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(Stock Exchange Code: 4634)
June 7, 2017

To Shareholders with Voting Rights:

Katsumi Kitagawa
President, Representative Director
TOYO INK SC HOLDINGS CO., LTD.
2-2-1 Kyobashi, Chuo-ku, Tokyo

**NOTICE OF
THE 179TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 179th Annual General Meeting of Shareholders of TOYO INK SC HOLDINGS CO., LTD. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via electromagnetic means (the Internet).

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by following the instructions below by 5:00 p.m. on Wednesday, June 28, 2017, Japan time.

[Exercise of Voting Rights in Writing]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by the above deadline.

[Exercise of Voting Rights via electromagnetic means (the Internet)]

Upon reviewing the “Instructions for Exercise of Voting Rights via the Internet, etc.” (Japanese version only), please access the voting rights exercise website (<http://www.web54.net>) designated by the Company and vote for or against the proposals by the above deadline.

- 1. Date and Time:** Thursday, June 29, 2017 at 10:00 a.m. Japan time
- 2. Place:** Conference room on the 29th floor of the Company located at 2-2-1 Kyobashi, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 179th Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 179th Fiscal Year (April 1, 2016 - March 31, 2017)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Partial Amendment to the Articles of Incorporation
 - Proposal 3:** Election of 14 Directors
 - Proposal 4:** Election of One Audit & Supervisory Board Member
 - Proposal 5:** Renewal of Takeover Defense Measures against Large-Scale Purchases of the Company’s Shares (Defense Measures against Takeover Bids)

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2. If you exercise your voting rights both by mailing the Voting Rights Exercise Form and via the Internet, only the vote placed via the Internet is deemed valid.
3. Of the documents required to be presented along with this notice of convocation, “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” are, in accordance with laws and regulations, and Article 16 of the Articles of Incorporation of the Company, posted on the Company’s website (<http://sched.toyoinkgroup.com/ja/ir/archives/mtg.html>) and are therefore not included in the documents attached to this notice of convocation. Accordingly, the documents attached to this notice of convocation are part of the documents audited by Accounting Auditor and the Audit & Supervisory Board in preparing the Accounting Auditor’s audit report and Audit & Supervisory Board’s audit report, respectively.
4. Should the Reference Documents for the General Meeting of Shareholders, Business Report, Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website (<http://sched.toyoinkgroup.com/ja/ir/archives/mtg.html>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company's basic policy for distribution of surplus is to put priority on maintaining stable dividend, while also taking into account ensuring the business foundation necessary for sustainable growth over the long term.

Based on the above basic policy, the year-end dividend for the fiscal year is proposed as following by considering the business results for the fiscal year, enhancement of financial structure and future business development.

- (1) Type of dividend property
Cash
- (2) Matters concerning the allotment of dividend property and the total amount thereof
¥8 per share of common stock of the Company
Total amount: ¥2,335,560,664
Including the interim dividend, the annual dividend for the fiscal year will be ¥16.00 per share.
- (3) Effective date of distribution of surplus
June 30, 2017

Proposal 2: Matters on Partial Revision of the Articles of Incorporation

1. Reasons for changes to the Articles of Incorporation

- (1) In preparation for the business expansion and future diversification of the Company and its subsidiaries, the necessary revision shall be made to the purpose of business under Article 2.
- (2) The fiscal year of the Company shall be changed from the period starting from April 1 of each year and ending on March 31 of the following year to the period starting from January 1 of each year and ending on December 31 of the said year to ensure promotion of globally integrated management of the business of Toyo Ink Group as a “science company serving the world” and transparency of management through timely and appropriate disclosure of management information. Accordingly, the necessary revision shall be made to Article 13 (Convocation), Article 15 (Record Date for Ordinary General Meeting of Shareholders), Article 43 (Fiscal Year), Article 44 (Record Date for Distribution of Dividends of Surplus) and Article 45 (Interim Dividends) of the current Articles of Incorporation. Upon the change of the fiscal year, the 180th fiscal year will be a fiscal term of nine (9) months starting from April 1, 2017 and ending on December 31, 2017. Therefore, transitional measures shall be specified under supplementary provisions.

2. Details of revisions

Details of revisions are as follows:

(Amended parts are underlined.)

Current	Proposed amendment
<p>CHAPTER I. GENERAL PROVISIONS (Objects)</p> <p>Article 2. The objects of the Company shall be to engage in the following businesses and to control and manage the business activities of companies (including foreign companies) and partnerships engaged in the following businesses by holding shares or equity in such companies and partnerships: 1.-4. (Description of provisions omitted) 5. <u>Production and sale of drug, quasi-drug and medical equipment;</u> 6.-23. (Description of provisions omitted)</p> <p>CHAPTER III. GENERAL MEETING OF SHAREHOLDERS (Convocation)</p> <p>Article 13. Ordinary general meeting of shareholders shall be convened in <u>June</u> of each year, and extraordinary general meeting of shareholders shall be convened as necessary. (2) (Description of provisions omitted)</p>	<p>CHAPTER I. GENERAL PROVISIONS (Objects)</p> <p>Article 2. (Unchanged)</p> <p>1.-4. (Unchanged) 5. <u>Production, production and sale, and sale of drug, quasi-drug, medical equipment and cosmetics;</u> 6.-23. (Unchanged)</p> <p>CHAPTER III. GENERAL MEETING OF SHAREHOLDERS (Convocation)</p> <p>Article 13. Ordinary general meeting of shareholders shall be convened in <u>March</u> of each year, and extraordinary general meeting of shareholders shall be convened as necessary. (2) (Unchanged)</p>

Current	Proposed amendment
<p>(Record Day for Ordinary General Meeting of Shareholders) Article 15. The record day for the votes at the ordinary general meeting of shareholders of the Company shall be <u>March 31</u> of each year.</p> <p style="text-align: center;">CHAPTER VII. ACCOUNTING (Fiscal Year) Article 43. The fiscal year of the Company shall be for the period of one year from <u>April 1</u> of each year through <u>March 31 of the succeeding year</u>.</p> <p>(Record Date for Distribution of Dividends of Surplus) Article 44. The record date for dividend distribution at the end of the term for the Company shall be <u>March 31</u> of each year. (2) (Description of provisions omitted)</p> <p>(Interim Dividends) Article 45. The Company, by resolution of the Board of Directors, may pay interim dividends by setting <u>September 30</u> of each year as the record date.</p> <p style="text-align: center;">(New provisions) (New provisions)</p> <p style="text-align: center;">(New provisions)</p> <p style="text-align: center;">(New provisions)</p>	<p>(Record Day for Ordinary General Meeting of Shareholders) Article 15. The record day for the votes at the ordinary general meeting of shareholders of the Company shall be <u>December 31</u> of each year.</p> <p style="text-align: center;">CHAPTER VII. ACCOUNTING (Fiscal Year) Article 43. The fiscal year of the Company shall be for the period of one year from <u>January 1</u> of each year through <u>December 31</u>.</p> <p>(Record Date for Distribution of Dividends of Surplus) Article 44. The record date for dividend distribution at the end of the term for the Company shall be <u>December 31</u> of each year. (2) (Unchanged)</p> <p>(Interim Dividends) Article 45. The Company, by resolution of the Board of Directors, may pay interim dividends by setting <u>June 30</u> of each year as the record date.</p> <p style="text-align: center;"><u>Supplementary Provisions</u> <u>(Period of the 180th Fiscal Year)</u> <u>Article 1. Notwithstanding the provisions of Article 43 hereof, the period of the 180th fiscal year shall be nine (9) months, from April 1, 2017 to December 31, 2017.</u></p> <p><u>(Record Date for the Interim Dividends for the 180th Fiscal Year)</u> <u>Article 2. Notwithstanding the provisions of Article 45 hereof, the record date for the interim dividend for the 180th fiscal year shall be September 30, 2017.</u></p> <p><u>(Effective Period of these Supplementary Provisions)</u> <u>Article 3. The two preceding Articles and this Article shall be deleted upon the end of the 180th fiscal year.</u></p>

Proposal 3: Election of 14 Directors

The terms of office of all 14 Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 14 Directors is proposed.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	<p>Kunio Sakuma (August 21, 1944)</p> <p><u>Reappointment</u></p>	<p>April 1968 Joined the Company June 1994 Director of the Company June 1997 Managing Director of the Company June 2000 President, Representative Director of the Company June 2003 Outside Corporate Auditor of TOPPAN FORMS CO.,LTD. June 2006 External Corporate Auditor of TOPPAN PRINTING CO., LTD. June 2010 External Director of TOPPAN PRINTING CO., LTD. (to present) April 2011 Chairman, Representative Director of the Company June 2015 Chairman of the Company (to present) June 2016 Corporate Auditor of TOPPAN FORMS CO.,LTD. (to present)</p> <p>Significant concurrent positions: External Director of TOPPAN PRINTING CO., LTD. Corporate Auditor of TOPPAN FORMS CO., LTD.</p>	252,100
<p>Reasons for nomination as a candidate for Director: Since assuming the office of Representative Director of the Company in 2000, Mr. Kunio Sakuma has demonstrated strong leadership over the years and has been undertaking the business execution and supervising function on the Company's overall management. Serving also as Chairman of an industry association related to the Group, he is making contribution to the further development of the industry as a whole, in addition to that of the Group. The Company requests his continuous election as Director with the expectation that he will fulfill his duties as Director of the Company and undertake the supervising function on the Company's overall management.</p>			
2	<p>Katsumi Kitagawa (September 26, 1953)</p> <p><u>Reappointment</u></p>	<p>April 1977 Joined the Company May 2000 General Manager of Corporate Planning Division of the Company March 2002 Factory Manager of Kawagoe Factory, Polymer Business Administration Department, Chemical Business HQ of the Company March 2004 Deputy Division Director of Colorants Business HQ; General Manager of Plastic Colorants Business Department of the Company June 2004 Operating Officer of the Company June 2005 Director of the Company June 2008 Executive Operating Officer of the Company April 2009 Vice President, Director of the Company June 2009 Vice President, Representative Director of the Company April 2011 President, Representative Director of the Company (to present) April 2014 Group CEO of the Company (to present)</p>	122,000
<p>Reasons for nomination as a candidate for Director: Since assuming the office of Representative Director of the Company in 2011, Mr. Katsumi Kitagawa has demonstrated strong leadership and has been undertaking the business execution and supervising function on the Company's overall management. Also, he has been undertaking the business execution and supervising function on the Group's overall management as Group CEO from 2014. The Company requests his continuous election as Director with the expectation that he will fulfill his duties as Director of the Company and undertake the supervising function on the Company's overall management, while taking initiative in enhancing the corporate value of the Group.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Katsumi Yamazaki (February 28, 1953) <u>Reappointment</u>	<p>April 1975 Joined the Company</p> <p>September 2003 General Manager of Toppan Business Department, Customer Network HQ of the Company</p> <p>June 2004 Operating Officer of the Company</p> <p>June 2007 Director of the Company</p> <p>June 2008 Executive Operating Officer of the Company</p> <p>June 2008 Division Director of Printing-Information Business HQ of the Company</p> <p>April 2009 Senior Executive Operating Officer of the Company</p> <p>April 2011 President & Representative Director of TOYO INK CO., LTD. (to present)</p> <p>June 2012 Managing Director of the Company</p> <p>June 2015 Senior Managing Director of the Company (to present)</p> <p>Significant concurrent positions: President & Representative Director of TOYO INK CO., LTD.</p>	69,000
<p>Reasons for nomination as a candidate for Director:</p> <p>After assuming key positions in the sales and planning divisions in printing ink business, Mr. Katsumi Yamazaki assumed office of Director of the Company in 2007. Since then, he has been executing business with his high capabilities and expertise in the fields of packaging-related business, printing-information-related business and management strategy, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.</p>			
4	Hiroya Aoyama (April 2, 1956) <u>Reappointment</u>	<p>April 1979 Joined the Company</p> <p>February 2001 General Manager of Human Resources Department of the Company</p> <p>June 2007 Operating Officer of the Company</p> <p>June 2009 Director of the Company</p> <p>July 2011 Supervisor of Human Resources Department, Finance & Accounting Department, General Affairs Department, Corporate Communication Department and Internal Audit Department of the Company (to present)</p> <p>June 2013 Managing Director of the Company</p> <p>June 2015 Senior Managing Director of the Company (to present)</p>	48,000
<p>Reasons for nomination as a candidate for Director:</p> <p>After assuming key positions mainly in the human resources division, Mr. Hiroya Aoyama assumed office of Director of the Company in 2009. Since then, he has been executing business with his high capabilities and expertise regarding human resource strategy and financial strategy, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Shuji Miyazaki (May 26, 1955) <u>Reappointment</u>	<p>April 1980 Joined the Company</p> <p>June 2006 Division Director of Technology-Research-Development HQ of the Company</p> <p>June 2006 Operating Officer of the Company</p> <p>June 2008 Director of the Company</p> <p>April 2012 President & Representative Director of TOYOCOLOR CO., LTD.</p> <p>April 2014 Supervisor of Technology, Research, Development and Legal of the Company</p> <p>June 2015 Managing Director of the Company (to present)</p> <p>June 2015 Supervisor of Quality Assurance, Production, Environment, Procurement and Target Costing of the Company</p> <p>June 2016 President & Representative Director of TOYOCOLOR CO., LTD. (to present)</p> <p>Significant concurrent positions: President & Representative Director of TOYOCOLOR CO., LTD.</p>	40,000
		<p>Reasons for nomination as a candidate for Director: After assuming key positions mainly in the technology, research and development divisions, Mr. Shuji Miyazaki assumed office of Director of the Company in 2008. Since then, he has been executing business with his high capabilities and expertise in the fields of technology, research and development and production control, as well as in management strategy while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.</p>	
6	Satoru Takashima (April 18, 1960) <u>Reappointment</u>	<p>April 1984 Joined the Company</p> <p>April 2011 General Manager of Corporate Planning Division of the Company</p> <p>June 2012 Operating Officer of the Company</p> <p>June 2013 Director of the Company</p> <p>April 2014 President & Representative Director of TOYOICHEM CO., LTD. (to present)</p> <p>June 2016 Managing Director of the Company (to present)</p> <p>Significant concurrent positions: President & Representative Director of TOYOICHEM CO., LTD.</p>	36,331
		<p>Reasons for nomination as a candidate for Director: After assuming key positions mainly in the corporate planning division, Mr. Satoru Takashima assumed office of Director of the Company in 2013. Since then, he has been executing business with his high capabilities and expertise regarding management strategy, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	<p data-bbox="177 465 419 533">Naoki Adachi (February 23, 1939)</p> <p data-bbox="212 555 384 622"><u>Reappointment</u> <u>Outside Director</u></p>	<p data-bbox="424 271 1257 817"> April 1962 Joined TOPPAN PRINTING CO., LTD. June 1993 Director of TOPPAN PRINTING CO., LTD. June 1995 Managing Director of TOPPAN PRINTING CO., LTD. June 1997 Senior Managing Director of TOPPAN PRINTING CO., LTD. June 1998 Vice President & Representative Director of TOPPAN PRINTING CO., LTD. June 2000 President & Representative Director of TOPPAN PRINTING CO., LTD. June 2008 Outside Director of the Company (to present) June 2010 Chairman & Representative Director of TOPPAN PRINTING CO., LTD. (to present) June 2015 Outside Director of DAIICHI SANKYO COMPANY, LIMITED (to present) Significant concurrent positions: Chairman & Representative Director of TOPPAN PRINTING CO., LTD. Outside Director of DAIICHI SANKYO COMPANY, LIMITED </p>	54,000
<p data-bbox="177 824 1257 1155"> Reasons for nomination as a candidate for Outside Director: Although Mr. Naoki Adachi does not satisfy the criteria of independence for outside officers set forth by the Company and therefore has not been designated as an independent director pursuant to the stipulations of Tokyo Stock Exchange, he possesses a wealth of experience in and broad insight into such field as corporate management. Since he assumed the office of Director of the Company in 2008, the Company has received his advice and instruction from an objective perspective for its overall management as a management professional well-versed in the industry. His advice and instruction provided in consideration of the business environment surrounding the Group has encouraged lively discussion at the Board of Directors' meetings. The Company requests his continuous election as Outside Director with the expectation that he will appropriately fulfill his duties as Outside Director of the Company. </p>			
8	<p data-bbox="177 1220 419 1288">Kimito Amari (August 25, 1953)</p> <p data-bbox="212 1310 384 1400"><u>Reappointment</u> <u>Outside Director</u> <u>Independent</u></p>	<p data-bbox="424 1162 1257 1467"> April 1992 Professor, Faculty of Law, Kumamoto University April 1997 Professor, Faculty of Law, Sophia University (to present) April 2013 Registered with TOKYO BAR ASSOCIATION (to present) June 2013 Outside Audit & Supervisory Board Member of the Company June 2015 Outside Director of the Company (to present) Significant concurrent positions: Professor, Faculty of Law, Sophia University </p>	6,000
<p data-bbox="177 1473 1257 1736"> Reasons for nomination as a candidate for Outside Director: Although Mr. Kimito Amari has no direct experience in corporate management other than as outside director or outside auditor, he possesses highly professional knowledge in the Insurance Act and the Companies Act along with distinguished insight as a jurist qualified as a lawyer. By drawing on his experience as Outside Audit & Supervisory Board Member of the Company in the past, he has been fulfilling the role to supervise its management from a fair standpoint since assuming the office of Director of the Company in 2015. The Company requests his continuous election as Outside Director with the expectation that he will appropriately fulfill his duties as Outside Director of the Company. </p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	Keiko Kimura (October 13, 1959) <u>Reappointment</u> <u>Outside Director</u> <u>Independent</u>	<p>April 1980 Joined ITOCHU Corporation October 1989 Joined Citibank, N. A. October 2002 Registered with Dai-Ichi Tokyo Bar Association (to present) October 2002 Joined Anzai & Sotoi Law Office (current Anzai Law Office) (to present) June 2016 Outside Director of the Company (to present)</p> <p>Significant concurrent positions: Lawyer, Anzai Law Office</p>	0
<p>Reasons for nomination as a candidate for Outside Director: Although Ms. Keiko Kimura has no direct experience in corporate management other than as outside director, with the certification as lawyer, she possesses highly professional knowledge of and broad insight especially into Labor Act and human resource and labor related affairs. Since she assumed the office of Director of the Company in 2016, she has been fulfilling the role to supervise its management from a fair standpoint. The Company requests her continuous election as Outside Director with the expectation that she will appropriately fulfill her duties as Outside Director of the Company.</p>			
10	Shinichi Azuma (April 8, 1956) <u>Reappointment</u>	<p>April 1981 Joined the Company March 2007 Factory Manager of Kawagoe Factory, Polymer Business HQ of the Company June 2007 Operating Officer of the Company April 2012 Division Director of Production-Logistics -Procurement HQ of the Company June 2013 Director of the Company (to present) July 2014 Division Director of Production-Logistics HQ of the Company June 2016 Supervisor of Quality Assurance, Production, Environment, Procurement and Target Costing of the Company (to present)</p>	38,000
<p>Reasons for nomination as a candidate for Director: After assuming key positions mainly in the production control division, Mr. Shinichi Azuma assumed office of Director of the Company in 2013. Since then, he has been executing business with his high capabilities and expertise in the fields of production control and supply chain management, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
11	Toshiaki Hirakawa (September 13, 1958) <u>Reappointment</u>	April 1982	Joined the Company	36,000
		September 2005	General Manager of Finance & Accounting Department of the Company	
		June 2010	Operating Officer of the Company	
		April 2011	General Manager of Finance & Accounting Department of the Company (to present)	
		June 2013	Director of the Company (to present)	
	Reasons for nomination as a candidate for Director: After assuming key positions mainly in the finance & accounting division, Mr. Toshiaki Hirakawa assumed office of Director of the Company in 2013. Since then, he has been executing business with his high capabilities and expertise in the fields of finance and accounting, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.			
12	Kazuhiko Ide (February 23, 1961) <u>Reappointment</u>	April 1986	Joined the Company	41,529
		March 2003	General Manager of Polymer Research Laboratory, Technology-Research-Development HQ of the Company	
		April 2011	General Manager of Polymer and Coating & Engineering Technology Administration Department of the Company	
		June 2013	Operating Officer of the Company	
		April 2014	Senior General Manager of Group Technology Center of the Company	
		June 2015	Director of the Company (to present)	
		June 2015	Supervisor of Technology, Research, Development and Legal of the Company (to present)	
	Reasons for nomination as a candidate for Director: After assuming key positions mainly in the technology, research and development divisions, Mr. Kazuhiko Ide assumed office of Director of the Company in 2015. Since then, he has been executing business with his high capabilities and expertise in the fields of technology, research and development, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
13	Hiroyuki Hamada (July 19, 1958) <u>Reappointment</u>	April 1981 September 2005 July 2008 July 2012 June 2013 June 2015 June 2016 June 2016	Joined the Company General Manager of Corporate Administration Department of the Company General Manager of Planning and Administration Department, International Business HQ of the Company President, Representative Director of TOYO INK EUROPE S.A.S. Operating Officer of the Company Executive Operating Officer of the Company Director of the Company (to present) General Manager of Corporate Planning Division of the Company (to present)	21,116
		<p>Reasons for nomination as a candidate for Director:</p> <p>After assuming key positions mainly in the corporate administration division and overseas affiliate company, Mr. Hiroyuki Hamada assumed the office of Director of the Company in 2016. Since then, he has been executing business with his high capabilities and expertise in the management strategy, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.</p>		
14	Kazuhito Nakano (February 22, 1957) <u>Reappointment</u>	April 1980 December 2004 April 2009 September 2013 June 2014 June 2016 June 2016	Joined the Company President, Director of T.I.P.P. (Malaysia) Sdn. Bhd President, Director of LioChem, INC. Factory Manager of Kawagoe Factory, TOYO CHEM CO., LTD. Operating Officer of the Company Director of the Company (to present) Division Director of Production-Logistics HQ of the Company (to present)	12,209
		<p>Reasons for nomination as a candidate for Director:</p> <p>After assuming key positions mainly at overseas affiliate companies and production control division, Mr. Kazuhito Nakano assumed the office of Director of the Company in 2016. Since then, he has been executing business with his high capabilities and expertise in the field of production control, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.</p>		

(Notes)

1. The Candidate for Director, Mr. Naoki Adachi concurrently serves as Representative Director of TOPPAN PRINTING CO., LTD. Although there are no special interests between TOPPAN PRINTING CO., LTD. and the Company, there are sales transactions of merchandise and products between TOPPAN PRINTING CO., LTD. and subsidiaries of the Company.
2. There are no special interests between other candidates and the Company and between other candidates and the subsidiaries of the Company.
3. Mr. Naoki Adachi, Mr. Kimito Amari and Ms. Keiko Kimura are candidates for Outside Director.
4. Mr. Naoki Adachi will have served as Outside Director of the Company for nine years at the conclusion of this year's Annual General Meeting of Shareholders. Mr. Kimito Amari will have served as Outside Director of the Company for two years at the conclusion of this year's Annual General Meeting of Shareholders. Ms. Keiko Kimura will have served as Outside Director of the Company for one year at the conclusion of this year's Annual General Meeting of Shareholders.
5. The Company has entered into an agreement with each of Mr. Naoki Adachi, Mr. Kimito Amari and Ms. Keiko Kimura to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act. Subject to the approval of the reappointment of Mr. Naoki Adachi, Mr. Kimito Amari and Ms. Keiko Kimura, the Company intends to continue the above-mentioned agreement with each of them. The maximum amount of liability pursuant to the agreement is the minimum amount stipulated by laws and regulations.
6. The Company has registered Mr. Kimito Amari and Ms. Keiko Kimura as independent directors with Tokyo Stock

Exchange pursuant to the stipulations of the Exchange. They also satisfy the criteria for independence for outside officers set forth by the Company. Subject to the approval of the reappointment of them, they will continue to serve as independent officers.

Proposal 4: Election of One Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Takashi Kanno will resign at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of one Audit & Supervisory Board Member is proposed.

The candidate is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
Takashi Ishikawa (March 17, 1957) <input type="checkbox"/> New appointment	April 1980 Joined the Company September General Manager of Internal Audit Department of the 2007 Company June 2010 Operating Officer of the Company (to present) April 2014 General Manager of Target Costing Promotion Department of the Company April 2015 General Manager of Standardization Administration Department of the Company (to present)	36,000
Reasons for nomination as a candidate for Audit & Supervisory Board Member: Mr. Takashi Ishikawa has been engaged mainly in the finance and accounting and system-related operations and therefore possesses considerable knowledge in finance and accounting. After assuming key positions in the internal audit division, he assumed the office of Operating Officer of the Company in 2010. Since then, he has been executing business with his high capabilities and expertise in the field of corporate administration. Going forward, with the expectation that he will utilize his knowledge in such field for appropriately auditing the business execution of the Company, the Company requests his election as Audit & Supervisory Board Member.		

(Note) There are no special interests between the candidate and the Company and between the candidate and the subsidiaries of the Company.

(Reference)

Criteria of Independence for Outside Officers

The Board of Directors of the Company does not certify Outside Directors and Outside Audit & Supervisory Board Members (hereinafter collectively “outside officers”) as independent officers if they fall under any of the following categories.

- (1) A business executive¹ of the Company or its affiliated company (hereinafter collectively “the Group”)
- (2) A major business partner of the Group² or a business executive of such business partner
- (3) A major client of the Group³ or a business executive of such client
- (4) A major shareholder of the Company⁴ or a business executive of a major subsidiary⁵ of such shareholder
- (5) An entity or a business executive of such entity that receives a large amount of donations⁶ from the Group
- (6) A consultant, accountant, or legal specialist who receives a large amount of monetary or other assets from the Group aside from executive compensation⁷ (in case of corporation, association or other organization, an individual who belongs to such organization)
- (7) A certified public accountant, an employee, partner or staff of an audit firm that provides accounting audit of the Group
- (8) In case of a law firm, audit firm, tax accounting firm or consulting firm, or other professional advisory firm that do not fall under above (6) or (7), an employee, partner, associate or staff of a firm whose major client is the Group⁸
- (9) A business executive of a company whereat a business executive of the Group is an outside officer
- (10) A business executive of a company whose major shareholder is the Company
- (11) An individual who has fallen under criteria (1) above in the past ten years prior to his/her assumption of office (in case of an individual who was a non-executive Director or an Audit & Supervisory Board Member of the Company in the past ten years prior to his/her assumption of office, another ten years prior to such assumption)
- (12) An individual who has fallen under criteria (2) or (3) in the past three business years
- (13) An individual who has fallen under criteria (4) through (8) in the past three years (with regard to (7), this shall apply only to an individual who was actually in charge of handling the audit (excluding ancillary duty) of the Group (including an individual who is retired or resigned at present))
- (14) A close relative⁹ to an individual that would fall under the following
 - a. An important business executive¹⁰ of the Group
 - b. An individual who has fallen under above a. in the past five years
 - c. An individual defined as above (2) through (10) (with regard to “a business executive” in (2) through (5), and (9) and (10), an important business executive, with regard to “an individual who belongs to such organization” in (6), an important business executive and, in case of an audit firm or a law firm, etc., an individual who possesses professional qualification, and with regard to “an employee, partner or staff of an audit firm” in (7), an important business executive and certified public accountant and other professional experts.)
 - d. An individual who has fallen under above c. in the past three years

Notes: 1. “A business executive” is defined as executive director, executive officer or employee.

2. “A major business partner of the Group” is defined as any of the following:

- 1) The business partner group that provides products or service to the Group (an individual who belongs to a consolidated group to which the direct business partner belongs; the same applies hereafter), a business partner group whose transactions with the Group exceeds 2% of the consolidated net sales or total income of the business partner group for the most recent fiscal year
- 2) The counterparty group to which the Group is indebted and the aggregate amount of indebtedness of the Group exceeds 2% of consolidated total assets of the counterparty at the end of the most recent fiscal year

3. “A major client of the Group” is defined as any of the following:

- 1) The business partner group to which the Group provides products or service and the transactions with the business partner group exceeds 2% of the consolidated net sales of the Group for the most recent fiscal year
- 2) The counterparty group that is indebted to the Group and the aggregate amount of indebtedness of the

- counterparty group exceeds 2% of the consolidated total assets of the Group at the end of the most recent fiscal year
- 3) The financial institution group from which the Group is borrowing (defined as an individual who belongs to a consolidated group to which the financial institution from which the Group is directly borrowing belongs) and the aggregate borrowing amount of the Group from the financial institution group exceeds 2% of the consolidated total assets of the Group at the end of the most recent fiscal year.
 4. “Major shareholder” is defined as a shareholder who owns 10% or more of the total voting rights either directly or indirectly.
 5. “Major subsidiary” is defined as a subsidiary that is presented as a major subsidiary in the “Status of the parent company or major subsidiaries” (Article 120, Paragraph 1, Item 7 of the Ordinance for Enforcement of the Companies Act) in the Business Report of the Company pertaining to the most recent fiscal year, or in other disclosure documents made public by the Company.
 6. “Entity that receives a large amount of donations” is defined as an entity who received from the Group a donation amounting to 10 million yen or more, a year taken in average of the three most recent fiscal years, or an amount equivalent to 30% or more of the average total annual cost of such entity, whichever is higher.
 7. “A consultant, accountant, or legal specialist who receives a large amount of monetary or other assets from the Group aside from executive compensation” is defined as an individual who receives from the Group, a financial benefit of 10 million yen or more a year taken in average of the three most recent fiscal years aside from executive compensation.
 8. “A firm whose major client is the Group” is defined as a firm that received a payment from the Group in an amount equivalent to 2% or more of the consolidated net sales of the firm taken in average of the three most recent fiscal years.
 9. “A close relative” is defined as a spouse or relative within the second degree, or a relative living together.
 10. Of business executives, “an important business executive” is defined as an individual who executes significant business operations, including executive director, executive officer or general manager.

Proposal 5: Renewal of Takeover Defense Measures against Large-Scale Purchases of the Company's Shares (Defense Measures against Takeover Bids)

The Company introduced countermeasures against attempts to acquire the Company's shares beyond a certain limit by a certain shareholder or group of shareholders at the 170th general meeting of shareholders held on June 27, 2008, and thereafter continued to implement the countermeasures with the approval of shareholders, which was obtained at the 173rd general meeting of shareholders held on June 29, 2011 and the 176th general meeting of shareholders held on June 27, 2014 (the continued countermeasures shall be hereinafter referred to as the "Current Measures"). The Current Measures are valid until the close of the 179th general meeting of shareholders to be held on June 29, 2017 (hereinafter referred to as "this General Meeting of Shareholders").

In light of changes in the economic and social situation and circumstances, progress in discussions about defense measures against takeover bids, and other factors, the Company has further examined the content of the Current Measures and the merits of extending the Current Measures as an expedient to maintain and improve the corporate value of the Company, its subsidiaries, and affiliated companies (collectively, the "Group") and to protect the common interests of shareholders.

As a result of the examination, the Company, at a meeting of the Company's Board of Directors held on May 12 this year, resolved by unanimous consent to partially review the Current Measures and then adopt revised measures against large-scale purchases of the Company's shares (defense measures against takeover bids) (hereinafter the "Measures"), under the condition that it is approved by shareholders, by resolution of the General Meeting of Shareholders, and to submit the introduction of these Measures (replacement by the Measures) as an agenda item for approval, to this General Meeting of Shareholders.

Accordingly, the introduction of the Measures (replacement by the Measures) is proposed.

The major changes from the Current Measures are as follows.

- One of the three members of the Independent Committee was changed as described in Exhibit 2. (Mr. Youmatsu Hinagata will replace Mr. Masaaki Aoyama and will be appointed as a member of the Independent Committee.)
- We have updated the wordings and made other necessary revisions.

Details

Section 1 Details of basic policy concerning the status of persons who control the decisions about the Company's financial and business policies

"Kobayashi's Ink Shop," predecessor of the Company, was founded in 1896. In 1907, it was incorporated as Toyo Ink Manufacturing Co., Ltd. With a transition to a holding company system on April 1, 2011 heading toward the next hundredth anniversary, the Company as Toyo Ink SC Holdings Co., Ltd. is working on enhancing the corporate value of the entire Group.

Since its inauguration, the Company has been supported by many customers, shareholders, business partners, local community members, and other stakeholders and has consistently contributed to the development of information and culture through the formation of a business group with printing ink as its core business, complemented by a wide range of businesses, including polymers and coatings-related business, and colorants and functional materials-related business, etc. Having reached the 120th anniversary of its founding in 2016, under the vision of "to be a company creating new values for human culture throughout the world," which is Toyo Ink Group's Corporate Policy, we believe that continuously exerting comprehensive strength of the Group from a medium to long term perspective and aiming to foster further development will contribute to the improvement of the Group's corporate value and the common interests of shareholders.

In this way, we will endeavor to enhance the Group's corporate value and the common interests of the shareholders. We note that there have recently been some cases in Japan in which large-scale purchases of shares have been unilaterally forced through without obtaining the consent of the management of the target companies. Needless to say, we would not categorically reject a large-scale purchase of shares if it were to promote the interests of our shareholders, business partners, customers, the community, society, employees, and other stakeholders, nor would we deny the very act of acquiring shares in compliance with the rules of the capital market.

However, whether or not to accept the act of large-scale purchase of the Company's shares by an acquirer (to be defined in Section 3-I. 1 below) should ultimately be left to the judgment of the shareholders. The act of a large-scale purchase of shares, if achieved, means the acquisition of a controlling interest that immediately has a significant impact on the management of the Group and raises the possibility of material effects on the Group's corporate values and common interests of shareholders. Yet shareholders will not be

able to properly determine the effects of a large-scale purchase of the Company's shares on the Group's corporate value unless they are provided with sufficient information about the acquirer. We consider it necessary that the acquirer provide necessary and sufficient information to shareholders to enable shareholders to make a judgment and that the Company's Board of Directors review and evaluate the effects of the management policy, etc. proposed by the acquirer on the Group's corporate value, to facilitate that judgment. If the situation calls for it, it would also be necessary for the Company's Board of Directors to bargain or negotiate with the acquirer about the act of the large-scale purchase of the Company's shares or the Group's management policy, etc., or to present an alternative proposal prepared by the Board of Directors concerning its management policy, etc. Under these circumstances, the Company considers it part of the Directors' responsibilities to ensure and establish such processes as information provision by the acquirer and a review and evaluation by the Board of Directors, as well as to prepare countermeasures against a large-scale purchase of the Company's shares to prevent a palpable infringement of the Group's corporate value or shareholders' common interests.

Section 2 Specific details about our commitments to the implementation of the basic policy

I. Business operations of the Group

From its very earliest days, the Company has been seriously committed to the creation of new value for human culture for our customers, employees, and society through its business and its products and services. We are also striving to secure and enhance our corporate value and shareholders' common interests by developing our business activities into the future, as well as by constantly co-existing with the society and by raising the level of satisfaction of shareholders and other stakeholders and earning their trust in the Company.

Under this basic philosophy and toward achieving the corporate vision of "SCC (Science Company Change) 2017," the Group proceeded with the three medium-term management plans from fiscal 2008, and from fiscal 2014 has promoted SCC-III, the final stage of the plans. From fiscal 2017, we have set "the ideal shape for our next decade" as our new long term vision, and will promote activities towards achieving this vision. In this new long term vision, we have defined the concept of our corporate activities as "Scientific Innovation Chain2027 (SIC27)" which is guided by the following five core elements, "technology and products", "business models", "network", "monozukuri" and "management base". By chaining these five elements together and thinking innovatively operating scientifically, we aim to build a corporate culture capable of achieving sustainable growth. Furthermore, we will strategically expand the framework of our conventional business domains (three business fields, namely, life science, communication science and sustainability science), thereby focusing not only on growth markets, but focus on providing solutions to social issues and areas that may lead to increasing sustainability in lives and the global environment. During the course of these medium- to long-term initiatives, the Company will continue to conduct business by putting emphasis on speed, making the most of the holding company system, and promoting flexible use of the entire Group's management resources. In addition, we will strengthen "sustainable management" by attaching importance to environmental measures, risk management, global coexistence, and corporate social responsibility (CSR).

II. Measures for strengthening corporate governance

While building a positive relationship with its stakeholders, the Company is working to enhance its corporate governance through further strengthening, improving and upgrading the functions and systems of its internal control scheme.

The Company has adopted the Audit & Supervisory Board Member System and the term of office of Directors is one year with an aim of clarifying the management responsibility of Directors. In addition, to ensure clear separation between the functions of management supervision and business execution, Executive Officer System was adopted, thereby enhancing the agile decision making and supervisory function on its business execution.

Furthermore, keeping in mind the purpose of the Corporate Governance Code, the Company has established the Basic Policy on Corporate Governance in November 2015. Currently, of the 14 Directors, we elect three as Outside Directors (including two Independent Outside Directors who satisfy the criteria of independence for outside officers set forth by the Company). In addition, based on the Basic Policy, we have set up an advisory committee chaired by an Independent Outside Director, from which we sought advice and deliberation regarding the candidates scheduled to be elected at this General Meeting of Shareholders and compensation thereof. The number of Directors scheduled to be elected at this General Meeting of Shareholders after receiving the advice and deliberation is 14, including two Independent Outside Directors. The total number of Outside Directors will be three (ratio of Outside Directors is 21.4%).

Although one Outside Director does not satisfy the criteria of independence for outside officers set forth by the Company and therefore has not been designated as an independent director pursuant to the stipulations of Tokyo Stock Exchange, this Outside Director provides advice and instruction from an objective perspective for the Company's overall management as a management professional well-versed in the industry. Such advice and instruction provided in consideration of the business environment surrounding the Group has encouraged lively discussion at the Board of Directors' meetings. In this way, as Outside Directors are performing their respective duties as Outside Directors expected by the Company regardless of degree of independence, the Company believes that each of Outside Directors will play an important role in supervising the Company's overall management.

Pursuant to the Basic Policy on Corporate Governance, we will further strengthen the governance system of the Company. We are striving to secure and enhance our corporate value and shareholders' common interests through these measures to strengthen the corporate governance system.

Section 3 Measures for preventing any person, who may be objectionable in light of the basic policy to take control of decision making about the Company's financial and business policies

I. Purpose of the introduction of the Measures

1. Purpose of Measures

The purpose of the Measures, when the act of purchasing the Company's share certificates, etc. (Note 1) by a certain shareholder group to raise the subject voting right holding rate above 20% or the act of purchasing the Company's share certificates, etc. as a result of which the subject voting right holding rate of a certain shareholder group exceeds 20% (without reference to how such purchase is conducted, i.e., purchasing on a securities market, takeover bid or any other means, but excluding the method on which the Company's Board of Directors has agreed in advance. Such act of purchasing the Company's share certificates, etc. shall be referred to as the "Act of Large-Scale Purchase" and a person who conducts the Act of Large-Scale Purchase shall be referred to as the "Large-Volume Acquirer" hereinafter) has material effects on the Group's corporate values, is to appropriately respond to the Act of Large-Scale Purchase to secure or enhance the Group's corporate values in accordance with the basic policy described in Section 1 in the above.

Certain shareholder group in this document means (i) a holder (Note 2) of the Company's share certificates, etc., and a joint holder (Note 3), or (ii) a person conducting purchases, etc. (Note 4) of the Company's share certificates, etc. and persons in special relationship (Note 5) with the person conducting purchase, etc. of the Company's share certificates, etc. The subject voting right holding rate means, in the case where a certain shareholder group falls under that described in (i) in the above, means the rate of holding the Company's share certificates, etc. (Note 6) by the holder, and if a certain shareholder group falls under that described in (ii) in the above, means the total rate of the Company's share certificates, etc. (Note 7) held by the Large Volume Acquirer and by the persons in a special relationship with the person conducting the purchase, etc. of the Company's share certificates.

(Note 1) Means the share certificates, etc. as defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

(Note 2) Means the holder as defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Act and includes persons who are deemed holders under Paragraph 3 of the same Article. The same shall apply hereinafter.

(Note 3) Means the joint holder as defined in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Act and includes persons who are deemed joint holders under Paragraph 6 of the same Article. The same shall apply hereinafter.

(Note 4) Means the purchase, etc. as defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Act and includes those conducted on a securities market. The same shall apply hereinafter.

(Note 5) Means the persons in special relationship with the person conducting purchase, etc. of share certificates, etc. as defined in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

(Note 6) Means the rate of share certificates, etc. held as defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act and also considers the number of share certificates, etc. held by the holder (meaning the number of share certificates, etc. held as defined in the same Paragraph.) in the calculation. In calculating the rate of share certificates, etc. held, reference may be made for the total number of issued shares (meaning the total number of issued shares as defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act.), to the annual securities report, quarterly securities report, and share buyback report, whichever is the latest to have been submitted.

(Note 7) Means the rate of share certificates, etc. held as defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Act. In calculating the rate of share certificates, etc. held, reference may be made for the total number of voting rights (meaning the total number of voting rights as defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Act.) to the annual securities report, quarterly securities report and share buyback report, whichever is the latest to

have been submitted.

2. Need for the Measures

Even when a Large-Volume Acquirer has decided to conduct a large-scale purchase of the Company's shares, whether or not the act is accepted should ultimately be left to the judgment of you, the shareholders. However, the Act of Large-Scale Purchase of shares, if achieved, means the acquisition of a controlling interest that immediately has a significant impact on the management of the Group and embraces the possibility of having material effects on the Group's corporate values and the common interests of the shareholders.

In reality, however, shareholders will not be able to properly determine the effects of a large-scale purchase of the Company's shares on the Group's corporate value unless they are provided with sufficient information about the Large-Volume Acquirer. We consider it necessary that the Large-Volume Acquirer provide necessary and sufficient information to shareholders in order to enable the judgment of shareholders and that the Company's Board of Directors review and evaluate the effects of the management policy, etc. proposed by the Large-Volume Acquirer on the Group's corporate values in order to facilitate the judgment of shareholders. In certain cases, it may also be necessary for the Company's Board of Directors to bargain or negotiate with the Large-Volume Acquirer about the Act of Large-Scale Purchase of the Company's shares or the Group's management policy, etc., or to present an alternative proposal prepared by its Board of Directors concerning its management policy, etc.

Moreover, under the recent conditions of the capital market and legal systems in Japan, the possibility of an Act of Large-Scale Purchase leading to palpable infringement of the Group's corporate values or shareholders' common interests cannot be ruled out. The Company sets forth "people-oriented management" as its corporate philosophy and "striving to become a company that creates new value for human culture throughout the world" as its corporate policy. To achieve these ideals, we have established guiding principles of "providing our knowledge to enhance customer satisfaction (CS)", "respecting the realization of employee satisfaction (ES)", "acting as a responsible citizen coexisting with society and the Earth (SS)" and "enhancing our reputation in the market by respecting the rights of shareholders and endeavoring to improve shareholders' value (SHS)". Based on these guidelines, we are committed to continuously providing our customers whenever needed with high value, safe, environmentally friendly, and high quality products, systems, and services that meet customer needs and that are fairly priced, in order to secure and enhance the Group's corporate value and shareholders' common interests into the future. However, unless these are secured and enhanced for the medium to long term by the persons who conduct the Act of Large-Scale Purchase of the Company's shares, the Group's corporate value and shareholders' common interests would be impaired. In these circumstances, the Company considers it part of the directors' responsibilities to ensure and establish such processes as information provision by the Large-Volume Acquirer and review and evaluation by the Company's Board of Directors, as well as to prepare countermeasures against the act of large-scale purchase of the Company's shares to prevent palpable infringement of the Group's corporate value or shareholders' common interests.

As a measure for putting these views into effect, the Company has decided to establish rules concerning the provision of certain information, etc. to be observed by a Large-Volume Acquirer ("Rules for Large-Scale Purchase") as well as requirements for the Company to take countermeasures, in the event that a Large-Volume Acquirer does not observe the Rules for Large-Scale Purchase or that the Act of Large-Scale Purchase damages the Group's corporate value or shareholders' common interests, as well as the details of such measures ("Countermeasures against Large-Scale Purchase.")

II. Details of the Measures

1. Outline of the Measures

The Measures consist of the Rules for Large-Scale Purchase to be observed by a Large-Volume Acquirer (described later in 2) and the Countermeasures against Large-Scale Purchase that may be taken by the Company (described later in 3).

The first requirements in the Measures as part of the Rules for Large-Scale Purchase are the requirement for information provision by a Large-Volume Acquirer to enable the judgment of shareholders and the Company's Board of Directors (described later in 2. (1)) and the requirement for the grant of a period for review and evaluation by the Company's Board of Directors (described later in 2. (2)).

Next, in the Measures, prerequisites are specified for the Company's Board of Directors to take countermeasures against the Act of Large-Scale Purchase. The Board of Directors may resolve to conduct reasonable acts against the Act of Large-Scale Purchase that are permitted as Countermeasures against Large-Scale Purchase under the Companies Act and other laws and regulations and the Company's Articles

of Incorporation (described later in 3. (1)). The ability to conduct such reasonable acts is limited to cases where the Large-Volume Acquirer does not observe the Rules for Large-Scale Purchase or where the Act of Large-Scale Purchase greatly damages the Group's corporate value or shareholders' common interests (described later in 3. (2)).

Ultimately, whether or not to activate the Countermeasures against Large-Scale Purchase pursuant to the Measures shall be decided by the Company's Board of Directors. To ensure the objectivity and rationality of its judgment, the Company established an Independent Committee consisting of outside directors and outside auditors of the Company or outside experts ("Independent Committee"), who are independent from the Company's management team that engages in business execution, and the opinion of the Independent Committee shall be respected to the maximum extent possible (described later in 3. (3)).

2. Rules for Large-Scale Purchase

(1) Information to be provided to the Board of Directors

A Large-Volume Acquirer shall, before conducting the Act of Large-Scale Purchase, be required to provide the Company's Board of Directors with necessary and sufficient information in writing in order to make for the judgment of shareholders and for the formation of opinions of the Board of Directors. The purpose of this is to enable shareholders to make an appropriate judgment about the Act of Large-Scale Purchase and to enable the Company's Board of Directors to conduct a proper review and evaluation of the matter.

First, when a Large-Volume Acquirer is to conduct the Act of Large-Scale Purchase, the Large-Volume Acquirer is required to submit to the Company's President & Representative Director a statement of intent to conduct the Act of Large-Scale Purchase ("Letter of Intent"), which clearly specifies in Japanese the name or trade name of the Large-Volume Acquirer, location of principal office or central office, name of representative, contact details in Japan, governing law for incorporation (in the case of a foreign corporation), and outline of the proposed Act of Large-Scale Purchase (including the type and number of the Company's share certificates, etc. that the Large-Volume Acquirer plans to acquire through the Act of Large-Scale Purchase and the outline of the purpose of the Act of Large-Scale Purchase (where the purpose is the acquisition of control of the Company or participation in the management of the Company, pure investment or policy investment, transfer, etc. of the Company's share certificates, etc. to a third party following the implementation of the Act of Large-Scale Purchase, the conduct of the "act of making important suggestions, etc." (Note 8) or others, the Letter of Intent shall specify to that effect and the outline of such purpose. If there are more than one purpose, all the purposes shall be stated on the Letter of Intent) as well as the Large-Volume Acquirer's pledge to observe the Rules for Large-Scale Purchase.

On receipt of the Letter of Intent, the Company's Board of Directors shall, within ten (10) business days (Note 9) from the receipt thereof, send a list of supplementary information that it requires the Large-Volume Acquirer to add to the Letter of Intent (hereinafter referred to as "Large-Scale Purchase Information") to the contact address of the Large-Volume Acquirer in Japan written in the Letter of Intent. General items of Large-Scale Purchase Information to be added to supplement the Letter of Intent are as follows. In the event that a Large-Volume Acquirer is unable to provide part of the Large-Scale Purchase Information listed below, the Company shall require the Large-Volume Acquirer to specify the details of the reason why such information may not be presented.

If a Letter of Intent is submitted to the Company by a Large-Volume Acquirer, the Company shall publish such fact.

- (1) Outline (including history, executive structure, major business, major shareholders, group organization chart, securities report for the immediately preceding three (3) years or documents equivalent thereto, and consolidated financial statements) of the shareholder group involved in the Act of Large-Scale Purchase (including the Large-Volume Acquirer.)
- (2) Purpose of the Act of Large-Scale Purchase (details of the purposes disclosed in the Letter of Intent) and details of the purpose (including opinions about the legality of the Act of Large-Scale Purchase.)
- (3) Rate of holding the Company's share certificates, etc. by the certain shareholder group involved in the Act of Large-Scale Purchase (including the Large-Volume Acquirer), the number of the Company's share certificates, etc. held and the status of purchase of the Company's share certificates, etc. for the immediately preceding six (6) months.
- (4) Calculation base for the acquisition value of the Company's share certificates, etc. in the Act of Large-Scale Purchase, collateral backing for acquisition financing, and details and conditions of financing.
- (5) If a certain shareholder group involving in the Act of Large-Scale Purchase (including the

Large-Volume Acquirer) acquires the management rights of the Company: management policy, management plan, business planning, financial policy, capital policy, dividend policy, target figures, and calculation base for the management and financial statements for the three (3) years following the acquisition of management rights, and executive candidates and their brief histories.

- (6) Previous business relations and competitive issues between the certain shareholder group involving in the Act of Large-Scale Purchase (including the Large-Volume Acquirer) and the Group's main business connections.
- (7) Roles of the Group within the group that includes the Large-Volume Acquirer after the implementation of the Act of Large-Scale Purchase.
- (8) Details of changes to be made after the implementation of the Act of Large-Scale Purchase in the relations among the Group's employees, major business connections, customers, local society and other parties related to the Group.
- (9) Information about the amount of consideration in the case where the Act of Large-Scale Purchase is to be conducted with consideration other than cash.
- (10) An oath by a representative of the Large-Volume Acquirer to the effect that the contents of the Letter of Intent and any other document containing information supplementing the contents of the Letter of Intent are true and correct regarding important points, that they do not contain any descriptions that may be misconstrued with respect to important facts and that there are no omissions of descriptions about important facts.
- (11) If the purpose of the Act of Large-Scale Purchase is pure investment or policy investment: policy concerning the holding of the Company's share certificates, etc. after the implementation of the Act of Large-Scale Purchase, trading policy and other policies regarding the return of capital, and policy concerning the exercising of voting rights, as well as reasons for the foregoing.
- (12) If the purpose of the Act of Large-Scale Purchase is to conduct the act of making important suggestions, etc., or if there is a possibility of conducting the act of making important suggestions, etc. after the implementation of the Act of Large-Scale Purchase: purpose, contents, need, and timing of said act of making important suggestions, etc. and information stating cases where such act of making important suggestions, etc. is to be conducted.
- (13) If the Large-Volume Acquirer plans to acquire more of the Company's share certificates, etc. after the implementation of the Act of Large-Scale Purchase: that effect and reasons for the plan.
- (14) If there is a probability of delisting the Company's share certificates, etc., etc. after the implementation of the Act of Large-Scale Purchase: that effect and reasons for the probability.
- (15) If there is communication between the Large-Volume Acquirer and a third party concerning the Act of Large-Scale Purchase: purpose and contents of such communication and the outline of the third party.
- (16) Concrete measures for the avoidance of conflicts of interest with other holders of the Company's shares.

(Note 8) Means the "act of making important suggestions, etc.," as defined in Paragraph 1, Article 27-26 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

(Note 9) Business day means a day other than the days prescribed in items of Paragraph 1, Article 1 of the Act on Holidays of Administrative Organs. The same shall apply hereinafter.

A Large-Volume Acquirer shall be required to submit Large-Scale Purchase Information in writing according to a list of information sent by the Company's Board of Directors. If the information submitted by the Large-Volume Acquirer is considered still insufficient as Large-Scale Purchase Information, the Company's Board of Directors may require to submit additional information from the Large-Volume Acquirer; provided, however, information that the Company's Board of Directors may require from a Large-Volume Acquirer shall be within the range necessary and sufficient for the shareholders to make appropriate judgment on pros and cons about the Act of Large-Scale Purchase and for the Board to conduct appropriate review and evaluation. When it is deemed necessary and appropriate, the Letter of Intent and information submitted by Large-Volume Acquirer that have been submitted by the Large-Volume Acquirer shall be disclosed in whole or in part to the extent considered necessary and appropriate to enable the judgment of shareholders.

When the Company's Board of Directors reasonably determine that the submission of information by Large-Volume Acquirer has been completed, the Company shall notify the Large-Volume Acquirer ("Notification of Completion of Information Submission") and promptly make public disclosure to that effect.

(2) Review and evaluation by the Board of Directors

Next, a Large-Volume Acquirer shall be required to withhold from the Act of Large-Scale Purchase for 60 days (if the Act of Large-Scale Purchase by takeover bid is to be conducted in terms of the purchase of all share certificates, etc. of the Company using only cash as the consideration) or 90 days (if the Act of Large-Scale Purchase is to be conducted by other means) from the day after the day on which the Company issued the Notification of Completion of Information Submission as stated in (1) above, depending mainly on the difficulty of evaluating the Act of Large-Scale Purchase (“Board of Directors’ Evaluation Period”). This is to grant the Company’s Board of Directors, for the shareholders’ common interest, the opportunity mainly to review and evaluate the Large-Scale Purchase Information, bargain and negotiate with the Large-Volume Acquirer, form opinions of the Board of Directors on the Act of Large-Scale Purchase, and prepare and present an alternative proposal to shareholders. If the foregoing is to be stated in the recommendation of the Independent Committee described in (3) (ii) 2), below, the Committee may recommend that the Company’s Board of Directors extend the Board of Directors’ Evaluation Period by 30 days at maximum, from the day after the last day of the Board of Directors’ Evaluation Period. The Company’s Board of Directors shall comply with this recommendation, in principle. In this regard, however, if the Company’s Board of Directors resolves to extend the Board of Directors’ Evaluation Period, the Company shall promptly disclose the actual period of the extension resolved and the reason why the extension is needed.

During the Board of Directors’ Evaluation Period (including the extended term in the case the evaluation period is extended. The same shall apply hereinafter.), the Company’s Board of Directors shall review and evaluate Large-Scale Purchase Information, based on the advice of outside counsel, etc., respect the recommendation of the Independent Committee to the fullest extent regarding the Act of Large-Scale Purchase or management policy, etc. proposed by the Large-Volume Acquirer, and resolve whether or not to activate Countermeasures Against Large-Scale Purchases. If the situation requires, the Board of Directors shall bargain or negotiate with the Large-Volume Acquirer about improving the conditions of the Act of Large-Scale Purchase and may present an alternative proposal prepared by the Board of Directors concerning the Group’s management policy, etc. to shareholders.

(3) Independent Committee

(i) Establishment and makeup of the Independent Committee

With the introduction of the Measures, the Company shall establish an Independent Committee as described in Exhibit 1 “Overview of the Independent Committee,” consisting of persons who are independent of the Company’s Board of Directors, to ensure the objectivity and rationality of the Board of Directors’ judgment on activating the Countermeasures Against Large-Scale Purchases. The names and career summaries of the scheduled committee members are as described in Exhibit 2 “Career Summaries of the Independent Committee.” Details about the Independent Committee shall be as provided for in the rules for the Independent Committee prescribed by the Company’s Board of Directors, in addition to those stipulated in the Measures.

(ii) Recommendation of the Independent Committee

At the request of the Company’s Board of Directors, the Independent Committee shall refer to the results of the Board of Directors’ evaluation and analysis and external counsels’ opinions, obtain and review information from external third parties that is deemed necessary for its judgment, and make recommendations about the following matters:

1) Sufficiency of the information submitted by the Large-Volume Acquirer

The Independent Committee shall review whether or not the Large-Scale Purchase Information submitted by the Large-Volume Acquirer to the Company is sufficient as Large-Scale Purchase Information and make a recommendation about the result to the Company’s Board of Directors, before the Company’s Board of Directors determine that the provision of the Information Submitted by a Large-Volume Acquirer is completed.

2) Extension of the Board of Directors’ Evaluation Period

In the event that the Independent Committee determines that the Company’s Board of Directors cannot resolve whether or not to activate Countermeasures Against Large-Scale Purchases within the Board of Directors’ Evaluation Period due to such reasons as that the Independent Committee cannot make a recommendation described in 3) or 4), below, within the Board of Directors’ Evaluation Period, the Independent Committee shall recommend that the Company’s Board of Directors extend the Board of Directors’ Evaluation Period by a reasonable period of no more than 30 days, as deemed necessary for the evaluation or review of the Act of Large Acquisition, for bargaining and negotiation with the Large-Volume Acquirer, and to resolve whether or not to

activate Countermeasures Against Large-Scale Purchases after receiving the recommendation of the Independent Committee about Countermeasures Against Large-Scale Purchases to be given within the Board of Directors' Evaluation Period.

- 3) Regarding compliance or non-compliance of the Rules for Large-Scale Purchase by Large-Volume Acquirer and whether or not to activate the Countermeasures Against Large-Scale Purchases

The Independent Committee shall review compliance or non-compliance of the Rules for Large-Scale Purchase by Large-Volume Acquirer (described later in 3. (2) 1)) and make a recommendation about the result to the Company's Board of Directors. When making a recommendation to the effect that the Large-Volume Acquirer does not comply with the Rules for Large-Scale Purchase, the Independent Committee shall also make a recommendation to the Company's Board of Directors as to whether or not to activate the Countermeasures Against Large-Scale Purchases. Even when the Independent Committee determines that the Large-Volume Acquirer does not comply with the Rules for Large-Scale Purchase, if the Independent Committee determines that it is not appropriate to activate the Countermeasures Against Large-Scale Purchases, it may make a recommendation to the effect that the Countermeasures Against Large-Scale Purchases should not be activated.

- 4) Regarding whether or not requirements for activating the Countermeasures Against Large-Scale Purchases are met and whether or not to activate the Countermeasures Against Large-Scale Purchases

When the Independent Committee determines that the Large-Volume Acquirer complies with the Rules for Large-Scale Purchase, it shall review whether or not the Act of Large-Scale Purchase satisfies the requirements for activating the Countermeasures Against Large-Scale Purchases (described later in 3. (2) 2)) and make a recommendation about the result to the Company's Board of Directors. When the Independent Committee makes a recommendation to the effect that the requirements for activating the Countermeasures Against Large-Scale Purchases are met, it shall also make a recommendation to the Company's Board of Directors as to whether or not to activate the Countermeasures Against Large-Scale Purchases. The Independent Committee may, even when it determines that the Act of Large-Scale Purchase satisfies the requirements for activating Countermeasures Against Large-Scale Purchases, if it determines that it is not appropriate to activate the Countermeasures Against Large-Scale Purchases, make a recommendation to the effect that the Countermeasures Against Large-Scale Purchases should not be activated.

In addition to the above, the Independent Committee shall make recommendations on matters with respect to which the Board of Directors has consulted the Independent Committee, which should be determined by the Board of Directors, and matters on which the Independent Committee consults the Company's Board of Directors.

The Independent Committee, even after the Company's Board of Directors has resolved to activate, or not to activate, the Countermeasures Against Large-Scale Purchases based on a recommendation of the Independent Committee, may withdraw the recommendation or make a new recommendation that differs from the original recommendation, whenever the original recommendation becomes inappropriate following a change in the facts that were the premise of the original recommendation.

3. Countermeasures Against Large-Scale Purchases

(1) Contents of Countermeasures Against Large-Scale Purchases

When requirements are met for the activation of certain Countermeasures Against Large-Scale Purchases described in (2), below, including a case in which a Large-Volume Acquirer conducts the Act of Large-Scale Purchase without following the procedures prescribed in the Rules for Large-Scale Purchase, the Company's Board of Directors shall respect the recommendations of the Independent Committee to the fullest extent possible and may resolve to activate reasonable Countermeasures Against Large-Scale Purchases that are allowed by the Companies Act and other laws and regulations and the Company's Articles of Incorporation, including the issuance of warrants.

The outline of warrants to be issued to shareholders using a method of a gratis allocation as specific Countermeasures Against Large-Scale Purchases is as described in Exhibit 3 "Outline of Items for Offering Share Option." There are cases where such condition is set regarding the exercise of warrants that only persons not belonging to a specific group of shareholders whose voting rights holding ratio exceeds a certain number may exercise the warrants, and regarding the acquisition of the warrants that the Company is to acquire warrants in exchange for shares of Company stock from persons not belonging to a specific group of shareholders. There are also cases in which the Company may submit a shelf registration statement for the warrants to facilitate the issuing of the warrants.

(2) Requirements for activating the Countermeasures Against Large-Scale Purchases

The Company's Board of Directors may resolve to activate specific Countermeasures Against Large-Scale Purchases only when the following requirements are met:

- 1) If a Large-Volume Acquirer has conducted the Act of Large-Scale Purchase without submitting a Letter of Intent to the Company's President & Representative Director, a Large-Volume Acquirer has conducted the Act of Large-Scale Purchase without providing the information required by the Company's Board of Directors, a Large-Volume Acquirer has conducted the Act of Large-Scale Purchase before the lapse of the Board of Directors' Evaluation Period, or a Large-Volume Acquirer did not comply with Rules for Large-Scale Purchase, the Company's Board of Directors may resolve to activate specific Countermeasures Against Large-Scale Purchases.
- 2) Even if a Large-Volume Acquirer complies with the Rules for Large-Scale Purchase, the Company's Board of Directors may express contrary opinions to said Act of Large-Scale Purchase, if the Board of Directors came to have contrary opinions to said Act of Large-Scale Purchase after reviewing and evaluating the Large-Scale Purchase Information or, even if it does not resolve to activate the Countermeasures Against Large-Scale Purchases, in principle, the Board may present an alternative proposal prepared by it concerning the Group's management policy, etc.
Provided, however, that even when a Large-Volume Acquirer complies with the Rules for Large-Scale Purchase, if the Independent Committee determines that the Act of Large-Scale Purchase would cause serious damage to the Group's corporate value or to shareholders' common interests and makes a recommendation that the Countermeasures Against Large-Scale Purchases should be activated, the Company's Board of Directors shall resolve to activate reasonable Countermeasures Against Large-Scale Purchases, in principle. In this case, if the Company's Board of Directors determines that it would not be reasonable to activate the Countermeasures Against Large-Scale Purchases, it is possible that the Countermeasures Against Large-Scale Purchases will not be activated. Specifically, when one of the following types is applicable to a Large-Volume Acquirer, its Act of Large-Scale Purchase shall be deemed to fall under the Act of Large-Scale Purchase that seriously damages the Group's corporate values or shareholders' common interests:
 - (i) The purpose of the Act of Large-Scale Purchase or acquisition of management rights is to raise the Company's share price and to have relevant persons in the Company take the shares, etc. at the high price, despite the fact that the Large-Volume Acquirer does not have the intention to genuinely participate in the management of the Company (so-called green mailing).
 - (ii) The purpose of the Act of Large-Scale Purchase or acquisition of management rights is mainly to transfer the Group's real estate, movable property, intellectual property, know-how, proprietary information, major trade connections, customers, etc. and other assets of the Group that are necessary for the management of the Group's business to the specific shareholder group (including the Large-Volume Acquirer) involved in the Act of Large-Scale Purchase (so-called scorched-earth management)
 - (iii) The purpose of the Act of Large-Scale Purchase or acquisition of management rights is mainly to divert all or an important part of the Group's assets to collateral for or payment of debts of the specific shareholder group (including the Large-Volume Acquirer) involved in the Act of Large-Scale Purchase
 - (iv) The purpose of the Act of Large-Scale Purchase or acquisition of management rights is mainly to temporarily control the management of the Company and force the Company dispose of or sell large assets, etc. held by the Group, including real estate and securities. The gains on the disposition are to be used to temporarily make the Company pay high dividends or to sell the Company's stock and exit the market when the share price rises following the temporarily high dividend
 - (v) Cases where a Large-Volume Acquirer conducts takeover bids by not soliciting purchase of all share certificates, etc. of the Company in the first step and setting disadvantageous conditions or not clarifying conditions for the purchase of shares in the second step. In this case, shareholders may be effectively forced to sell their share certificates, etc. in the Company (so-called two-step acquisition)
 - (vi) Cases where it is determined with objective and rational grounds that the Large-Volume Acquirer's policy of treating customers of the Group, its employees and other interested parties when and after the Large-Volume Acquirer acquires the management rights of the Company may cause serious damage to the Group's corporate value, including not only the interests of shareholders but those of its customers, trade connections, employees, and other interested parties, or may seriously obstruct the maintenance and improvement of the Group's corporate values.

- (vii) Cases where the conditions of acquisition (including the value and type of the consideration, timing of acquisition, legality of acquisition method, feasibility of implementation of acquisition, policy of treating employees of the Group, its customers, and other interested parties, etc.) are clearly insufficient or inappropriate in light of the nature of the Group's corporate values

(3) Procedures for activating Countermeasures Against Large-Scale Purchases

The Company's Board of Directors shall, when resolving to activate specific Countermeasures Against Large-Scale Purchases, receive advice from outside counsel, respect the opinions and recommendations of the Independent Committee to the fullest extent possible and follow the procedures described below to ensure the objectivity and rationality of the Board of Directors' judgment on resolving whether or not the Countermeasures Against Large-Scale Purchases should be activated. In this case, the Company shall disclose the outline of the resolution.

(1) If a Large-Volume Acquirer does not comply with the Rules for Large-Scale Purchase

The Company's Board of Directors may resolve to activate the Countermeasures Against Large-Scale Purchases, in principle, in the event that the Large-Volume Acquirer does not comply with the Rules for Large-Scale Purchase and that a recommendation is made by the Independent Committee to the effect that the Countermeasures Against Large-Scale Purchases should be activated. Provided, however, if it is objectively clear that the Large-Volume Acquirer does not comply with the Rules for Large-Scale Purchase and if activating the Countermeasures Against Large-Scale Purchases after a recommendation is made by the Independent Committee would cause a significant adverse impact to the Company or shareholders, the Company's Board of Directors may resolve to activate the Countermeasures Against Large-Scale Purchases without the recommendation of the Independent Committee.

(2) If a Large-Volume Acquirer complies with the Rules for Large-Scale Purchase

The Company's Board of Directors may resolve to activate the Countermeasures Against Large-Scale Purchases if the Independent Committee makes a recommendation to the effect that the Countermeasures Against Large-Scale Purchases should be activated because the Act of Large-Scale Purchase meets the requirements described in the provisory clauses of (2) 2), above.

If the situation requires, the Board of Directors shall bargain or negotiate with the Large-Volume Acquirer about improving the conditions of the Act of Large-Scale Purchase and may present to shareholders an alternative proposal prepared by the Board of Directors concerning the Group's management policy, etc.

Provided, however, that when the Independent Committee made a recommendation to the effect that either of the following items was applicable, after the Company's Board of Directors resolved to implement the gratis allocation of warrants, the Board may resolve to cancel the gratis allocation of warrants (if the gratis allocation of warrants has yet to take effect,) or acquire the warrants free of charge (if the gratis allocation of warrants has taken effect) on any day prior to the commencement date for the exercise of the warrants.

- (i) Cases where a Large-Volume Acquirer cancels the Act of Large-Scale Purchase or other cases in which the Act of Large-Scale Purchase ceased to exist.
- (ii) Cases where, due to changes in the facts, etc., there arises a situation in which the Act of Large-Scale Purchase does not fall under any of the requirements described in the provisory clause of (2) 2) in the above or that it is not reasonable to implement the gratis allocation of warrants even if the requirements described in the provisory clause of (2) 2) in the above are met.

4. Effective period of the Measures and their abrogation and revision

The Company will ask for deliberations on the Measures as an agenda of this General Meeting of Shareholders. This is expected to obtain the approval of a majority of participating shareholders. The effective period of the Measures shall be until the close of the ordinary general meeting of shareholders pertaining to the last fiscal year ending within three years after the close of this General Meeting of Shareholders (provided, however, the effective period shall be until the Company's ordinary general meeting of shareholders to be held in March 2020 in the event that the fiscal year-end of the Company is changed to December 31 subject to the approval of Proposal 2: "Partial Amendment to the Articles of Incorporation" at this General Meeting of Shareholders, as announced in "Notice concerning the Change in Accounting Year (Fiscal Year End)" published on November 9, 2016.).

If, however, even before the maturity of the effective period of the Measures, (i) the Company's Board of Directors reviews and revises the Measures at any time (including cases where the laws and ordinances, and regulations of the stock exchange, etc. relevant to the Measures have been established, abrogated, or revised and it is appropriate to reflect such establishment, abrogation and revision, cases where it is appropriate to

correct the words and phrases in the Measures for such reasons as errors or omissions, and cases where such revision or review does not have an adverse impact on shareholders), provided that this does not contradict the purport of the authorization granted by the general meeting of shareholders, and resolves to abrogate or revise the Measures, or (ii) if the general meeting of shareholders of the Company resolves to abrogate or revise the Measures, the Measures shall be abrogated or revised.

When the Measures have been abrogated or revised, the Company shall promptly disclose such fact.

5. Revision of the Measures in accordance with revisions, etc. to laws and ordinances

The provisions of laws and ordinances quoted in the Measures are those in effect as of May 12, 2017. If, after that date, a need arises to revise the provisions stipulated in each of the above items or the meaning of the terms, etc. used in the Measures as a result of the establishment, abrogation, or revision of the relevant laws and ordinances, the subject provisions stipulated in each of the above items or the meaning of subject terms may be read to reflect the change, within a reasonable scope, after the Company's Board of Directors considers the purport of such establishment, abrogation, or revision.

III. Effects of the Measures on shareholders and investors

1. Effects of the Rules for Large-Scale Purchase on shareholders and investors

The Rules for Large-Scale Purchase only stipulate rules to be followed by a Large-Volume Acquirer when conducting the Act of Large-Scale Purchase. At the time of the introduction and continuation of the Rules for Large-Scale Purchase, the rights and interests of shareholders and investors will not be affected by the introduction thereof because it will not be accompanied by the issuance of warrants, other certificates of shares, etc.

The Company believes that the Rules for Large-Scale Purchase enable shareholders to make appropriate judgments on the Act of Large-Scale Purchase based on information necessary and sufficient for making such judgment and contribute to the common interests of the Company's shareholders.

Shareholders and investors are advised to pay attention to actions by Large-Volume Acquirers because the Company's response to the Act of Large-Scale Purchase may vary depending on whether or not they comply with the Rules for Large-Scale Purchase.

2. Effects of triggering the Countermeasures Against Large-Scale Purchase on shareholders or investors

If the Countermeasures Against Large-Scale Purchase are activated, shareholders in the specific group of shareholders involved in said Act of Large-Scale Purchase may incur losses in terms of their legal rights or economic profits. However, the Company does not believe that shareholders other than those in the specific group of shareholders involved in said Act of Large-Scale Purchase will incur a material loss in their legal rights or economic profits. In the event that the Company's Board of Directors has resolved to trigger the Countermeasures Against Large-Scale Purchase, the Company shall make timely and appropriate disclosure in accordance with laws and ordinances and regulations of the stock exchange.

In the event that warrants are issued to shareholders by the gratis allocation method as a Countermeasure Against Large-Scale Purchase, warrants shall be allocated to the shareholders listed or recorded in the list of shareholders as of the end of the base date, which has been determined by the Company's Board of Directors and publicly notified by the Company, for the number of shares held by each such shareholder. When exercising the share option, shareholders shall need to make a certain amount of payment within a designated period for the acquisition of new shares. If a shareholder fails to follow such procedures, the voting rights ratio of the shareholder would be diluted. Provided, however, that if there is a clause to the effect that the Company may acquire warrants in exchange for the delivery of shares of the Company stock, shareholders holding subject warrants shall receive shares of the Company stock without paying money, when the Company takes the procedures for the acquisition of warrants. (In this case, the shareholder may be separately required to submit a statement in writing using the documentary form designated by the Company that he or she does not belong to the specific group of shareholders.)

If the implementation of a gratis allocation of warrants has been resolved as a Countermeasure Against Large-Scale Purchase and if, by following the procedures stipulated in II .3. (3) above, after the list of shareholders subject to the gratis allocation of warrants became final and conclusive, the Company's Board of Directors cancels the gratis allocation of warrants or acquires for no consideration the warrants, there will be no dilution of the value per share. In this case, investors who traded shares of the Company's stock after the list of shareholders subject to the gratis allocation of warrants became final and conclusive may incur losses corresponding to changes in the stock's value.

Overview of the Independent Committee

1. Establishment of the Independent Committee

The Independent Committee shall be established by resolution of the Company's Board of Directors.

2. Appointment of committee members

- (1) The Independent Committee shall be made up of a minimum of three members and a maximum of five members. Members of the Committee shall be appointed by the Company's Board of Directors from among outside directors and outside auditors who are independent from the Company's management team engaging in business execution.
- (2) In addition to (1), above, the Company's Board of Directors may appoint committee members from among outside experts who are independent from the management team engaging in business execution. However, such experts must be lawyers, certified tax accountants, certified public accountants, scholars, experts in investment banking, or other persons with equivalent skills. An outside expert shall also be a person who has separately concluded a retainer agreement with the Company.

3. Term of office of Committee members

The term of office of the members of the Independent Committee shall be from the time of appointment until the close of the ordinary general meeting of shareholders that resolves matters regarding the latest fiscal year ending in less than one year. However, this shall not apply to cases where otherwise provided by a resolution of the Company's Board of Directors.

4. Authority of the Independent Committee

- (1) The Independent Committee shall make decisions about the following matters and make recommendations on such decisions to the Company's Board of Directors, attaching reasons:
 - 1) Whether or not the information provided by the Large-Volume Acquirer is sufficient;
 - 2) Whether or not to extend the Board of Directors' Evaluation Period;
 - 3) Whether or not a Large-Volume Acquirer complies with the Rules for Large-Scale Purchase;
 - 4) Whether or not the requirements for triggering the Countermeasures against Large-Scale Purchase are met; and
 - 5) Other matters that are to be determined by the Company's Board of Directors and that are brought to the attention of the Independent Committee by the Company's Board of Directors.
- (2) The Independent Committee shall implement the following matters in addition to the matters described in the items of the preceding paragraph:
 - 1) Reviewing and evaluating the information, materials, etc. provided by the Large-Volume Acquirer and the Company's Board of Directors;
 - 2) Requesting from the Company's Board of Directors the submission of an alternative proposal and reviewing and evaluating the alternative proposal; and
 - 3) Matters that the Company's Board of Directors have determined that the Independent Committee could implement, in addition to the matters described in each of the preceding items.
- (3) The Independent Committee may instruct the Company's Board of Directors on the following matters:
 - 1) Requesting from the Large-Volume Acquirer additional information when the Independent Committee has determined that the information provided by the Large-Volume Acquirer is insufficient as "Information Submitted by Large-Volume Acquirer";
 - 2) The fact that there has been a proposal for the Act of Large-Scale Purchase and the Committee's opinion about disclosing all or part of the information provided by the Large-Volume Acquirer;
 - 3) Disclosure when the Independent Committee has recognized that the information provided by the Large-Volume Acquirer was sufficient as "Information Submitted by Large-Volume Acquirer"; and
 - 4) Bargaining with the Large-Volume Acquirer about improving the conditions of the Act of Large-Scale Purchase.
- (4) Members of the Independent Committee shall be required to implement the matters stipulated in the preceding three paragraphs from the viewpoint of whether or not they contribute to the Group's corporate value and shareholders' common interests, and may not act principally to generate profits for the members themselves.

5. Method of deliberation

- (1) A resolution of the Independent Committee shall be made by a majority of the members of the Committee when all members are participating in the meeting, in principle. However, if there are unavoidable reasons, a resolution of the Independent Committee may be made by a majority of the members of the Committee when two thirds of the members are participating in the meeting. When the votes are equally split, the chairman may make a final decision.
- (2) A member of the Independent Committee who has an interest in a decision concerning an issue of the meeting of the Committee may not participate in passing the relevant resolution.

6. Validity of recommendation

The Company's Board of Directors shall respect the recommendation of the Independent Committee to the fullest extent possible and shall determine whether or not to trigger the countermeasures against the Act of Large-Scale Purchase.

Career Summaries of the Independent Committee

1. [Name] Kimito Amari
[Career Summary]
- | | |
|----------------------|--|
| April 1992 | Professor, Kumamoto University Faculty of Law |
| April 1997 – present | Professor, Sophia University Faculty of Law |
| April 2013 – present | Registered as a practicing attorney with the Tokyo Bar Association |
| June 2013 | Outside Audit & Supervisory Board Member of the Company |
| June 2015 – present | Outside Director of the Company |

*Mr. Kimito Amari is an outside director as defined in Item 15 of Article 2 of the Companies Act. There is no special interest between Mr. Amari and the Company.

2. [Name] Chise Onodera
[Career Summary]
- | | |
|----------------------|--|
| April 1997 | Assistant Professor, J. F. Oberlin University Graduate School of Management Policy |
| April 2005 – present | Professor Tokai University Faculty of Law |

*There is no special interest between Ms. Onodera and the Company.

3. [Name] Youmatsu Hinagata
[Career Summary]
- | | |
|------------------------|---|
| November 1981 | Judge, the Tokyo District Court |
| July 1992 | Deputy Secretary-General, Securities and Exchange Surveillance Commission |
| November 2000 | Judge, Tokyo High Court (supervisor of department) |
| July 2006 | Notary, Nihonbashi Public Notary Office |
| October 2014 – present | Registered as a practicing attorney (Daini Tokyo Bar Association) |
| October 2014 – present | Joined Kudanzaka Law Office |

*There is no special interest between Mr. Hinagata and the Company.

The incumbent member of the committee Mr. Masaaki Aoyama will resign due to the expiration of his term of office at the conclusion of this General Meeting of Shareholders and Mr. Youmatsu Hinagata will be newly appointed.

Outline of Items for Offering Share Option

1. Shareholders subject to the grant of warrants and terms of allocation

Warrants shall be allocated to the shareholders listed or recorded in the list of shareholders as of the end of the base date, which has been determined by the Company's Board of Directors and publicly notified by the Company, for the number of shares held by each such shareholder (provided, however, that this excludes the shares of the Company's common stock held by the Company.) at a rate of one warrant per share.

2. Type and number of stock which is the objective of warrants

The type of stock which is the objective of warrants shall be the Company's common stock, and the number of shares of stock associated with one warrant shall be one share. However, necessary adjustments shall be made when the Company conducts a share split or stock consolidation.

3. Total number of warrants to be allocated

The total number of warrants to be allocated shall be the number determined by the Company's Board of Directors, with an upper limit set at the number allowed by the laws and ordinances and the Company's Articles of Incorporation. The Company's Board of Directors may allocate warrants multiple times, limited to the extent in which the total number of shares to be allocated does not exceed the upper limit.

4. Amount due for warrants

Warrants shall be allocated gratis.

5. Price of the assets to be acquired upon exercising warrants

The price of assets to be acquired upon exercising warrants shall be at least 1 yen and shall be an amount determined by the Company's Board of Directors.

6. Restriction of transfer of warrants

The transfer of warrants shall be subject to the approval of the Company's Board of Directors.

7. Exercise period for warrants

The exercise period for warrants shall be separately determined by the Company's Board of Directors.

8. Conditions for the exercise of warrants

(i) Specified large-scale holders (Note 10), (ii) joint holders of specified large-scale holders, (iii) specified large-scale acquirers (Note 11), (iv) persons having a special relationship with specified large-scale acquirers; or (v) any transferee of or successor to the warrants of any person falling under (i) through (iv) without the approval of the Company's Board of Directors, or (vi) any related person (Note 12) of any person falling under (i) through (v) may not exercise the warrants (the parties falling under (i) through (vi), above shall collectively be referred to as "Non-Qualified Parties"). Details about other conditions to the exercise of warrants shall be separately prescribed by the Company's Board of Directors.

9. Acquisition of warrants by the Company

If the Company's Board of Directors determines that it is appropriate for the Company to acquire warrants of the Company, the Company may, at any time before the first day of the warrant exercise period, acquire all of the warrants for no consideration on the date separately determined by the Company's Board of Directors.

On the date separately determined by the Company's Board of Directors, the Company may acquire all the warrants held by persons other than the Non-Qualified Parties, which have not been exercised up to the day immediately before the date determined by the Company's Board of Directors. The Company may then, in exchange, deliver the Company's shares in a number equivalent to the number of the applicable number of shares for every one warrant.

Other details regarding the acquisition of warrants by the Company shall be separately determined by the Company's Board of Directors.

10. Issuance of certificates for the warrants

Certificates for warrants will not be issued.

- (Note 10) “Specified large-scale holder” means a person who is a holder of share certificates, etc., who holds at least 20% of the share certificates, etc., issued by the Company, or a person that the Company’s Board of Directors recognizes as equivalent to the above. Provided, however, that a person who the Company’s Board of Directors recognizes as a person whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Group’s corporate value and ultimately to the shareholders’ common interests or certain other persons that the Company’s Board of Directors separately determines in a resolution for the gratis allocation of warrants shall not be considered a specified large-scale holder.
- (Note 11) “Specified large-volume acquirer” means a person who makes a public announcement of the purchase, etc. of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply throughout this Note), issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc. (when calculating the ratio, reference may be made to the annual securities report, quarterly securities report or share buyback report, whichever has been submitted most recently, for the total number of voting rights (as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act.)) in respect of such share certificates, etc., owned by such person after such purchase, etc. (including similar ownership as prescribed in Article 7, Paragraph 1 of the Enforcement Regulations of the Financial Instruments and Exchange Act), is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship, or a person that the Company’s Board of Directors recognizes as equivalent to the above. Provided, however, that a person who the Company’s Board of Directors recognizes as a person whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Group’s corporate value and ultimately the shareholders’ common interests or certain other persons that the Company’s Board of Directors separately determines in the resolution for the gratis allocation of warrants shall not be considered a specified large-scale holder.
- (Note 12) A “related person” of a given person means a person who substantially controls, is controlled by or is under the common control of such given person (including a person that the Company’s Board of Directors recognizes as equivalent to the above), or a person deemed by the Company’s Board of Directors as acting in concert with such given person. “Control” means to “control decisions on the company’s financial matters and business policies” (as defined in Article 3, Paragraph 3, of the Enforcement Regulations of the Companies Act) of other corporations or entities.