws and regulations.</u>	
2. <u>The effect of election of a Substitute shall expire at the start of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within four (4) years after the Substitute's election.</u>	
3. <u>In the case where a Substitute assumes the post of Audit & Supervisory Board Member as stated in the preceding paragraph, his or her term of office shall expire at the time when the term of office of the resigning Audit & Supervisory Board Member expires. However, this term shall not continue beyond the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within four (4) years after the Substitute's election.</u>	
<u>Article 35. Term of Audit & Supervisory Board Members</u>	<u>(Deleted)</u>
1. <u>The term of office of an Audit & Supervisory Board Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within four (4) years after the Audit & Supervisory Board Member's election.</u>	
2. <u>The term of office of the Audit & Supervisory Board Member elected as a substitute of another Audit & Supervisory Board Member who retired before the expiration of his/her term shall be the remaining term of office of the predecessor.</u>	
<u>Article 36. Full-time Audit & Supervisory Board Members</u>	<u>Article 35. Establishment of Full-time Audit and Supervisory Committee Members</u>
<u>The Audit & Supervisory Board shall appoint Full-time Audit & Supervisory Board Members by its resolution.</u>	<u>Full-time Audit and Supervisory Committee Members shall be established in the Audit and Supervisory Committee.</u>
<u>Article 37. Convocation Notice regarding Meetings of Audit & Supervisory Board</u>	<u>Article 36. Convocation Notice regarding Meetings of Audit and Supervisory Committee</u>

Current Articles of Incorporation	Proposed Amendments
<p>1. Convocation notice regarding a meeting of the <u>Audit & Supervisory Board</u> shall be dispatched to each <u>Audit & Supervisory Board Member</u> three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>2. A meeting of the <u>Audit & Supervisory Board</u> may be held without carrying out the convocation procedure upon the consent of all the <u>Audit & Supervisory Board Members</u>.</p> <p><u>Article 38. Method of Resolution of the Audit & Supervisory Board</u></p> <p>A resolution of the <u>Audit & Supervisory Board</u>, unless otherwise provided by laws and regulations, shall be adopted by a majority vote of <u>Audit & Supervisory Board Members</u>.</p> <p><u>Article 39. Minutes of Meetings of the Audit & Supervisory Board</u></p> <p>Proceedings, outcome of meetings of the <u>Audit & Supervisory Board</u> and other matters stipulated by laws and regulations shall be described or recorded in minutes, and <u>Audit & Supervisory Board Members</u> present shall write their signatures and affix their seals thereto or put their electronic signatures thereon.</p> <p><u>Article 40. Regulations of the Audit & Supervisory Board</u></p> <p>Matters regarding the <u>Audit & Supervisory Board</u> shall be determined in accordance with laws and regulations or the Articles of Incorporation as well as the Regulations of <u>Audit & Supervisory Board</u> established by the <u>Audit & Supervisory Board</u>.</p> <p><u>Article 41. Remunerations, etc. of the Audit & Supervisory Board Members</u></p> <p><u>Remunerations, etc. of the Audit & Supervisory Board Members shall be determined by resolution of a General Meeting of Shareholders.</u></p> <p><u>Article 42. Exemption from Liability of the Audit & Supervisory Board Members</u></p> <p>1. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt any <u>Audit & Supervisory Board Member (including any former Audit & Supervisory Board Member) from liability for damages as provided for in Article 423, Paragraph 1 of the same act, to the extent permitted by laws and regulations.</u></p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an External Auditor to limit the liability of the External Auditor as provided for in <u>Article 423, Paragraph 1 of the same act, provided that the maximum amount of the liability limitation under this agreement shall be the higher of the</u></p>	<p>1. Convocation notice regarding a meeting of the <u>Audit and Supervisory Committee</u> shall be dispatched to each the <u>Director who is an Audit and Supervisory Committee Member</u> three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>2. A meeting of the <u>Audit and Supervisory Committee</u> may be held without carrying out the convocation procedure upon the consent of all the <u>Directors who are Audit and Supervisory Committee Members</u>.</p> <p><u>Article 37. Method of Resolution of the Audit and Supervisory Committee</u></p> <p>A resolution of the <u>Audit and Supervisory Committee</u>, unless otherwise provided by laws and regulations, shall be adopted by a majority vote of <u>the Directors who are Audit and Supervisory Committee Members, when a majority of all the Directors who are Audit and Supervisory Committee Members entitled to participate in the vote are present.</u></p> <p><u>Article 38. Minutes of Meetings of the Audit and Supervisory Committee</u></p> <p>Proceedings, outcome of meetings of the <u>Audit and Supervisory Committee</u> and other matters stipulated by laws and regulations shall be described or recorded in minutes, and <u>Directors who are Audit and Supervisory Committee Members</u> present shall write their signatures and affix their seals thereto or put their electronic signatures thereon.</p> <p><u>Article 39. Regulations of the Audit and Supervisory Committee</u></p> <p>Matters regarding the <u>Audit and Supervisory Committee</u> shall be determined in accordance with laws and regulations or the Articles of Incorporation as well as the Regulations of the <u>Audit and Supervisory Committee</u> established by the <u>Audit and Supervisory Committee</u>.</p> <p style="text-align: center;"><u>(Deleted)</u></p> <p style="text-align: center;"><u>(Deleted)</u></p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;"><u>predetermined amount or the amount stipulated by laws and regulations.</u></p> <p style="text-align: center;">Chapter 6. Accounts</p> <p><u>Article 43.</u> Business Year (Omitted)</p> <p><u>Article 44.</u> Year-end Dividend (Omitted)</p> <p><u>Article 45.</u> Interim Dividend (Omitted)</p> <p><u>Article 46.</u> Period of Exclusion for Payment of Dividends (Omitted) <u>(New Clause)</u></p> <p style="text-align: center;">(New Clause)</p>	<p style="text-align: center;">Chapter 6. Accounts</p> <p><u>Article 40.</u> Business Year (Same as the present)</p> <p><u>Article 41.</u> Year-end Dividend (Same as the present)</p> <p><u>Article 42.</u> Interim Dividend (Same as the present)</p> <p><u>Article 43.</u> Period of Exclusion for Payment of Dividends (Same as the present)</p> <p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>Article 1.</u> <u>Transitional measures for Exemption from Liability of Audit & Supervisory Board Members</u></p> <p>1. <u>With regard to exemption from liability for damages by resolution of the Board of Directors as provided for in Article 423, Paragraph 1 of the Companies Act regarding actions of Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) prior to the conclusion of the 153rd Ordinary General Meeting of Shareholders held in June 2017, the provisions then in force shall remain applicable.</u></p> <p>2. <u>With regard to agreements to limit liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act regarding actions of External Auditors (including former External Auditors) prior to the conclusion of the 153rd Ordinary General Meeting of Shareholders held in June 2017, the provisions then in force shall remain applicable.</u></p>

Proposal No. 4: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

If proposal No. 3 “Partial Amendments to the Articles of Incorporation (2)” is approved and passed as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee and the term of office of all nine (9) directors will expire when the amendments to the Articles of Incorporation take effect.

In conjunction with this, we request the election of seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members).

The candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
1	<p data-bbox="295 840 395 869"><u>Reelected</u></p> <p data-bbox="295 891 464 920">Masao Kusunoki</p> <p data-bbox="295 931 469 960">(January 3, 1948)</p> <p data-bbox="295 983 576 1066">Number of Company Shares Owned: 84,000 common shares</p> <p data-bbox="295 1095 485 1151">Tenure as Director: 12 years in total</p> <p data-bbox="295 1178 587 1317">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2017: 22/22 (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
		April 2015	President, EXCEL SHANON CORPORATION
June 2015	Executive Officer Representative Director, Chairman and Executive Officer (To present)		
<p data-bbox="295 1384 775 1413">Reasons for nomination as candidate for Director</p> <p data-bbox="295 1413 1362 1545">Mr. Masao Kusunoki supervises the management as Representative Director. At the Company, after serving as General Manager of Chemicals Sales Department and Cement Business Division, he retired as Director in 2011, and with great achievements in rehabilitating the management of a subsidiary. With our high expectations for his management talent, 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: 44,000 common shares</p> <p>Tenure as Director: 2 years</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2017: 22/22 (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, Supervision of all business divisions, Corporate Planning Div., Audit Office, Secretarial Dept. and General & Personnel Affairs, 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 and as General Manager of Specialty Products Business Division. Showing strong leadership with a sound business perspective, he succeeded in putting an end to a big issue of concern: rebuilding the deteriorated financial base. To sustain the Company's further growth in the future as we look toward its leap forward after reconstruction, 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="295 600 395 629"><u>Reelected</u></p> <p data-bbox="295 645 491 712">Takeshi Nakahara (December 4, 1955)</p> <p data-bbox="295 741 576 824">Number of Company Shares Owned: 21,000 common shares</p> <p data-bbox="295 853 480 913">Tenure as Director: 3 years</p> <p data-bbox="295 936 587 1070">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2017: 22/22 (100%)</p>	<p data-bbox="614 297 730 327">April 1980</p> <p data-bbox="614 331 730 360">April 2004</p> <p data-bbox="614 450 730 479">June 2006</p> <p data-bbox="614 510 730 539">April 2010</p> <p data-bbox="614 577 730 607">April 2011</p> <p data-bbox="614 638 730 667">April 2013</p> <p data-bbox="614 705 730 734">April 2014</p> <p data-bbox="614 772 730 801">June 2014</p> <p data-bbox="614 862 730 891">April 2015</p> <p data-bbox="614 987 730 1016">June 2015</p> <p data-bbox="614 1086 746 1115">August 2015</p> <p data-bbox="614 1211 730 1240">April 2017</p> <p data-bbox="815 297 1369 1361"> Joined the Company Senior Chief, temporary transferred to FIGARO Engineering Inc., Managing Director, General Manager, Manufacturing Dept., General Manager, Corporate Planning Div. Senior Chief, temporary transferred to FIGARO Engineering Inc., President General Manager, Corporate Planning Dept. of the Company Executive Officer, General Manager, Corporate Planning Dept., General Manager, ESS Project Dept. Executive Officer, General Manager, Corporate Planning Div. Managing Executive Officer, General Manager, Corporate Planning Div. Director, Supervision of Corporate Planning Div., Managing Executive Officer, General Manager, Corporate Planning Div. Director, Supervision of MOT Div., and Kashima Factory Managing Executive Officer, General Manager, MOT Div. Director, In charge of MOT Div., and Kashima Factory Managing Executive Officer, General Manager, MOT Div. Director, In charge of Research & Development and Kashima Factory Managing Executive Officer, General Manager, Research & Development Div. Director, In charge of Research & Development, Kashima Factory and Corporate Social Responsibility Div. Managing Executive Officer, General Manager, Corporate Social Responsibility Div. (To present) </p>
<p data-bbox="295 1373 1369 1507"> Reasons for nomination as candidate for Director 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. 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="295 398 395 427"><u>Reelected</u></p> <p data-bbox="295 450 443 517">Hideki Adachi (May 24, 1955)</p> <p data-bbox="295 539 576 622">Number of Company Shares Owned: 17,000 common shares</p> <p data-bbox="295 651 485 712">Tenure as Director: 2 years</p> <p data-bbox="295 734 587 875">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2017: 22/22 (100%)</p>	April 1981	Joined the Company
		April 2007	General Manager, Cement Manufacturing Dept.
		April 2011	Deputy General Manager, Tokuyama Factory, General Manager, Cement Manufacturing Dept.
		April 2012	Executive Officer, Deputy General Manager, Cement Business Div.
		April 2013	Executive Officer, General Manager, Tokuyama Factory
		April 2015	Managing Executive Officer, General Manager, Tokuyama Factory
		June 2015	Director, In charge of Tokuyama Factory and Manufacturing Technology
		April 2016	Director, In charge of Tokuyama Factory and Manufacturing Technology
April 2016	Managing Executive Officer, General Manager, Tokuyama Factory, General Manager, Manufacturing Technology Div.		
April 2017	Director, In charge of Tokuyama Factory Managing Executive Officer, General Manager, Tokuyama Factory (To present)		
<p data-bbox="295 972 772 1001">Reasons for nomination as candidate for Director</p> <p data-bbox="295 1001 1375 1169">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="296 450 395 479"><u>Reelected</u></p> <p data-bbox="296 501 480 562">Akihiro Hamada (October 31, 1955)</p> <p data-bbox="296 591 576 674">Number of Company Shares Owned: 17,000 common shares</p> <p data-bbox="296 703 480 757">Tenure as Director: 2 years</p> <p data-bbox="296 786 587 920">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2017: 22/22 (100%)</p>	<p data-bbox="616 300 719 322">April 1980</p> <p data-bbox="616 333 719 356">April 2005</p> <p data-bbox="616 367 751 389">October 2007</p> <p data-bbox="616 400 719 423">April 2010</p> <p data-bbox="616 434 743 456">October 2011</p> <p data-bbox="616 501 719 524">April 2012</p> <p data-bbox="616 568 719 591">April 2014</p> <p data-bbox="616 636 719 658">April 2015</p> <p data-bbox="616 703 719 725">June 2015</p> <p data-bbox="616 815 719 837">April 2016</p> <p data-bbox="616 949 719 972">April 2017</p>	<p data-bbox="820 300 1019 322">Joined the Company</p> <p data-bbox="820 333 1134 356">General Manager, Finance Dept.</p> <p data-bbox="820 367 1235 389">Senior Chief, Management Support Center</p> <p data-bbox="820 400 1278 423">General Manager, Management Support Center</p> <p data-bbox="820 434 1326 495">Deputy General Manager, Corporate Administration Div.,</p> <p data-bbox="820 501 1358 562">Executive Officer, Deputy General Manager, Corporate Administration Div.</p> <p data-bbox="820 568 1278 629">Executive Officer, General Manager, Corporate Administration Div.</p> <p data-bbox="820 636 1278 696">Managing Executive Officer, General Manager, Corporate Administration Div.</p> <p data-bbox="820 703 1326 763">Director, In charge of Corporate Administration and Corporate Social Responsibility Div.</p> <p data-bbox="820 770 1278 831">Managing Executive Officer, General Manager, Corporate Administration Div.</p> <p data-bbox="820 837 1366 898">Director, In charge of Finance, Procurement & Logistics and Corporate Social Responsibility Div.</p> <p data-bbox="820 904 1278 965">Managing Executive Officer, General Manager, Corporate Administration Div.</p> <p data-bbox="820 972 1302 1032">Director, In charge of Finance and Procurement & Logistics</p> <p data-bbox="820 1039 1278 1099">Managing Executive Officer, General Manager, Corporate Administration Div. (To present)</p>
<p data-bbox="296 1084 775 1106">Reasons for nomination as candidate for Director</p> <p data-bbox="296 1117 1358 1240">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 task of reestablishing and reinforcing 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	<div data-bbox="295 477 443 510" style="border: 1px solid black; padding: 2px;">New candidate</div> Hideo Sugimura (October 22, 1959) Number of Company Shares Owned: 4,016 common shares	April 1984	Joined the Company
		April 2004	Temporary transferred to TOKUYAMA ASIA PACIFIC PTE. LTD, President
		April 2007	Senior Chief, ERP Promotion Div. of the Company
		May 2009	Senior Chief, ISAAC Promotion Div.
		August 2011	Senior Chief, temporary transferred to EXCEL SHANON CORPORATION, General Manager of Administration Dept., Administration Div.
		April 2012	Senior Chief, temporary transferred to EXCEL SHANON CORPORATION, Director, General Manager of Administration Div.
		April 2014	Senior Chief, temporary transferred to EXCEL SHANON CORPORATION, Managing Director, General Manager of Administration Div.
		December 2014	General Manager, Management Support Center of the Company, Director, EXCEL SHANON CORPORATION,
		April 2015	Executive Officer, General Manager, Corporate Planning Div.
		April 2017	Managing Executive Officer, General Manager, Corporate Planning Div. (To present)
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Hideo Sugimura served as president of an overseas subsidiary and has a wealth of experience in efforts to convert an information system and reconstruct a domestic subsidiary. Since April 2015, he has made coordinating efforts across divisions and proposals to the management as General Manager of the Corporate Planning Division. To sustain the Company's further growth in the future as we look toward its leap forward after reconstruction, we newly propose his election as Director.</p>			

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
7	New candidate	April 1992	Joined Matsushita Electric Industrial Co., Ltd.
	Hisashi Shimizu (July 15, 1967) Number of Company Shares Owned: 0 shares	October 2007	Joined Japan Excel-Management Consulting Co., Ltd.
April 2009		Consulting Manager, Consulting Business Div.	
April 2010		Consulting Manager and General Manager Consultant, Consulting Business Div.	
May 2011		Joined Japan Industrial Solutions Co., Ltd.	
January 2015		Executive Officer (To present)	
July 2016		Temporary transferred to the Company, Senior Chief, Factory Administration Dept. (To present)	
		(Principal Concurrent Positions) Executive Officer, Japan Industrial Solutions Co., Ltd.	
Reasons for nomination as candidate for Director Mr. Hisashi Shimizu was engaged in reconstruction of various companies at Japan Industrial Solutions Co., Ltd. In addition, since last year he has been pressing forward with reducing costs of the Tokuyama Factory also at the Company and has exerted a significant influence on changes in the members' consciousness at its affiliated companies. His temporary transfer to the Company will end as of March 31, 2017, and in the expectation that he will make active proposals to the Company regarding efforts for its development after reconstruction, we propose his election as Director (non-executive Director).			

Notes:

1. There are no special interests between the six (6) candidates—Mr. Masao Kusunoki, Mr. Hiroshi Yokota, Mr. Takeshi Nakahara, Mr. Hideki Adachi, Mr. Akihiro Hamada and Mr. Hideo Sugimura—and the Company.

Mr. Hisashi Shimizu is concurrently serving as Executive Officer 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. Provided, however, that as stated in Proposal No. 2 “Partial Amendments to the Articles of Incorporation (1),” the Company will acquire all issued Class A Shares in exchange for cash, setting June 14, 2017 as the acquisition date.

2. In the case where the election of Mr. Hisashi Shimizu as Director is approved and he assumes office, on condition that Proposal No. 3 “Partial Amendments to the Articles of Incorporation (2)” is approved and passed as originally proposed, the Company will conclude an agreement with him, who is not an executive director, etc., pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act to limit the amount of his 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 will be the minimum amount provided for by the laws and regulations.

Proposal No. 5: Election of Five (5) Directors who are Audit and Supervisory Committee

Members

If Proposal No. 3 “Partial Amendments to the Articles of Incorporation (2)” is approved and passed as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee.

In conjunction with this, we request the election of five (5) Directors who are Audit and Supervisory Committee Members.

This Proposal shall take effect on condition that the amendments to the Articles of Incorporation in Proposal No. 3 “Partial Amendments to the Articles of Incorporation (2)” become effective.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows:

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
1	<p><u>New Candidate</u></p> <p>Masaki Akutagawa (April 2, 1950)</p> <p>Number of Company Shares Owned: 36,000 common shares</p> <p>Tenure as Director: 7 years</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2017: 22/22 (100%)</p> <p>Attendance at meetings of the Audit & Supervisory Board during the fiscal year ended March 31, 2017: 15/15 (100%)</p>	<p>April 1974</p> <p>April 2004</p> <p>April 2005</p> <p>January 2008</p> <p>April 2010</p> <p>June 2010</p>	<p>Joined the Company</p> <p>Senior Chief, temporary transferred to Shin Dai-ichi Vinyl Corporation, General Manager, Sales Dept.</p> <p>Senior Chief, temporary transferred to Shin Dai-ichi Vinyl Corporation, Director, General Manager, Sales Dept.</p> <p>General Manager, Audit Office of the Company</p> <p>Senior Chief, Audit Office</p> <p>Audit & Supervisory Board Member (To present)</p> <p>(Principal Concurrent Positions)</p> <p>Auditor of Shin Dai-ichi Vinyl Corporation</p> <p>Audit & Supervisory Board Member, Tokuyama Dental Corporation</p>
<p>Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member</p> <p>After having been engaged in sales over the years at the Company and its group companies, Mr. Masaki Akutagawa served as General Manager of Audit Office, responsible for the Company’s internal audit. In addition, he has obtained broad and deep insight on the Group’s businesses through his auditing experience as a full-time Audit & Supervisory Board Member. Hence, we think that he has the capacity to fulfill duties as an Audit and Supervisory Committee Member from the viewpoint of audits on the whole of management, and we propose his election as a Director who is an Audit and Supervisory Committee Member.</p>			

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
2	<p data-bbox="295 302 443 331"><u>New candidate</u></p> <p data-bbox="295 398 478 465">Youji Miyamoto (January 22, 1958)</p> <p data-bbox="295 495 574 577">Number of Company Shares Owned: 6,000 common shares</p> <p data-bbox="295 607 574 689">Tenure as Audit & Supervisory Board Member: 4 years</p> <p data-bbox="295 719 587 853">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2017: 22/22 (100%)</p> <p data-bbox="295 882 587 1016">Attendance at meetings of the Audit & Supervisory Board during the fiscal year ended March 31, 2017: 15/15 (100%)</p>	<p data-bbox="614 293 726 322">April 1980</p> <p data-bbox="614 331 726 360">April 2005</p> <p data-bbox="614 369 750 398">October 2007</p> <p data-bbox="614 407 750 436">October 2011</p> <p data-bbox="614 445 718 474">June 2013</p> <p data-bbox="614 483 718 512">June 2013</p>	<p data-bbox="817 293 1018 322">Joined the Company</p> <p data-bbox="817 331 1168 360">General Manager, Accounting Dept.</p> <p data-bbox="817 369 1236 398">Senior Chief, Management Support Center</p> <p data-bbox="817 407 1273 436">General Manager, Foreign Trade Control Dept.</p> <p data-bbox="817 445 1311 474">Senior Chief, Corporate Social Responsibility Div.</p> <p data-bbox="817 483 1300 512">Audit & Supervisory Board Member (To present)</p>
<p data-bbox="295 1025 1364 1160">Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member After having been engaged in businesses of personnel affairs and development of new products, Mr. Youji Miyamoto has been in charge of the accounting business over the years. Since he has high degree of expertise in finance and accounting, in the expectation that he will fulfill duties as an Audit and Supervisory Committee Member, we propose his election as a Director who is an Audit and Supervisory Committee Member.</p>			

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions
3	<p><u>New candidate</u></p> <p>Candidate for External Director</p> <p>Shin Kato (June 27, 1961)</p> <p>Number of Company Shares Owned: 4,000 common shares</p> <p>Tenure as Audit & Supervisory Board Member: 4 years</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2017: 21/22 (95%)</p> <p>Attendance at meetings of the Audit & Supervisory Board during the fiscal year ended March 31, 2017: 15/15 (100%)</p>	<p>April 1990 Registered as Lawyer, Hiranuma Law Office</p> <p>April 1995 Aoyama Central Law Office</p> <p>September 2001 South Toranomom Law Office</p> <p>June 2013 Audit & Supervisory Board Member of the Company (To present)</p> <p>January 2014 Representative lawyer, Kato Law Office (To present)</p> <p>(Principal Concurrent Positions) Representative Lawyer, Kato Law Office</p>
<p>Reasons for nomination as candidate for External Director who is an Audit and Supervisory Committee Member</p> <p>Mr. Shin Kato has not been involved in the Company's management other than by being an external director or an external auditor. However, he has actively expressed opinions and given advice at meetings of the Board of Directors and the Audit & Supervisory Board because he has a wealth of experience and broad and deep insight in addition to his technical perceptiveness as an attorney at law. For this reason, we propose his election as an External Director who is an Audit and Supervisory Committee Member.</p>		

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
4	<p data-bbox="292 309 443 338"><u>New candidate</u></p> <p data-bbox="292 349 518 405">Candidate for External Director</p> <p data-bbox="292 461 475 528">Toshihide Mizuno (April 19, 1950)</p> <p data-bbox="292 562 576 640">Number of Company Shares Owned: 3,000 common shares</p> <p data-bbox="292 663 483 719">Tenure as Director: 2 years</p> <p data-bbox="292 752 587 887">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2017: 22/22 (100%)</p>	<p data-bbox="611 293 722 322">April 1973</p> <p data-bbox="611 333 759 362">February 1997</p> <p data-bbox="611 374 719 403">May 2000</p> <p data-bbox="611 414 746 443">January 2002</p> <p data-bbox="611 454 719 483">May 2002</p> <p data-bbox="611 495 719 524">May 2004</p> <p data-bbox="611 568 751 598">October 2005</p> <p data-bbox="611 665 719 694">June 2009</p> <p data-bbox="611 728 719 757">June 2013</p> <p data-bbox="611 768 719 797">June 2015</p> <p data-bbox="611 808 719 837">June 2016</p>	<p data-bbox="815 293 1098 322">Joined The Sanwa Bank Ltd.</p> <p data-bbox="815 333 1139 362">General Manager, Funding Dept.</p> <p data-bbox="815 374 991 403">Executive Officer</p> <p data-bbox="815 414 1145 443">Executive Officer, UFJ Bank Ltd.</p> <p data-bbox="815 454 1251 483">Senior Executive Officer, UFJ Holdings Inc.</p> <p data-bbox="815 495 1362 562">Director and Senior Executive Officer, UFJ Holdings, Inc., Director, UFJ Trust Bank Ltd., Director and Senior Executive Officer, UFJ Bank Ltd.</p> <p data-bbox="815 568 1369 658">Senior Managing Director, Mitsubishi UFJ Financial Group, Inc., Director, Mitsubishi UFJ Trust and Banking Corporation</p> <p data-bbox="815 665 1350 719">President, Mitsubishi UFJ Research & Consulting Co., Ltd.</p> <p data-bbox="815 728 1082 757">President, Sanshin Co. Ltd.</p> <p data-bbox="815 768 1182 797">Director of the Company (To present)</p> <p data-bbox="815 808 1209 837">Chairman, Sanshin Co. Ltd. (To present)</p> <p data-bbox="611 837 927 866">(Principal Concurrent Positions)</p> <p data-bbox="611 875 884 904">Chairman, Sanshin Co. Ltd.</p>
<p data-bbox="292 909 1294 965">Reasons for nomination as candidate for External Director who is an Audit and Supervisory Committee Member</p> <p data-bbox="292 965 1358 1099">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 provides advices to improve the transparency of management. Accordingly, we propose his election as External Director who is an Audit and Supervisory Committee Member</p>			

No.	Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
5	<p><u>New candidate</u> Candidate for External Director</p> <p>Yoshikazu Tsuda (December 27, 1950)</p> <p>Number of Company Shares Owned: 2,000 common shares</p> <p>Tenure as Director: 2 years</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2017: 22/22 (100%)</p> <p>Attendance at meetings of the Audit & Supervisory Board during the fiscal year ended March 31, 2017: 15/15 (100%)</p>	April 1974	Joined Nisshin Steel Co., Ltd.
		June 1999	General Manager, Corporate Planning Dept.
		June 2001	General Manager, Finance Dept.
		June 2003	Executive Officer, General Manager, Finance Dept.
		April 2005	Executive Officer
		April 2006	Managing Executive Officer, Chief Financial Officer
		June 2006	Director, Managing Executive Officer, Chief Financial Officer
		April 2007	Director, Managing Executive Officer, General Manager, Business Process Innovation Dept., Chief Financial Officer
		April 2008	Director, Managing Executive Officer, Chief Financial Officer
		October 2008	Director, Managing Executive Officer, General Manager, Risk Management Office, Chief Financial Officer
		April 2009	Director, Managing Executive Officer, Chief Financial Officer
		October 2012	Director, Managing Executive Officer, Chief Financial Officer, Nisshin Steel Holdings Co., Ltd. Director, Managing Executive Officer, Chief Financial Officer, Nisshin Steel Co., Ltd.
		April 2014	Director
		June 2014	Senior Advisor
June 2015	Advisor		
June 2015	Audit & Supervisory Board Member of the Company (To present)		
<p>Reasons for nomination as candidate for External Director who is an Audit and Supervisory Committee Member</p> <p>Mr. Yoshikazu Tsuda has an appreciable extent of knowledge about finance and accounting because of his many years of management experience, and based on that, he has actively expressed opinions and given advice at meetings of the Board of Directors and the Audit & Supervisory Board. For this reason, we propose his election as an External Director who is an Audit and Supervisory Committee Member.</p>			

Notes:

1. The three (3) candidates, Mr. Shin Kato, Mr. Toshihide Mizuno, and Mr. Yoshikazu Tsuda are candidates for External Directors.
2. There are no special interests between the five (5) candidates—Mr. Masaki Akutagawa, Mr. Youji Miyamoto, Mr. Shin Kato, Mr. Toshihide Mizuno, and Mr. Yoshikazu Tsuda—and the Company.
3. The three (3) candidates, Mr. Shin Kato, Mr. Toshihide Mizuno, and Mr. Yoshikazu Tsuda 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 three (3) candidates, Mr. Shin Kato, Mr. Toshihide Mizuno, and Mr. Yoshikazu Tsuda 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. Shin Kato is currently External Auditor of the Company, and at the close of this General Meeting of Shareholders, he will have served four years as External Auditor 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 two years as External Director of the Company.

Mr. Yoshikazu Tsuda is currently External Auditor of the Company, and at the close of this General Meeting of Shareholders, he will have served two years as External Auditor of the Company.

6. The Company has concluded agreements with Mr. Shin Kato, Mr. Toshihide Mizuno, and Mr. Yoshikazu Tsuda 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. Masaki Akutagawa and Mr. Youji Miyamoto if their election as External Directors is approved and they assume the office.

7. The Company has notified the TSE, that Mr. Shin Kato, Mr. Toshihide Mizuno, and Mr. Yoshikazu Tsuda are independent officers in accordance with its Securities Listing Regulations. After their election is approved, they will continue to be notified as independent officers.

Proposal No. 6: Election of One (1) Substitute Director who is an Audit and Supervisory Committee Member

If Proposal No. 3 “Partial Amendments to the Articles of Incorporation (2)” is approved and passed as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee.

In this connection, in preparation for cases where the number of Directors who are Audit and Supervisory Committee Members provided for in laws and regulations might fall short of the necessary number, we request the election of one (1) substitute Director who is an Audit and Supervisory Committee Member.

This Proposal shall take effect on condition that amendments to the Articles of Incorporation in Proposal No. 3 “Partial Amendments to the Articles of Incorporation (2)” become effective.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career Summary, Position, Assignment and Principal Concurrent Positions	
Candidate for External Director Michiya Iwasaki (November 10, 1971) Number of Company Shares Owned: 0 common shares	April 1999	Registered as Lawyer, Kamo Law Office
	April 2005	Attended at the Financial Services Agency (Public officer with Fixed-term of office)
	November 2007	Atsumi & Sakai
	December 2012	Kusunoki & Iwasaki (To present)
Reasons for nomination as candidate for substitute Director who is an Audit and Supervisory Committee Member Since Mr. Michiya Iwasaki is familiar with corporate laws in his capacity as attorney at law and has deep insight, we have asked him to act as a substitute External Auditor. Also on this occasion to transition to a company with an Audit and Supervisory Committee, we again propose his election as a substitute External Director who is an Audit and Supervisory Committee Member.		

Notes:

1. Mr. Michiya Iwasaki is a candidate for substitute External Director who is an Audit and Supervisory Committee Member.
2. There are no special interests between Mr. Michiya Iwasaki and the Company.
3. Mr. Michiya Iwasaki is 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 has he received these in the past two years.
4. Mr. Michiya Iwasaki is 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.

Proposal No. 7: Determination of Remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal No. 3 “Partial Amendments to the Articles of Incorporation (2)” is approved and passed as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee.

At the 143rd Ordinary General Meeting of Shareholders held on June 26, 2007, it was approved that total remuneration of the Company’s Directors shall be limited to up to 635,000,000 yen per year, and this figure has remained the same to this date. With the transition to a company with an Audit and Supervisory Committee, we have decided to abolish such limitation and to newly provide for remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members), and we propose to limit the total of their remuneration to up to 560,000,000 yen per year (of which total remuneration of External Directors is limited to up to 60,000,000 yen per year) taking into consideration remuneration of Directors so far and various factors including economic circumstances in recent years.

Such remuneration, as in the past, does not include the salary paid as the employee portion for the Director who concurrently serves as an employee.

Currently, there are nine (9) Directors (of which, there are four (4) External Directors), and if Proposal No. 3 and No. 4 are approved and passed as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be seven (7) (of which there will be zero (0) External Directors).

This Proposal shall take effect on condition that amendments to the Articles of Incorporation in Proposal No. 3 “Partial Amendments to the Articles of Incorporation (2)” become effective.

Proposal No. 8: Determination of Remuneration of Directors who are Audit and Supervisory Committee Members

If the Proposal No. 3 “Partial Amendments to the Articles of Incorporation (2)” is approved and passed as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee.

In this connection, we propose that total remuneration of Directors who are Audit and Supervisory Committee Members should be limited to up to 150,000,000 yen per year taking into consideration various factors including economic circumstances in recent years.

The number of Directors who are Audit and Supervisory Committee Members will become five (5) if Proposal No. 3 and No. 5 are approved and passed as originally proposed.

This Proposal shall take effect on condition that amendments to the Articles of Incorporation in Proposal No. 3 “Partial Amendments to the Articles of Incorporation (2)” become effective.

Proposal No. 9: Share Consolidation

1. Reasons for Share Consolidation

Japan's securities exchanges aim to standardize the trading unit (number of shares in one unit of shares) for common shares of listed companies in Japan at 100 shares per unit by October 1, 2018, based on the "Action Plan for Consolidating Trading Units."

As the Company is listed on the Tokyo Stock Exchange, it has determined to change the number of shares in one unit of common shares of the Company from one thousand (1,000) shares to one hundred (100) shares, in accordance with the above.

Simultaneously, we propose to carry out the share consolidation (five shares will be consolidated to one share) shown below with the aim of making an adjustment to the level of the trading unit (50,000 yen or more but less than 500,000 yen) that the securities exchanges consider preferable.

The change in the number of shares in one unit of shares mentioned above shall take effect on October 1, 2017 on condition that this Proposal is approved and passed as originally proposed.

2. Details of Share Consolidation

(1) Type of shares and ratio for share consolidation

We propose that five common shares of the Company be consolidated to one common share.

After the share consolidation, the total number of issued shares will be 69,934,375.

If any fraction less than one (1) share arises as a result of the share consolidation, such fractional shares will be disposed of together in accordance with the provisions of the Companies Act, and proceeds from the disposal will be distributed to shareholders who held the fractional shares in proportion to the number of fractional shares.

(2) Effective date of share consolidation

October 1, 2017

(3) Total number of authorized shares as of effective date

200,000,000 shares

3. Others

The Company requests that other matters required for procedures be left to the discretion of its Board of Directors.

General Meeting of Class Shareholders of Common Shares

Proposal and References

These have the same content as that of Proposal No. 9 “Share Consolidation” stated on page 53 in *Ordinary General Meeting of Shareholders* of Reference Documents for General Meeting of Shareholders.