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(Stock Exchange Code 8088)
June 9, 2017

To Shareholders with Voting Rights:

Akiji Makino
Chairman and CEO
Iwatani Corporation
6-4, Hommachi 3-chome, Chuo-ku, Osaka

**NOTICE OF
THE 74TH 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 74th Annual General Meeting of Shareholders of Iwatani Corporation (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 the Internet.

If exercising your voting rights in writing, please review the attached Reference Documents for the General Meeting of Shareholders (page 3), indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:15 p.m. on Tuesday, June 27, 2017, Japan time.

- 1. Date and Time:** Wednesday, June 28, 2017 at 10:00 a.m. Japan time
- 2. Place:** Sakura Ballroom (5F), Hilton Osaka Hotel, 1-8-8, Umeda, Kita-ku Osaka-shi, Osaka, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the Company's 74th Fiscal Year (April 1, 2016 - March 31, 2017)
 2. Results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements for the Company's 74th Fiscal Year (April 1, 2016 - March 31, 2017)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Stock Consolidation
 - Proposal 3:** Election of Four Directors
 - Proposal 4:** Continuation of the Defense Policy against Large Purchase Action of Shares of the Company (Takeover Defense Measures)
 - Proposal 5:** Payment of Special Merit Bonus to Retiring Representative Director

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

The Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements of the Consolidated Financial Statements, as well as the Non-consolidated Statements of Changes in Net Assets and Notes to Non-consolidated Financial Statements of the Non-consolidated Financial Statements have been posted on the Company's website (<http://www.iwatani.co.jp/>) based on laws and regulations and Article 16 of the Company's Articles of Incorporation and have not been included in the documents attached to the Notice of the 74th Annual General Meeting of Shareholders.

The Consolidated Financial Statements and Non-consolidated Financial Statements that the Accounting Auditors and the Audit & Supervisory Board Members audited include, apart from the documents attached to the Notice of the 74th Annual General Meeting of Shareholders, the Consolidated Statements of Changes in Net Assets, Notes to Consolidated Financial Statements, Non-consolidated Statements of Changes in Net Assets and Notes to Non-consolidated Financial Statements posted on the Company's website.

Should the Reference Documents, the Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company's website (<http://www.iwatani.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

Concerning the distribution of profits, the Company holds a basic policy of maintaining continuous and stable dividends, but it also conducts appropriate return of profits in consideration of factors such as future business results and the management environment.

Under such a policy, upon consideration of factors such as the condition of business results, the Company proposes a year-end dividend of ¥8 per share for the fiscal year under review, the same as the previous fiscal year.

Matters concerning the year-end dividend

(1) Type of dividend assets

Cash

(2) Allocation of dividend assets to shareholders and total amount of dividends

Amount per share of common stock: ¥8

Total dividends: ¥1,970,448,800

(3) Effective date of dividend payment

June 29, 2017

Proposal 2: Stock Consolidation

1. Reasons for requiring stock consolidation

All domestic exchanges in Japan announced the “Action Plan for Consolidating Trading Units” and aim to consolidate the trading units for common stock of all domestically listed companies into 100 shares by October 1, 2018.

As a company listed on the Tokyo Stock Exchange, the Company respects this intent, and will change the number of shares per share unit, which serves as the trading unit of the Company’s shares, to 100 shares, from the current 1,000 shares. In addition, with an aim to adjust the investment unit of the Company’s shares to an appropriate level while considering factors such as share price fluctuation over the medium to long term, the Company will consolidate its shares.

The change in the number of shares per share unit shall come into effect as of October 1, 2017, subject to the approval and resolution of this proposal.

2. Stock consolidation ratio

The Company will consolidate five (5) shares of common stock into one (1).

Any fractional shares emerging as a result of the stock consolidation will be collectively disposed of in accordance with the provisions of the Companies Act, and proceeds of the disposal will be distributed to the shareholders in proportion to their fractional holdings

3. Effective date of the stock consolidation

October 1, 2017

4. Total number of shares authorized to be issued as of the effective date

120,000,000 shares

By conducting a stock consolidation, amendments shall be deemed to have been made to the Articles of Incorporation concerning the total number of shares authorized to be issued, pursuant to the provisions of Article 182, Paragraph 2 of the Companies Act as of the effective date.

5. Other

The Company requests that any other necessary procedural issues be entrusted to the Board of Directors.

(Note) Although the stock consolidation will result in a reduction in the number of shares held by each shareholder to one-fifth of the number prior to the stock consolidation, there will be no change in the Company’s assets and capital before and after the stock consolidation. Therefore, there will be no change in the asset value of shares of the Company held by each shareholder, except for the impact from other factors such as fluctuations of the stock market.

(Reference)

If this proposal is approved as originally proposed, the Articles of Incorporation of the Company shall be partially amended as of October 1, 2017.

The detail of the amendments is as described below.

(The underlined portion indicates the proposed amendments)

Current Articles of Incorporation	Proposed amendments
(Total number of shares authorized to be issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>600,000,000 shares.</u>	(Total number of shares authorized to be issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>120,000,000 shares.</u>
(Number of shares per share unit) Article 8. The number of shares of the Company per share unit shall be <u>1,000 shares.</u>	(Number of shares per share unit) Article 8. The number of shares of the Company per share unit shall be <u>100 shares.</u>

Proposal 3: Election of Four Directors

Four Directors, namely, Mr. Masao Nomura, Mr. Kazuhiko Minamimoto, Mr. Hirozumi Hirota and Mr. Tomotaka Iwanaga will resign at the conclusion of this General Meeting of Shareholders. Shareholders are therefore requested to elect four Directors.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions, area of responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Yutaka Yamamoto (November 21, 1955) New appointment	<p>April 1979 Joined the Company</p> <p>April 2001 Senior Manager, Industrial Gases & Machinery Department, Chubu Block Branch and Section Manager, Distributors Section</p> <p>April 2004 General Manager, Industrial Gases & Machinery Department, Nagoya Branch, Chubu Block Branch</p> <p>April 2005 General Manager, Nagoya Branch, Chubu Block Branch and General Manager, Industrial Gases & Machinery Department, Nagoya Branch, Chubu Block Branch</p> <p>April 2010 General Manager, Kanto Block Branch and General Manager, Kanto Branch</p> <p>June 2011 Executive Officer</p> <p>April 2012 Executive Managing Officer (current position)</p> <p>April 2013 General Manager, Chubu Block Branch</p> <p>October 2016 Deputy General Manager, Industrial Gases & Machinery Business Group and General Manager, Hydrogen Division and General Manager, Hydrogen Energy Department</p> <p>April 2017 Deputy General Manager, Industrial Gases & Machinery Business Group and General Manager, Hydrogen Division (current position)</p>	20,089
2	Kazumasa Inada (June 1, 1958) New appointment	<p>April 1982 Joined the Company</p> <p>April 2007 General Manager, Cassette-Feu Department, Cartridge Gas Division</p> <p>April 2008 General Manager, Cartridge Gas Department, Energy Division (Tokyo)</p> <p>April 2011 Deputy General Manager, Energy Division (Osaka) and General Manager, Cartridge Gas Department</p> <p>June 2011 Executive Officer</p> <p>April 2012 Executive Managing Officer (current position) Deputy General Manager, Energy Division and General Manager, Supply Department</p> <p>April 2013 Deputy General Manager, Cartridge Gas Division and General Manager, CS Promotion Department</p> <p>April 2015 General Manager, Cartridge Gas Division, Energy Business Group (current position)</p>	29,578

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
3	Hideki Tainaka (February 28, 1958) New appointment	<p>April 1981 Joined the Company</p> <p>April 2002 General Manager, Industrial Gases & Machinery Department, Takamatsu Branch, Kinki Block Branch and Manager, Niihama Sales Office</p> <p>April 2007 General Manager, Chiba Branch, Metropolitan Block Branch and General Manager, Industrial Gases & Machinery Department, Chiba Branch, Metropolitan Block Branch</p> <p>April 2009 General Manager, Tokyo Branch, Metropolitan Block Branch and General Manager, Industrial Gases & Machinery Department, Tokyo Branch, Metropolitan Block Branch</p> <p>April 2010 General Manager, Kinki Block Branch</p> <p>April 2013 General Manager, Kyushu Block Branch</p> <p>June 2014 Executive Officer</p> <p>April 2015 Executive Managing Officer (current position) Deputy General Manager, Industrial Gases & Machinery Business Group</p> <p>April 2017 General Manager, Materials Division (current position)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> • Director, Iwatani (China) Limited 	18,889
4	Itaru Ookawa (November 8, 1961) New appointment	<p>April 1985 Joined The Sanwa Bank, Limited. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>September 2007 General Manager, Kishiwada Branch, The Sanwa Bank, Limited</p> <p>November 2013 Seconded to the Company</p> <p>April 2014 General Manager, Energy Business Administration Office</p> <p>June 2014 Joined the Company</p> <p>April 2015 General Manager, Accounting Department (current position)</p> <p>June 2015 Executive Officer</p> <p>April 2016 Executive Managing Officer (current position)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> • Audit & Supervisory Board Member, Iwatani Industrial Gases Corporation • Audit & Supervisory Board Member, Nishi-Nippon Iwatani Gas Corporation • Director, Iwatani Kosan Corporation • Audit & Supervisory Board Member, Iwatani Logistics Corporation • Director, Iwatani (China) Limited 	5,238

(Notes) No special interests exist between each candidate for Director and the Company.

Proposal 4: Continuation of the Defense Policy against Large Purchase Action of Shares of the Company (Takeover Defense Measures)

At the meeting of the Board of Directors held on May 26, 2017, the Company decided to continue the defense policy against large purchase action of shares of the Company (hereinafter referred to as “this Plan”) as described below, subject to the approval of the shareholders at this Annual General Meeting of Shareholders.

Shareholders are therefore requested to approve the continuation of the take-over defense policy, based on Article 43, Paragraph 1 of the Company’s Articles of Incorporation.

The major points of the revisions are as follows:

- (1) Revisions to “2. Measures to Facilitate Realization of the Basic Policy” in line with the formulation of the medium-term management plan “PLAN 18”
- (2) Reviews to reflect the actual status (renewal of expiration date, etc.)

The detail of this Plan is as described below.

1. Basic policy toward any person(s) who should have control in determining the Company’s policy toward its finance and business

The Board of Directors of the Company deems it appropriate that the person controlling in determining the policy of finance and business of the Company be a person facilitating to enhance the corporate value and in turn realize the common interests of the shareholders, however finally it be entrusted to the judgment of shareholders.

Since the foundation of the Company, the Company has made it a corporate philosophy “Become a person needed by society as those needed by society can prosper”. The LPG business which is the principal business of the Company is its symbol wherein the Company has intended and facilitated to liberate every Japanese housewife from working in a traditional kitchen utilizing charcoal, firewood and briquette. The Company now delivers LPG “Marui Gas” to households all over the country and carries out business placing the first priority on the stable supply and safety as an entrepreneur entrusted lifeline by customers. With regard to hydrogen, an ultimate source of clean energy, the Company will further strengthen its efforts toward the realization of a hydrogen society, as Japan’s leading company in the area of hydrogen. The Company’s standard of value is placed on “things and matters necessary for society” and the Company continues to stay necessary in society, including customers and shareholders, by which the enhancement of corporate value and common interests of the shareholders of the Company may be materialized.

The Company whose shares are listed on the financial instrument exchanges respects any free transaction of shares of the Company in the markets, and even if any specified person(s) contemplates to conduct any large-purchase of shares and the like of the Company, as far as it facilitates to enhance the corporate value of the Company’s group so that it would promote to realize the common interests of the shareholders of the Company, the Company will not interrupt it. Finally, it should be left to shareholder’s judgment whether or not the proposal for a large purchase of shares of the Company is accepted.

However, among proposals for a large purchase of shares and the like, there are such proposals as deviate in the light of the enhancement of corporate value and common interests of the shareholders of the Company, for example, a proposal for the purpose of transferring source of management necessary for the management of business after temporarily controlling the management of the Company; a proposal which may prejudice the confidence among stakeholders including shareholders, customers and employees of the Company; a proposal which does not sufficiently reflect the value of the Company’s group; or a proposal in which shareholders of the Company have not been provided enough time and information to make the final judgment.

The Board of Directors of the Company deems it inappropriate that, in addition to the examples referred to above, any person(s) conducting a large purchase action of shares and the like of the Company, which prejudices or may materially prejudice the corporate value and common interests of the shareholders of the Company’s group, be the person(s) controlling in determining the policy toward finance and business of the Company. For this purpose, the Board of Directors of the Company indebted to discharge fiduciary duties, deems it necessary to establish a certain system to comply with an inappropriate proposal for a large purchase action of shares and the like of the Company, and to secure

time and information necessary for shareholders to make judgment on the large purchase action of shares and the like of the Company and negotiate with the person(s) proposing the large purchase action of shares and the like of the Company.

2. Measures to Facilitate Realization of the Basic Policy

The Company set out the medium-term management plan “PLAN 18” as an effort to put the basic policy in practice, and based on such plan the Company has been undertaking to fulfill the targets: “Implement strategy for growth” and “Expand our business foundation”.

Specifically, the Company sets the following five visions as its basic strategies.

(1) Energy distribution reform

By leveraging the Company’s strength, namely the nation-wide presence in the LP gas business which is fully integrated from upstream to downstream, the Company strives to further expand its operations by engaging in the restructuring of distribution network and enhancing its safety security systems. In addition, the Company endeavors to enhance and extend the base of the Energy General Living Service Business by working toward expanding the number of consumer households.

(2) Promotion of a hydrogen society

The Company will take initiatives in developing a liquid hydrogen-based supply chain in order to support the early establishment of a society in which hydrogen is used as a source of energy.

(3) Strengthening of overseas businesses

With the aim of increasing the overseas sales ratio, the Company newly launched the Global Business Group in order to develop its business from a cross-organizational prospective that is not bound to a single business segment. The Company will expand its business specifically in the South East Asian markets, with an eye to eliminating tariff barriers within the ASEAN region.

(4) Start-up of new businesses

Based on the group’s corporate philosophy “Become a person needed by society, as those needed by society can prosper”, the Company will launch new businesses that meet customer needs while developing B2C businesses.

(5) Compliance

The Company will fulfill its social responsibilities as a corporation by complying with applicable rules and regulations. The Company will also contribute to the local communities and the global environment by further garnering the trust of customers, business partners and other stakeholders.

With respect to the basic policy for distributing profits, the Company will respond to expectation of shareholders by exerting best efforts to maximize corporate value not only by returning a stable distribution of dividends to shareholders but also by utilizing surplus to investment and the like to support the growth strategy of the Company.

The Company will carry out these measures steadily and continue to be “an enterprise needed by society”, which the Company believes, will cause to enhance corporate value of the Company’s group, and accordingly, facilitate to materialize common interests of the shareholders of the Company.

3. Purpose of continuing with this Plan

The Board of Directors of the Company determined to continue with this Plan for the purpose of making clear rules for any person conducting a large purchase action of shares and the like of the Company to comply with, securing necessary and sufficient time and information required for shareholders to make an appropriate judgment and securing an opportunity to negotiate with the persons conducting the large purchase action.

This Plan designs the rules with which any persons conducting a large purchase action of shares and

the like of the Company should comply, makes it clear that any persons conducting a large purchase action might incur damages if and when the Company takes a defense measure in the specified case. By disclosing these cases appropriately, a warning is hereby given to any persons conducting a large purchase action which will not facilitate corporate value and common interests of the shareholders of the Company.

In connection to triggering the takeover defense measure for the purpose of eliminating any arbitrary judgment from the Board of Directors of the Company, this Plan secures transparency by respecting the full extent, and the recommendation to be made by the independent committee (hereinafter referred to as “Independent Committee”) consisting of such persons only as independent from the management executing business of the Company, including Outside Director, Outside Audit & Supervisory Board Member or external well-informed person (well performed corporate management person, ex-government officer, lawyer, certified public accountant or person of learning and experience or other person equivalent thereto) pursuant to the Regulations for Independent Committee (reference is made to Attachment 1 for its summary) and by disclosing timely information to shareholders. For the members of Independent Committee initially, the three persons of Attachment 2 are expected to assume the office.

The conditions of major shareholders of the Company as of March 31, 2017 are stated on “Conditions of shareholding of major shareholders of the Company”, Attachment 3. The Company has not received any proposal for a large purchase action of shares and the like of the Company.

4. Details of this Plan (Measures to prevent an inappropriate person in the light of the Basic Policy from controlling in determining the Company’s policy toward its finance and business)

(1) Procedure for this Plan

I. Large Purchase Action of Shares and the like

This Plan will apply to a purchase action of shares and the like of the Company falling under items (i) or (ii) below or other action equivalent thereto (other than those actions approved by the Board of Directors of the Company: such action to be referred to as “Large Purchase and the Like”). Any persons carrying out or conducting Large Purchase and the Like (hereinafter referred to as “Purchaser and the Like”) shall comply with the procedure provided for in this Plan in advance.

- (i) Any purchase of shares¹ and the like issued by the Company, as a result of which a holding ratio² of the holder³ is 20% or more.
- (ii) With respect to shares and the like⁴ issued by the Company, a tender offer bid⁵ as a result of which the ratio of holding shares and the like⁶ together with the holding ratio by specially related persons⁷ is 20% or more.

1. This means shares and the like as defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Law. The same shall apply hereinafter, unless provided otherwise. Furthermore, in case of any amendment to the provisions of the laws and regulations referred to within this Plan (including any change to the name of the law or ordinance or the establishment of a new law or ordinance that succeeds the former law and ordinance), each provision of the laws and regulations referred to within this Plan shall be replaced by each provision of succeeding laws and ordinance after the amendments, unless otherwise defined by the Board of Directors of the Company.

2. This means the holding ratio of shares and the like as defined in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Law. The same shall apply hereinafter.

3. This means the holder as defined in Article 27-23, paragraph 1, and includes person included as a holder under the same Article, paragraph 3.

4. This means shares and the like as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Law. The same shall apply hereinafter in (ii).

5. This is defined in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Law. The same shall apply hereinafter.

6. This means the holding ratio of shares and the like as defined in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Law. The same shall apply hereinafter.

7. This means the specially related person(s) defined in Article 27-2, paragraph 7; provided, however, that the person stated in the same paragraph, item 1 is excluded from the person stated in Article 3, paragraph 2 of the Cabinet Order relating to disclosure of tender offer bid of shares and the like by person other than the issuing company. The same shall apply hereinafter.

II. Prior Submission of “Letter of Intent” to the Company

Purchaser and the Like shall submit to the Board of Directors of the Company a statement in the form designated by the Company describing covenants to comply with the procedure provided for in this Plan (hereinafter referred to as “Letter of Intent”) in connection with a Large Purchase and the Like prior to contemplation of Large Purchase and the Like. Specifically, the following will be stated in Letter of Intent.

- (i) Summary of Purchaser and the Like
 - (a) Name or corporate name and address or location
 - (b) Position and name of the representative
 - (c) Purposes and details of the business of a company and the like
 - (d) Summary of major shareholders or large investors (top ten shareholders or investors)
 - (e) Address of contact in Japan
 - (f) Laws under which a company is incorporated
- (ii) Number of shares and the like of the Company currently held by the Purchaser and the Like and the status of transactions of the Company’s shares and the like by Purchaser and the Like for the period of 60 days prior to the date on which Letter of Intent was submitted.
- (iii) Summary of Large Purchase and the Like proposed by Purchaser and the Like (including the type and number of shares and the like of the Company scheduled to be acquired by Large Purchase and the Like and the purpose of Large Purchase and the Like (in the case of acquisition of controlling power or participation in management, portfolio investment or strategic investment, planned transfer of shares and the like of the Company to a third-party after the Large Purchase and the Like or any other purpose such as important proposing action⁸, notice to that effect and the details thereof. In case of more than one purpose, all should be stated.)

III. Provision of “Necessary Information”

In the event that Letter of Intent stated in paragraph II. above has been submitted, Purchaser and the Like shall be required to provide to the Company information necessary and sufficient for shareholders to make judgment on Large Purchase and the Like (hereinafter referred to as “Necessary Information”) pursuant to the procedure stated below.

First, since the Board of Directors of the Company will dispatch to the address of contact in Japan in paragraph II.(i)(e) above “List of Information” stating a list of information to initially be provided within 10 business days⁹ (the first day not inclusive) after the day on which Letter of Intent was submitted, Purchaser and the Like shall provide sufficient information in accordance with “List of Information”.

In addition, in the event where the Board of Directors of the Company reasonably determines that the information provided by Purchaser and the Like, in accordance with “List of Information” set forth above, is insufficient for shareholders to make a judgment or for the purpose of evaluation and examination by the Board of Directors in light of the details and manner of Large Purchase and the Like, Purchaser and the Like will be asked to provide the Company with additional information that is separately requested by the Board of Directors with a due date appropriately set for submission (up to a maximum of 60 days following the date on which Necessary Information was submitted). Even if Necessary Information is incomplete, the Board Evaluation Period as stated below in IV. shall commence immediately once the submission period is due to expire. “List of Information” is regarded as an important material based on which shareholders and the Board of Directors of the

^{8.} This means important proposing actions provided for in the Financial Instruments and Exchange Law, Article 27-26, paragraph 1, Financial Instruments and Exchange Law Enforcement Order, Article 14-8-2, paragraph 1, and Article 16 of Cabinet Order relating to Disclosure of Large Holding of Shares and the Like. The same hereinafter applicable unless otherwise provided for.

^{9.} Business days means a day other than the day listed in each item of paragraph 1 of Article 1 of the Law relating to holiday of Execution Organizations. The same applicable hereinafter.

Company determine whether or not such Purchase may contribute to retaining and improving the Company's corporate value and common interests of shareholders. Accordingly, in case of failure to provide the Company with sufficient information without reasonable reasons, the Company may deem the person had failed to comply with the procedure provided for in this Plan.

Regardless of the details and manner of Large Purchase and the Like, information relating to each of the following items shall in principle be included as part of the List of Information.

- (i) Details of Purchase and the Like and its group (joint holder¹⁰, specially related person and in the case of funds, including each member and other constituents), including history, specified names, capital structure, details of business, details of finance, names and carrier of officers.
- (ii) Purpose of Large Purchase and the Like (details of the purpose disclosed in Letter of Intent), the manner and details (including whether or not it intends to participate in management, type and amount of consideration for Large Purchase and the Like, timing of Large Purchase and the Like, the scheme of any related transactions, the number of shares and the like scheduled to be purchased and the ratio of holding shares and the like after Purchase and the Like, and legality of the manner in which Large Purchase and the Like is conducted).
- (iii) Basis on which consideration for Large Purchase and the Like is calculated.
- (iv) Financial support for Large Purchase and the Like (specified name of fund provider (including any substantial provider), method of finance and details of the related transactions.
- (v) Whether or not it communicates with any third party in connection with Large Purchase and the Like and in case of communication made with any third party, details thereof and the summary of the third party
- (vi) In the event that Purchaser and the Like have already entered into a lending agreement, pledge agreement, resale agreement, engagement agreement for purchase and sale or other important agreement or arrangement (hereinafter referred to as "Pledge Agreement and the Like") concerning the shares and the like of the Company, the specified terms and conditions of the Pledge Agreement and the Like such as the type of the agreement, party to the agreement and the amount of shares and the like subject to the agreement.
- (vii) In the event that Purchaser and the Like is scheduled to agree with any third party or agree to enter into Pledge Agreement and the Like relating to shares and the like of the Company planned to be purchased by Large Purchase and the Like, specified details of the agreement such as type of scheduled agreement, the opponent party to the agreement and the amount of shares and the like subject to the agreement.
- (viii) Management policy, business plan, capital policy and dividend policy of the Company and the Company group following Large Purchase and the Like.
- (ix) Policy on how to treat employees of the Company, the labor union, business partners, customers and local community and other related parties with the Company following Large Purchase and the Like.
- (x) Any specified measures to avoid any conflict of interest with other shareholders of the Company.

The Board of Directors of the Company will disclose to shareholders the proposal of Purchase and the Like to the Company by Large Purchaser and the Like, the fact and the summary thereof and the summary of Necessary Information and information deemed necessary by the Company for making judgment at the time deemed appropriate by the Company.

The Board of Directors of the Company will provide all the information provided by Purchaser and the Like to the Independent Committee and in the event that the Independent Committee deemed that the provided information is insufficient as Necessary Information, the Independent Committee may request the Purchaser and the Like through the Board of Directors to provide the additional Necessary Information.

¹⁰. This means joint holder defined in the Financial Instruments and Exchange Law, Article 27-23, paragraph 5, including that deemed as joint holder by the Board of Directors of the Company under the same Article, paragraph 6. The same applicable hereinafter.

When the Board of Directors of the Company acknowledges that Purchaser and the Like had provided the Company with sufficient Necessary Information, or if a period of 60 days has elapsed from the submission of such Necessary Information, it will notify Purchaser and the Like to such effect (hereinafter referred to as “Completion Notice of Information Provision”) and a disclosure shall be given accordingly in a prompt manner.

IV. Establishment and the Like of Board Evaluation Period

After Completion Notice of Information Provision, the Board of Directors of the Company will establish a period stated in item (i) or (ii) (in each case the first day not inclusive) for evaluating, considering, negotiating, forming opinions and designing an alternative plan (hereinafter referred to as “Board Evaluation Period”), depending on the difficulty level of valuation of Large Purchase and the Like.

- (i) a 60 day period in the case of a tender offer bid of all the shares of the Company where the consideration is paid in cash (Japanese yen) only.
- (ii) a 90 day period in any other Large Purchase and the Like

However, in each of item (i) or (ii) above, in the event that the Board of Directors deems it necessary to extend the period, it may be extended upon notifying Purchaser and the Like of the specified extended period and reason why the period be extended and the disclosure to be made to shareholders. The extended period shall be a maximum of a 30 day period.

The Board of Directors of the Company will fully evaluate and examine Necessary Information provided by Purchaser and the Like with the advices from external professionals from time to time as the necessity arises during Board Evaluation Period, and consider details of Large Purchase and the Like proposed by Purchaser and the Like from the viewpoint of securing and enhancing corporate value and common interests of the shareholders of the Company. The Board of Directors of the Company will carefully investigate and summarize opinions of the Board of Directors of the Company for Large Purchase and the Like and inform Purchaser and the Like thereof and a timely and appropriate disclosure will be made to shareholders. If necessary, the Board of Directors of the Company may negotiate the conditions and manner of Large Purchase and the Like with Purchaser and the Like and furthermore the Board of Directors of the Company may propose an alternative plan to shareholders.

V. Recommendation of Independent Committee relating to Triggering Defense Measure

Within Board Evaluation Period, Independent Committee, in parallel with the Company’s Board of Directors’ evaluation, examination, negotiation, forming opinions and design of an alternative plan as stated in paragraph IV. above shall make recommendations to the Board of Directors of the Company whether or not the defense measure is triggered on the following procedure. In connection, for the purpose of securing that Independent Committee will make judgment to facilitate to procure and enhance corporate value and common interests of the shareholders of the Company, Independent Committee may obtain advices of third parties independent from management of the Company engaged in executing business of the Company at the Company’s cost (including investment banks, securities companies, financial advisers, certified public accountants, lawyers, consultant or other professionals). In the event that Independent Committee makes recommendation of item (i) or (ii) below to the Board of Directors of the Company, the Board of Directors of the Company will disclose immediately the recommendations and the summary and any other matters deemed appropriate by the Board of Directors of the Company.

- (i) In the event that Independent Committee makes recommendation to trigger Defense Measure
In the event that Purchaser and the Like do not comply with the procedure provided in paragraph II. to IV. above, or Large Purchase and the Like is deemed to materially prejudice corporate value and common interests of the shareholders of the Company such as Purchaser and the Like of Large Purchase and the Like intends only to seek short term profits, Independent Committee will make recommendations to the Board of Directors of the Company to trigger Defense Measure. In the event that any Large Purchase and the Like is deemed to fall under any of the patterns stated

in Attachment 4, it will be deemed to materially prejudice corporate value and common interests of the shareholders of the Company.

- (ii) In the event that Independent Committee makes recommendation not to trigger Defense Measure Independent Committee will make Recommendation not to trigger Defense Measure other than in the case stated in paragraph (i) above.

VI. Resolution at the Board of Directors

The Board of Directors of the Company will fully respect the recommendation made by the Committee provided in paragraph V., and adopt a resolution of whether or not to trigger Defense Measure speedily on the basis of the recommendation from the viewpoint of securing and enhancing corporate value and common interests of the shareholders of the Company.

In the event that the Board of Directors of the Company makes a resolution, regardless of whether or not to trigger a Defense Measure, it will speedily disclose the summary of the resolution and other matters deemed appropriate by the Company's Board of Directors.

VII. Cessation of Defense Measure or Withdrawal of Triggering

After resolving upon triggering Defense Measure or triggering Defense Measure in accordance with the procedures stated in VI. above, in the event that (i) Purchaser and the Like cease Large Purchase and the Like, or (ii) the factual situation resulting in the judgment of triggering the Defense Measure or not, deemed reasonable to discontinue the Defense Measure, from the viewpoint of securing and enhancing corporate value and common interests of the shareholders of the Company, the Board of Directors of the Company will cease Defense Measure or withdraw triggering Defense Measure in accordance with recommendation of Independent Committee or regardless of recommendation or the details of recommendation.

When the Board of Directors of the Company makes the resolution stated above, the Board of Directors will disclose speedily the summary of the resolution and the any other matters deemed appropriate.

VIII. Commencement of Large Purchase and the Like

Purchaser and the Like shall comply with the procedure provided for in paragraph I. to VI., and shall not commence to conduct Large Purchase and the Like prior to resolution by the Board of Directors for triggering or not triggering Defense Measure.

(2) Details of Defense Measure of this Plan

If and when Defense Measure pursuant to resolution stated in paragraph (1)VI. above is triggered, the Board of Directors of the Company will make a *gratis* allotment of a stock acquisition right (hereinafter referred to as "Stock Acquisition Rights").

The summary of *gratis* allotment of Stock Acquisition Rights is stated in Attachment 5. "Summary of *Gratis* Allotment of Stock Acquisition Rights".

The Board of Directors of the Company may determine to cease Defense Measure or withdraw triggering Defense Measure as stated in paragraph (1)VII. above even if it resolved upon triggering Defense Measure or it triggered Defense Measure. For example, after the Board of Directors of the Company resolved upon *gratis* allotment of Stock Acquisition Rights upon triggering Defense Measure, if Purchaser and the Like ceased Large Purchase and the Like and the Board of Directors of the Company adopted resolution stated in paragraph (1)VII. it may nullify the *gratis* allotment of Stock Acquisition Rights prior to the ex-right day (not inclusive) relating to the allotment date fixed for the *gratis* allotment of Stock Acquisition Rights or the Company may acquire Stock Acquisition Rights free of charge from shareholders during the period from the effective date for the *gratis* allotment of Stock Acquisition Rights to the date prior to the commencement date of the exercise

period. Accordingly, by following these measures, Defense Measure may be withheld to be triggered.

(3) Effective Period, Abolishment and Amendment of this Plan

The effective period of this Plan commences the date of this Ordinary General Meeting of Shareholders of the Company to the close of the Ordinary General Meeting of Shareholders scheduled to be held in June 2020.

However, in the event that resolution amending or abolishing this Plan is adopted at the General Meeting of Shareholders of the Company prior to the end of such effective period, this Plan will be amended or abolished pursuant to such resolution at the time the resolution is adopted.

If the Board of Directors consisting of Directors elected at the General Meeting of Shareholders of the Company adopts resolution to abolish this Plan, it will be abolished at the time of such resolution.

The Board of Directors of the Company may amend or change this Plan upon approval of Independent Committee to the reasonable extent to reflect changes made to the Corporate Law, Financial Instruments and Exchange Law, other laws and ordinances or the rules of the Financial Instrument Exchange or changes in interpretation or operation of the aforesaid or changes in the taxation system or court cases.

In the event that this Plan is abolished or amended, the Company will disclose fact of the abolishment or amendments and details of changes (in case of changes) and other matters deemed appropriate by the Board of Directors of the Company.

5. Reasonableness of this Plan

(1) Satisfying Requirements of Guidelines relating to Takeover Defense Policy

This Plan satisfies all of the three principles provided in the “Guidelines Regarding Takeover Defense for the Purposes of Securement and Enhancement of Corporate Value and Shareholders’ Common Interests” released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, namely, securing and enhancing the corporate value and shareholders’ common interests, prior disclosure and the principle of upholding the shareholders’ intent, and necessity and suitability principle, and is designed in line with the report entitled “Takeover Defense Measure in Light of Recent Environmental Changes” published on June 30, 2008 by the Corporate Value Study Group.

(2) This Plan remains in effect for the purpose of securing and enhancing the corporate value and common interests of the shareholders of the Company

As stated in paragraph 3, this Plan remains in effect for the purpose of securing and enhancing the corporate value and the common interests of its shareholders, when Large Purchase and the Like is conducted, through securing information and time period necessary for the shareholders to decide whether or not Large Purchase and the Like is appropriate and through enabling the Board of Directors of the Company to present an alternative plan or negotiate with Purchaser and the Like on behalf of the shareholders.

(3) Placing emphasis on the shareholder intent

This Plan will remain in effect upon approval of shareholders at this Ordinary General Meeting of Shareholders. As stated in paragraph 4 (3) above, after approval at this Ordinary General Meeting of Shareholders, in the event that this Plan is amended or abolished thereafter by resolution at the General Meeting of Shareholders of the Company, this Plan will be amended or abolished pursuant to such resolution. Accordingly, the intent of shareholders will fully be upheld.

(4) Placing emphasis on judgment of independent external persons and disclosure of information

In continuing with this Plan, for the purpose of excluding arbitrary judgment by the Board of Directors of the Company and enabling resolution and recommendation duly to be made on implementing this Plan, including triggering Defense Measure, Independent Committee is established as an advisory body to the Board of Directors of the Company.

Independent Committee is composed of three or more members, among Outside Directors of the Company, Outside Audit & Supervisory Board Member of the Company, or well informed persons outside the Company (well informed corporate management person, ex-government officer, lawyer, certified public accountant or person of learning and experience or other person equivalent thereto).

The Company shall disclose to the shareholders the summary of the judgment made by Independent

Committee so that the Company will secure a system under which this Plan will be managed with transparency so that it may facilitate to the corporate value and common interests of the shareholders of the Company.

(5) Reasonable and objective requirements being set forth

As stated in paragraph 4 (1) above, this Plan is designed so as not to allow Defense Measure to be triggered against Large Purchase and the Like unless reasonable and specified objective requirements have been satisfied. Accordingly, it is ensured that the Board of Directors of the Company is prevented from arbitrarily triggering Defense Measure.

(6) Defense Measure not falling under dead-hand type or slow-hand type take-over defense policy

As stated in paragraph 4 (3) above, since the Board of Directors composed of Directors elected at the General Meeting of Shareholders of the Company may abolish at any time Defense Measure, it is not a dead-hand type take-over defense policy (a defense measure which cannot be prevented from triggering even if the majority of members of the Board is changed).

Since the Company does not adopt different terms of offices of Directors, it is not a slow-hand type take-over defense policy (a defense measure which takes a prolonged time to prevent triggering because all Directors cannot be changed at once).

6. Influence affecting Shareholders

(1) Influence affecting Shareholders and Investors when this Plan remains in effect

When this Plan remains in effect, the *gratis* allotment of stock acquisition will not be made. Accordingly, the rights and economic value of the shareholders and investors are not directly affected in any respect.

As stated in paragraph 4 (1) above, since the Company's responding policy to Purchase and the Like will deviate according to whether or not Purchaser and the Like complies with this Plan, shareholders and investors are requested to keep watching what Purchaser and the Like's conducts.

(2) Influence affecting Shareholders if Gratis Allotment of Stock Acquisition Rights is Made

In the event that the Board of Directors of the Company determines to trigger Defense Measure and the *gratis* allotment of Stock Acquisition Rights is made, Stock Acquisition Rights will be allotted to shareholders on the record as of the allotment date for allotment separately designated in the rate of a maximum of one Stock Acquisition Right per share of common stock held. The Board of Directors will not assume that the shareholders would be affected in terms of their legal rights or economic value since the overall economic value of shares of the Company has not been diluted nor voting rights per share have been changed although the economic value per share was diluted.

However, as a result, Purchaser and the Like may be affected adversely on their legal rights or economic value by triggering Defense Measure.

In the event that the Board of Directors of the Company resolves upon the *gratis* allotment of Stock Acquisition Rights, when it is determined that Defense Measure which the Board of Directors of the Company triggered cease or be withdrawn in accordance with the procedure stated in paragraph 4 (1)VII. above, the market price of shares of the Company would be affected accordingly. For example, in the event that after the allotment date for the Stock Acquisition Rights, the Company determined to cease Defense Measure, once determined to trigger, and acquired Stock Acquisition Rights free of charge without delivering new shares in exchange for Stock Acquisition Rights, the economic value per share held by shareholders will not be diluted ultimately. It is noted that investors who consummated to purchase and/or sell shares of the Company on the assumption that the economic value per share of the Company would be diluted, would incur losses and damages arising from fluctuation of the stock price.

In the event that discriminating terms and conditions are attached to the exercise or acquisition of Stock Acquisition Rights, it is assumed that the legal rights and economic value of Purchaser and the Like would be affected in connection with the exercise or acquisition, however, it is not assumed that the legal rights and economic value of shareholders and investors other than Purchaser and the Like would be affected in any direct specified aspect.

(3) Procedure requiring shareholders to follow in connection with gratis allotment of Stock Acquisition Rights

In the event that the Company makes a gratis allotment of Stock Acquisition Rights as a countermeasure, shareholders of the Company may receive an allotment thereof without having to apply for such allotment. In addition, since the Company undertakes the procedures for acquiring Stock Acquisition Rights, Shareholders may receive shares of the Company in exchange for the acquisition by the Company of the said Stock Acquisition Rights without making any payment of cash in the amount equivalent to the price of exercising Stock Acquisition Rights. Thus, procedures for application or payment by shareholders are not required.

In addition, the Company will make a timely and appropriate disclosure or notice in details with respect to a method of allotment, manner of exercise and a method of acquisition of Stock Acquisition Rights by the Company based on applicable laws and ordinances and rules of the Financial Instruments Exchange upon resolution adopted at the Board of Directors of the Company relating to the gratis allotment of Stock Acquisition Rights. Accordingly, shareholders are requested to confirm the details of the disclosure or notice.

End

Outline of Regulations for Independent Committee

1. Independent Committee shall be established, as advisory body, pursuant to resolutions of the Board of Directors of the Company, in order to exclude arbitrary decision-making of the Board of Directors and to ensure that the Board of Directors shall make objective and reasonable judgments and responses when Defense Measure is actually taken against a Large Purchase and the Like, among other things.
2. The number of the members of Independent Committee shall be three or more. The member shall be appointed by resolutions of the Board of the Directors of the Company, from among (1) Outside Directors of the Company, (2) Outside Audit & Supervisory Board Members of the Company or (3) external well-informed person (well performed corporate management person, ex-government officer, lawyer, certified public accountant or person of learning and experience or other person equivalent thereto), who are independent from the management executing business operations of the Company. The Company shall conclude with each member an agreement containing provisions to ensure that members shall perform their duties with due care of a prudent manager, and keep matters in confidence.
3. The term of office of the member shall be up to the closing of the Ordinary General Meeting of Shareholders held with respect to the last settlement of the accounts within 3 years after the appointment of office, or the date to be separately agreed upon between such member and the Company. However, provided that this shall not be applicable to the case when the Board of Directors separately decides date upon its resolution.
4. Meetings of Independent Committee shall be convened by the Chairman of the Company or each member of Independent Committee.
5. The chairman of Independent Committee shall be elected among members of Independent Committee.
6. Resolutions of meetings of Independent Committee shall be adopted by a majority of votes of all members present at the meeting, a quorum of which shall be the presence of all members. Provided that if any of members of Independent Committee is prevented from attending a meeting or there is other specified reason, a quorum of the meeting of Independent Committee shall be of the majority of members and resolutions of the meeting shall be adopted by the majority of the members present.
7. Independent Committee shall adopt a resolution upon deliberation of any matter set out in each paragraph below, and provide recommendations to the Board of Directors of the Company together with the details of the resolution adopted and statement of reasons.
 - (1) Whether or not to trigger Defense Measure pursuant to the Plan;
 - (2) To cease or to withdraw triggering Defense Measure pursuant to the Plan;
 - (3) To abolish or to amend the Plan;
 - (4) Other matters such as those voluntarily inquired about by the Board of Directors of the Company to Independent Committee based on the Plan.Each member of Independent Committee shall be required to participate in deliberation and adoption of resolutions at the meeting of Independent Committee, with views to enhancing the corporate value and common interests of the shareholders of the Company, but not to increase personal benefits of the member or the management of the Company.
8. If necessary, Independent Committee may request the Directors, Audit & Supervisory Board Members or employees of the Company whom Independent Committee deems necessary, to attend the meeting and ask their opinions and explanations as to matters that need to be addressed by Independent Committee.
9. When carrying out the duties, Independent Committee shall at the cost of the Company, obtain advices of external professionals (including investment banks, securities companies, financial advisers, certified public accountants, lawyers, consultants or other professionals), who are independent from the management executing business operations of the Company.

End

Profiles of Candidates for Independent Committee Members

Mr. Masayuki Sano

Apr. 1969 Assistant Judge, TOYAMA District Court
 Apr. 1979 Judge, KOBE District Court
 Apr. 1990 Judge, OSAKA High Court
 May 1992 Registered as Attorney at Law
 Apr. 1996 Board Chairman, KINKI Federation of Bar Association
 Apr. 1997 Special Member of Osaka Construction Dispute Commission
 Apr. 2006 Member of the Attorney Ethics Committee of the OSAKA Bar Association (current position)
 Apr. 2008 Member of the Third-Party Committee on Complaint Resolution System, Osaka Prefectural Social Welfare Organization for Persons with Disabilities (current position)
 Jun. 2015 Director, St. Barnabas' Hospital (current position)
 Jun. 2016 Director and Audit & Supervisory Committee Member (Outside Director), CREATE CORPORATION (current position)

Mr. Yoshinori Shinohara

Feb. 1963 Registered as Certified Public Accountant
 Jul. 1969 Representative Partner, DAIWA C.P.A. Office (as a result of merger, ASAHI&Co.)
 May 1999 Deputy Vice-president, ASAHI & Co. (currently KPMG AZSA & Co.)
 Jun. 2001 Representative Partner and Adviser, ASAHI & Co.
 Nov. 2002 Representative Director, Aid Institute for University Entrepreneurship, OSAKA (current position)
 Jun. 2011 Outside Director, TSI HOLDINGS CO., LTD. (current position)
 Apr. 2012 Outside Audit & Supervisory Board Member, Sekisui House, Ltd. (current position)
 Jun. 2015 Outside Audit & Supervisory Board Member, Iwatani Corporation (current position)

Mr. Rokuro Tsuruta

Apr. 1970 Public Prosecutor, the TOKYO District Public Prosecutors Office
 Aug. 2002 Head of the Public Safety Department, Supreme Public Prosecutors Office
 Jun. 2004 Chief Prosecutor, the TOKYO District Public Prosecutors Office
 Apr. 2005 Superintendent Prosecutor, the NAGOYA High Public Prosecutors Office
 Jul. 2006 Registered as Attorney at Law
 Oct. 2006 Professor, CHIBA University Law School
 Apr. 2009 Professor, Surugadai University Law School
 Jun. 2012 Outside Audit & Supervisory Board Member, Sumitomo Mitsui Financial Group, Inc. (current position)
 Apr. 2013 Auditor, Japanese Correctional Association (current position)
 Apr. 2013 Standing Director, Japan Criminal Policy Society (current position)
 May 2017 Outside Director, J. FRONT RETAILING Co., Ltd. (current position)

End

Conditions of shareholding of major shareholders of the Company

The major shareholders of the Company (Top 10) as of March 31, 2017 are as follows:

Shareholders	Investment in the Company	
	Number of shares held (Thousands)	Percentage of shareholding (%)
The Iwatani Naoji Foundation	20,663	8.22
The Master Trust Bank of Japan, Ltd. (Trust account)	7,390	2.94
Japan Trustee Services Bank, Ltd. (Trust account)	7,328	2.92
Tetsu Iwatani Co. Ltd.	6,870	2.73
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,680	2.66
Resona Bank, Ltd.	5,888	2.34
Nippon Life Insurance Co.	4,491	1.79
Iwatani Enyukai	4,323	1.72
Iwatanisangyou Senyukai	4,296	1.71
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,018	1.60
Total	71,950	28.62

(Note) The percentage of shareholding is presented on the basis of the total number of shares outstanding which includes treasury stock. Figures are rounded off to the second decimal place.

End

The patterns where the corporate value and the common interests of the shareholders are deemed to be materially prejudice

1. It is judged that Purchaser and the Like have no true intention to participate in the management of the Company and Purchaser and the Like engages in or carrying out Purchase and the Like for the purpose of selling shares at high prices to the Company or parties related to the Company by unduly raising the price of the shares of the Company (also known as “Green Mailer”).
2. It is judged that after a temporary control of management of the Company, Purchaser and the Like engages in Large Purchase and the Like for the purpose of enabling Purchaser and the Like to transfer intellectual proprietary rights, know-how, trade secret, principal business partners, and customers, etc. of the Company or the Company’s group, all of which are necessary for the operation of the Company and the Company’s group, to Purchaser and the Like and/or its affiliated companies.
3. It is judged that Purchaser and the Like engages in Purchase and the Like of shares with a view to diverting assets of the Company or the Company’s group through mortgages and/or repayments of liabilities incurred by the Purchaser and its group companies, etc. after Purchaser and the Like has control of the management of the Company.
4. It is judged that after a temporary control of management of the Company, Purchaser and the Like engages in Purchase and the Like for the purpose of enabling the Purchaser to cause the Company to temporarily pay high returns to the shareholders with proceeds from sales of the Company’s or the Company’s group’s expensive assets, etc. such as idle real estate and securities which are currently not related to the Company’s or the Company’s group’s business or to sell the Company’s shares at such high prices arising from the temporary rise of the Company’s shares due to a temporary high return, etc. to the shareholders.
5. It is judged that the shareholders of the Company may be effectively coerced to sell shares of the Company because purchase proposal restricts opportunities and freedom for the shareholders to decide, including but not limited to a two-tier coercive purchase proposal (i.e., at the first stage the entire Company’s shares are not solicited for purchase, but at the second stage, purchase will be consummated at less favorable or unspecified conditions to shareholders, including a tender offer bid).
6. In addition, in any event equivalent to items 1 to 5 above, it is judged that the corporate value and common interests of the shareholders of the Company may be prejudiced materially.

End

Summary of the *Gratis* Allotment of Stock Acquisition Rights

1. Total Number of Stock Acquisition Rights Allotted

The total number of Stock Acquisition Rights will be determined by resolution of the Board of Directors of the Company relating to the *gratis* allotment of Stock Acquisition Rights (hereinafter referred to as “Stock Acquisition Rights *Gratis* Allotment Resolution”), but not more than the total number of shares in issue at the close of the date separately designated by resolution of the Board of Directors of the Company (hereinafter referred to as the “allotment date”) (excluding treasury stock at the time thereof).

2. Shareholders to whom *Gratis* Allotment is made

The Company will make a *gratis* allotment of the maximum of one Stock Acquisition Right per share of common stock of the Company (other than treasury stock at the time thereof) to the shareholders who have been entered into or recorded in the last shareholders’ register on the allotment date. A specified ratio of Stock Acquisition Right per share will separately be determined by the Board of Directors through Stock Acquisition Rights *Gratis* Allotment Resolution.

3. Effective date for *gratis* allotment of Stock Acquisition Right

The date separately determined by the Board of Directors of the Company through Stock Acquisition Rights *Gratis* Allotment Resolution.

4. Type and Number of Shares to be issued upon the Exercise of Stock Acquisition Rights

The type of shares to be issued upon the exercise of Stock Acquisition Rights is the share of common stock and the number of shares issued upon exercise of a Stock Acquisition Right will be determined by the Board of Directors of the Company through Stock Acquisition Rights *Gratis* Allotment Resolution but not more than one; however, provided that if the Company makes any stock split or stock consolidation, the necessary adjustments shall be made.

5. Details of assets or amount required to be contributed upon exercise of Stock Acquisition Rights

Contributions upon the exercise of Stock Acquisition Rights are to be in cash, not less than Yen 1.00 per Stock Acquisition Right, will be determined separately by the Board of Directors of the Company through Stock Acquisition Rights *Gratis* Allotment Resolution.

6. Transfer of Stock Acquisition Rights

Any transfer of Stock Acquisition Rights shall be subject to approval of the Board of Directors of the Company.

7. Conditions on Exercise of Stock Acquisition Rights

The following parties shall not exercise the Stock Acquisition Rights: (1) the specified large holder¹¹; (2) joint holder of the specified large holder; (3) the specified large purchaser¹²; (4) other specially related person of the specified large purchaser; (5) any transferee or successor of Stock Acquisition Rights from the persons described in (1) to (4) above through without approval of the Board of Directors of the Company; or (6) any related person¹³ of the person described in (1) to (5) above (these holder or purchaser or transferee and successor being collectively referred to as “unqualified person”). Details of the conditions on the exercise of

Stock Acquisition Rights shall be provided through Stock Acquisition Rights *Gratis* Allotment Resolution.

8. Acquisition of Stock Acquisition Rights by the Company

The Company may deliver the number of shares of common stock of the Company, determined by the Company per Stock Acquisition Right in exchange for Stock Acquisition Right held by person other than unqualified person on the date separately determined by the Board of Directors of the Company. Details of the conditions on acquisition of Stock Acquisition Rights shall separately set forth through Stock Acquisition Rights *Gratis* Allotment Resolution.

9. Acquisition of Stock Acquisition Rights is free of charge in case of cessation of Defense Measure triggered

The Company may acquire all Stock Acquisition Rights free of charge in the event that the Board of Directors of the Company ceases to apply Defense Measure triggered or otherwise provided for in Stock Acquisition Rights *Gratis* Allotment Resolution.

10. Exercise period and the like of Stock Acquisition Rights

The exercise period and other necessary matters of Stock Acquisition Rights shall be determined separately by the Board of Directors of the Company through Stock Acquisition Rights *Gratis* Allotment Resolution.

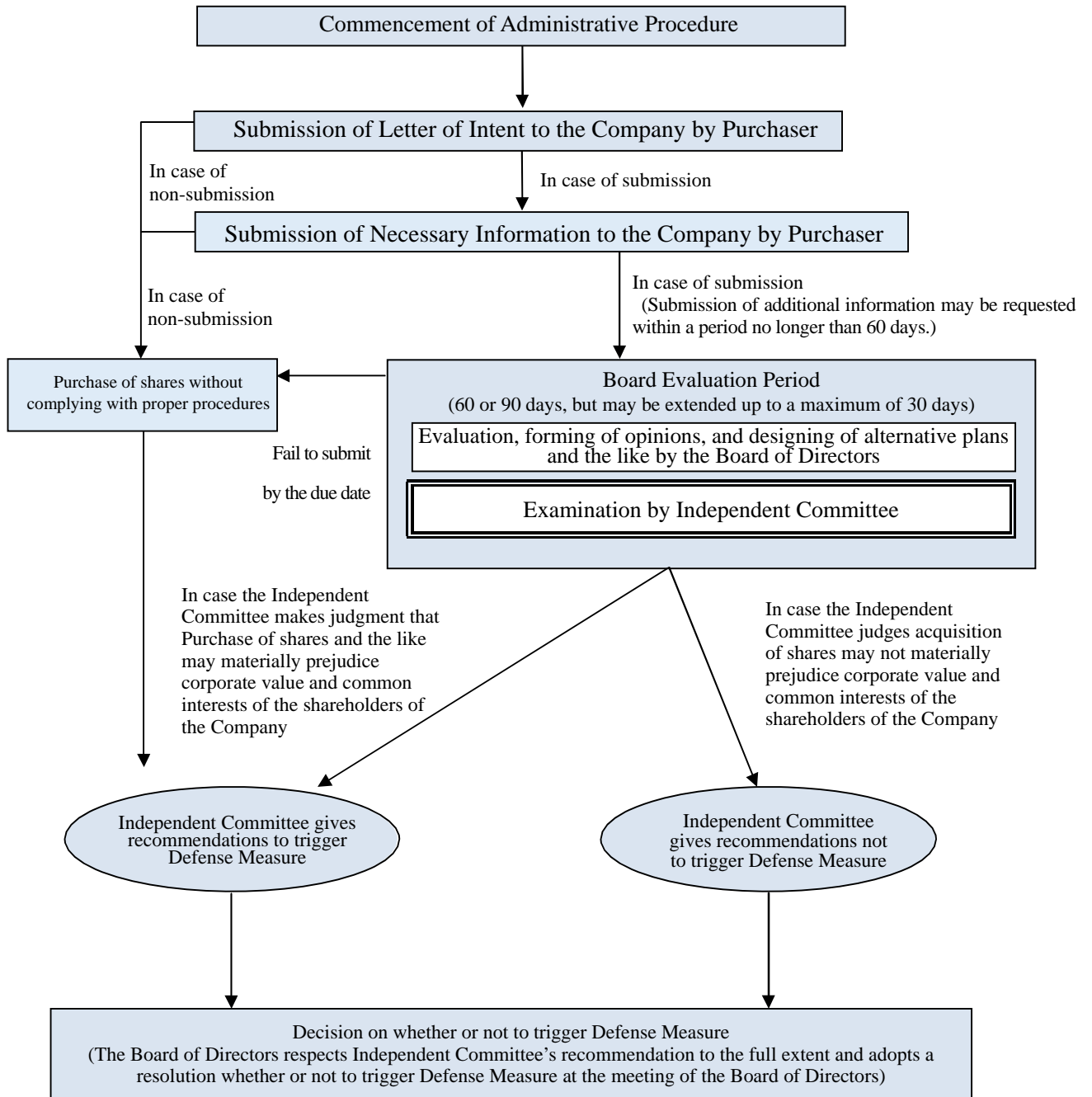
End

¹¹ A holder of shares and the like of the Company, whose holding ratio of shares and the like is 20% or more, or such person as deemed the equivalent thereto by the Board of Directors of the Company; provided, however, that such person whose holding shares and the like of the Company is deemed by the Board of Directors of the Company not to prejudice the corporate value and common interests of the shareholders of the Company and person determined by the Board of Directors of the Company through Stock Acquisition Rights *Gratis* Allotment Resolution shall be excluded.

¹² A purchaser who made a public notice to conduct purchase and the like (meaning the “purchase and the like” as defined in the Financial Instruments and Exchange Law, Article 27-2, paragraph 1, the same applicable in this footnote) of shares and the like (meaning “shares and the like” as defined in the Financial Instruments and Exchange Law, Article 27-2, paragraph 1, the same applicable in this footnote) of the Company through a tender offer bid and his/her holding (including that provided for in the Financial Instruments and Exchange Law Enforcement Order, Article 7, paragraph 1 as an equivalent thereto) ratio of shares and the like after the purchase and like is 20% or more together with the ratio of the specially related person, or such person as deemed the equivalent thereto by the Board of Directors of the Company. However, that such person whose holding shares and the like of the Company is deemed by the Board of Directors of the Company not to prejudice the corporate value and common interests of the shareholders of the Company and person determined by the Board of Directors of the Company through Stock Acquisition Rights *Gratis* Allotment Resolution shall be excluded.

¹³ “Related person” of the person means a person who substantially control the person, is controlled by the person or under the common control with the person (including a person deemed equivalent thereto by the Board of Directors of the Company) or a person deemed by the Board of Directors as acting in concert with such given person. “Control” means the case in which a person controls to determine the policy of finance and business of the company and the like (which is defined in the Corporate Law Enforcement Regulation, Article 3, paragraph 3).

Flowchart of Procedures of Takeover Defense Measure



* This flowchart represents the outline of the Plan in a simplified way. Please refer to the statements herein for the Plan in detail.

End

Proposal 5: Payment of Special Merit Bonus to Retiring Representative Director

Director Masao Nomura resigned as Representative Director on March 31, 2017, and will resign as Director as of the conclusion of this meeting.

Appointed as President in June 2012, Mr. Nomura has greatly contributed to the creation of a stable company foundation including through initiatives on the themes of “reform” and “growth” under the medium-term management plan “PLAN15” and consecutive record profit for two years over FY2015 and FY2016. In addition, he has demonstrated leadership regarding thorough enforcement of compliance and enhancement of labor management, and worked to strengthen the management structure.

Accordingly, in order to reward Mr. Nomura’s meritorious efforts while in office, the Company would like to present a special merit bonus within a range of a reasonable amount in accordance with the standards prescribed by the Company. The Company would like to delegate the timing and method of presentation to the Board of Directors.

A brief biography of the retiring director is as shown below.

Name	Past experience	
Masao Nomura	March 1972	Joined the Company
	June 2007	Director
	April 2009	Executive Director
	April 2010	Senior Executive Director
	June 2012	President
	April 2017	Director and Senior Advisor to the Board (current position)

End