

June 6, 2016

**To Our Shareholders with Voting Rights**

Kimikazu Aida  
President and CEO  
AIDA ENGINEERING, LTD.  
2-10 Ohyama-cho, Midori-ku, Sagamihara,  
Kanagawa 252-5181, Japan

**Notice of the 81st Ordinary General Meeting of Shareholders**

Dear Shareholders:

We would like to take this opportunity to express our sincere appreciation for your support.

You are cordially invited to attend the 81st Ordinary General Meeting of Shareholders of AIDA ENGINEERING, LTD. (hereinafter, the “Company”), to be held as described below.

**If you are unable to attend the meeting, you may exercise your voting rights in writing or by electromagnetic means (the Internet etc.). Please review the Reference Documents for the General Meeting of Shareholders provided in the following pages and exercise your voting rights by no later than 6:00 p.m., Monday, June 27, 2016.**

1. Date: 10:30 a.m., Tuesday, June 28, 2016
2. Place: The conference room of the Company  
2-10 Ohyama-cho, Midori-ku, Sagamihara, Kanagawa, Japan

3. Objectives of the Meeting:

- Reports:
1. Report on the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the 81st Fiscal Year (from April 1, 2015 to March 31, 2016)
  2. Audit Reports of the Accounting Auditors and the Board of Statutory Auditors on the Consolidated Financial Statements for the 81st Fiscal Year (from April 1, 2015 to March 31, 2016)

Agenda:

- |            |   |
|------------|---|
| Proposal 1 | Appropriation of Retained Earnings  |
| Proposal 2 | Election of Eight (8) Directors   |
| Proposal 3 | Election of One (1) Statutory Auditor   |
| Proposal 4 | Election of One (1) Alternate Statutory Auditor                                 |
| Proposal 5 | Continuation of Policy toward a Large-Scale Purchase (Takeover Defense Measure) |

4. Other matters regarding this Notice

- (1) Among the documents to be provided in this Notice, the Consolidated Statements of Changes in Net Assets, the Notes to Consolidated Financial Statements, the Non-Consolidated Statements of Changes in Net Assets, and the Notes to Non-Consolidated Financial Statements are posted on the Company’s website (<http://www.aida.co.jp>) pursuant to applicable laws and regulations and Article 16 of the Articles of Incorporation of the Company. The Consolidated Financial Statements and the Non-Consolidated Financial Statements included in the documents provided in this Notice are parts of the Consolidated Financial Statements and the Non-Consolidated Financial Statements audited by the Accounting Auditors and the Statutory Auditors when they prepared the Audit Reports.
- (2) If circumstances occur that may require changes to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-Consolidated Financial Statements, such changes shall be posted on the Company’s website (<http://www.aida.co.jp>) on the Internet.

(3) You may exercise your voting rights by proxy by having another shareholder who holds voting rights attend the General Meeting of Shareholders on your behalf. Please note, however, that a document evidencing the authority of proxy must be submitted.

(Information)

- For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting. Also, please bring this Notice with you for resource-saving purposes.
- Proceedings on the day will be in Japanese. Please note that we will not provide an interpreter.

## Reference Documents for the General Meeting of Shareholders

Proposals and references

### Proposal 1-Appropriation of Retained Earnings

The Company strives to increase its corporate value and to ensure continuous growth of earnings per share by strengthening its operation basis, improving Company quality and by carrying out its operation from a global perspective, while recognizing that improvement of profit distribution to shareholders is one of our most important management issues.

Our basic policy on dividends is to give priority to maintaining and ensuring stable dividends in consideration of dividend on equity (DOE), and allocate profits targeting 30% of the consolidated dividend payout ratio in conjunction with the performance of each fiscal year, while taking into account such matters as stability of the business base and future business deployment.

Regarding internal reserve funds, the Company will apply them for R&D investment, capital expenditure to improve production efficiency and quality, and strengthening of global business operations.

Matters relating to year-end dividends

- (1) Category of dividend assets  
Cash
- (2) Matters relating to the allocation of dividend assets and the total amount of such allocation  
¥30 per share of the Company's common stock  
Total payment: ¥1,951,867,350
- (3) Date on which the dividend of retained earnings shall take effect  
June 29, 2016

## Proposal 2-Election of Eight (8) Directors

The terms of office of all nine (9) Directors (of which, two (2) are Outside Directors) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, it is proposed to re-elect eight (8) Directors (of which, two (2) are Outside Directors).

The candidates for Directors are listed below.

No.	Name (Date of birth)	Brief personal history, position, duties and concurrent holding of important positions	Number of the Company's shares held
1	Candidate for re-election  Kimikazu Aida (December 13, 1951)	December 1976 Joined AIDA ENGINEERING, LTD. June 1982 Director September 1989 Representative Director (current position) April 1992 President (current position) April 2001 Chief Executive Officer (CEO) (current position) October 2011 Division Manager, Research and Development Headquarters (current position)  <Concurrent holding of important positions> Chairman, AIDA AMERICA CORP. Chairman, AIDA S.r.l.	1,443,280
2	Candidate for re-election  Naoyoshi Nakanishi (June 3, 1951)	March 1970 Joined AIDA ENGINEERING, LTD. June 1997 Director May 2000 Executive Director June 2001 Director (current position) January 2010 Division Manager, Production Division June 2010 Chief Operating Officer (COO) (current position) October 2011 Executive Vice President (current position) January 2013 Division Manager, Sales & Customer Service Division March 2014 General Manager, Global Operation Promotion Office (current position)  <Concurrent holding of important positions> Not applicable	123,811
3	Candidate for re-election  Yap Teck Meng (September 4, 1962)	June 1996 Joined AIDA MANUFACTURING (MALAYSIA) SDN.BHD. (currently AIDA ENGINEERING (M) SDN. BHD.) November 2007 Operating Officer, AIDA ENGINEERING, LTD. June 2010 Managing Executive Officer June 2013 Director, Executive Officer June 2014 Director, Managing Executive Officer (current position)  <Concurrent holdings of important positions> Chairman and Managing Director, AIDA GREATER ASIA PTE. LTD. Chairman and Managing Director, AIDA ENGINEERING (M) SDN. BHD. Chairman, AIDA ENGINEERING CHINA CO., LTD. Chairman, AIDA PRESS MACHINERY SYSTEMS CO., LTD.	0

No.	Name (Date of birth)	Brief personal history, position, duties and concurrent holding of important positions	Number of the Company's shares held
4	Candidate for re-election  Ken Masuda (October 14, 1960)	February 1991 Joined AIDA ENGINEERING, LTD. June 2010 General Manager, General Administration Department June 2012 Operating Officer June 2013 Director, Executive Officer March 2014 Division Manager, General Administration Headquarters (current position) June 2015 Director, Managing Executive Officer (current position) <Concurrent holdings of important positions> Chairman and Managing Director, AIDA HONG KONG, LTD.	10,431
5	Candidate for re-election  Tsukasa Kitano (December 8, 1960)	July 1989 Joined AIDA ENGINEERING, LTD. October 2011 Deputy Division Manager, Sales & Customer Service Division June 2012 Operating Officer June 2013 Executive Officer (current position) March 2015 Division Manager, Sales Headquarters (current position) June 2015 Director (current position) <Concurrent holdings of important positions> Not applicable	6,348
6	Candidate for re-election  Toshihiko Suzuki (August 28, 1961)	December 2011 Joined AIDA ENGINEERING, LTD. March 2014 Deputy Division Manager, Sales Headquarters June 2014 Operating Officer May 2015 Division Manager, Engineering Headquarters (current position) June 2015 Director, Executive Officer (current position) <Concurrent holding of important positions> Managing Director, ACCESS, Ltd.	4,293

No.	Name (Date of birth)	Brief personal history, position, duties and concurrent holding of important positions			Number of the Company's shares held
7	Candidate for re-election Outside Director Independent Director  Kimio Oiso (October 8, 1946)  Board of Directors' meeting attendance during the fiscal year ended March 31, 2016 - 100% (all 12 meetings)	July	2000	Statutory Auditor, The Dai-ichi Mutual Life Insurance Company (currently Dai-ichi Life Insurance Company, Ltd.)	5,088
		July	2007	Representative Director and Senior Executive Officer, The Dai-ichi Mutual Life Insurance Company	
		June	2008	Statutory Auditor, AIDA ENGINEERING, LTD.	
		July	2010	President, The Cardiovascular Institute	
		June	2012	Director, AIDA ENGINEERING, LTD. (current position)	
		<Concurrent holding of important positions> Not applicable			
8	Candidate for re-election Outside Director Independent Director  Hirofumi Gomi (May 13, 1949)  Board of Directors' meeting attendance after elected in June, 2015 - 100% (all 10 meetings)	April	1972	Joined the Ministry of Finance	0
		July	1996	Director of the Research Division, Banking Bureau, Ministry of Finance	
		June	1998	Director-General, Inspection Department, Financial Supervisory Agency (currently Financial Services Agency)	
		July	2000	Secretary-General, Executive Bureau, Securities and Exchange Surveillance Commission, Financial Services Agency	
		July	2001	Director-General, Inspection Bureau, Financial Services Agency	
		July	2002	Director-General, Supervisory Bureau, Financial Services Agency	
		July	2004	Commissioner, Financial Services Agency	
		July	2007	Resigned Financial Services Agency	
		November	2009	Visiting Professor, Aoyama Gakuin University (current position)	
		June	2011	Outside Auditor, Miroku Jyoho Service Co., Ltd. (current position)	
		January	2014	Advisor, NISHIMURA & ASAHI (current position)	
		February	2015	Senior Advisor, THE BOSTON CONSULTING GROUP (current position)	
		June	2015	Director, AIDA ENGINEERING, LTD. (current position)	
		<Concurrent holding of important positions> Not applicable			

- (Note)
1. There is no special interest between the above candidates and the Company.
  2. The number of the Company's shares each candidate holds is shown including shares of stock in Officer's Shareholding Association.
  3. Kimio Oiso and Hirofumi Gomi are candidates for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
  4. Special matters regarding the candidates for Outside Director are as follows:
    - (i) Reasons for electing the candidates for Outside Director  
Kimio Oiso has abundant experience and substantial knowledge as a business administrator in the insurance industry and we expect him to make good use of his experience and knowledge in

management of the Company. Thus, the Company requests that shareholders re-elect him as Outside Director.

Although Hirofumi Gomi has never been involved in corporate management other than as outside director or outside auditor, he has abundant experience and substantial knowledge as former Commissioner of the Financial Services Agency and we expect him to make good use of his experience and knowledge in management of the Company. Thus, the Company requests that shareholders re-elect him as Outside Director.

The Company designated Kimio Oiso and Hirofumi Gomi as Independent Directors as defined by Tokyo Stock Exchange, Inc., and registered them with the Tokyo Stock Exchange as Independent Directors. If the re-election of both Kimio Oiso and Hirofumi Gomi is approved at this General Meeting of Shareholders, the Company will re-designate them as Independent Directors.

(ii) Service years after the candidates for Outside Director assumes office as Outside Directors

Term of office of Kimio Oiso as the Outside Director is four (4) years at the closing of this General Meeting of Shareholders.

Term of office of Hirofumi Gomi as the Outside Director is one (1) year at the closing of this General Meeting of Shareholders.

5. Liability limitation contracts with Outside Directors

The Company has entered into contracts with Kimio Oiso and Hirofumi Gomi, which provide that the liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act shall be up to the minimum liability amount specified in each item of Article 425, Paragraph 1 of the same law. If the re-election of both Kimio Oiso and Hirofumi Gomi is approved at this General Meeting of Shareholders, the Company will continue the aforementioned liability limitation contracts with them.

### Proposal 3-Election of One (1) Statutory Auditor

The term of office of one (1) Statutory Auditor, Hiroshi Kanai will expire at the conclusion of this General Meeting of Shareholders. Accordingly, it is proposed to re-elect one (1) Statutory Auditor.

Therefore, we have obtained the consent of the Board of Statutory Auditors with respect to the submission of this proposal.

The candidate for Statutory Auditor is listed below.

No.	Name (Date of birth)	Brief personal history, position, duties and concurrent holding of important positions	Number of the Company's shares held
1	Candidate for re-election Outside Auditor Independent Auditor  Hiroshi Kanai (September 15, 1955)  Board of Directors' meeting attendance during the fiscal year ended March 31, 2016 - 92% (11 out of 12 meetings)  Board of Statutory Auditors' meeting attendance during the fiscal year ended March 31, 2016 - 90% (9 out of 10 meetings)	April 2010 Managing Executive Officer, The Dai-ichi Life Insurance Company, Ltd. June 2011 Director, Managing Executive Officer, The Dai-ichi Life Insurance Company, Ltd. June 2012 Statutory Auditor, AIDA ENGINEERING, LTD. (current position) April 2014 Director, Senior Managing Executive Officer, Dai-ichi Life Insurance Company, Ltd. April 2015 President, The Dai-ichi Frontier Life Insurance Co., Ltd. (current position) <Concurrent holding of important positions> President, The Dai-ichi Frontier Life Insurance Co., Ltd.	0

- (Note)
1. There is no special interest between the above candidate and the Company.
  2. Hiroshi Kanai is a candidate for Outside Statutory Auditor as stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
  3. Special matters regarding the candidate for Outside Statutory Auditor are as follows:
    - (i) Reasons for electing the candidate for Outside Statutory Auditor  
Hiroshi Kanai has abundant experience and substantial knowledge as a business administrator in the insurance industry and we expect him to make good use of his experience and knowledge in the auditing system of the Company. Thus, the Company requests that shareholders re-elect him as Outside Statutory Auditor.  
The Company designated Hiroshi Kanai as an Independent Auditor as defined by Tokyo Stock Exchange, Inc., and registered him with the Tokyo Stock Exchange as an Independent Auditor. If the re-election of Hiroshi Kanai is approved at this General Meeting of Shareholders, the Company will re-designate him as an Independent Auditor.
    - (ii) Service years after the candidate for Outside Statutory Auditor assumes office as an Outside Statutory Auditor  
The term of office of Hiroshi Kanai as Outside Statutory Auditor will be four (4) years upon the conclusion of this General Meeting of Shareholders.
  4. Liability limitation contract with Outside Statutory Auditor  
The Company has entered into a contract with Hiroshi Kanai, which provides that the liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act shall be up to the minimum



liability amount specified in each item of Article 425, Paragraph 1 of the same law. If the re-election of Hiroshi Kanai is approved at this General Meeting of Shareholders, the Company will continue the aforementioned liability limitation contract with him.

#### Proposal 4-Election of One (1) Alternate Statutory Auditor

To prepare for a contingency in which the Company does not have the number of Statutory Auditors required by laws and regulations, it is proposed to elect one (1) Alternate Statutory Auditor.

The election of the aforementioned Alternate Statutory Auditor may be cancelled by the resolution of the Board of Directors, provided such cancellation is done prior to the assumption of office and with the consent of the Board of Statutory Auditors.

Therefore, we have obtained the consent of the Board of Statutory Auditors with respect to the submission of this proposal.

The candidate for Alternate Statutory Auditor is listed below.

No.	Name (Date of birth)	Brief personal history, position, duties and concurrent holding of important positions			Number of the Company's shares held
1	Candidate for re-election  Hiroo Wakabayashi (August 23, 1943)	July	1997	Director, The Dai-ichi Mutual Life Insurance Company (currently Dai-ichi Life Insurance Company, Ltd.)	14,200
		July	2005	Director, Senior Managing Executive Officer, The Dai-ichi Life Insurance Company, Ltd.	
		June	2008	Director, AIDA ENGINEERING, LTD.	
		June	2012	Alternate Statutory Auditor, AIDA ENGINEERING, LTD. (current position)	
		<Concurrent holding of important positions> Not applicable			

(Note) There is no special interest between the above candidate and the Company.

(Reference) Independence Criteria for Outside Officers

The Company has stipulated the criteria for the independence of Outside Officers as follows for the determination of their independence.

In principle, a person who does not fall under any of the following items at present or within the past one year

- (1) A party whose major business partner is the Company, or an executor of business thereof if the party is a corporation, etc.
- (2) A major business partner of the Company, or an executor of business thereof if the party is a corporation, etc.
- (3) A consultant, accounting specialist or legal specialist who receives a significant amount of money or other property from the Company other than the compensation from the Company as an Outside Officer.
- (4) An employee, etc. of the consulting firm, accounting office or law firm, etc. whose major business partner is the Company
- (5) A party who receives a significant amount of donation, etc. from the Company, or an executor of business thereof if the party is a corporation, etc.
- (6) A major shareholder of the Company, or an executor of business thereof if the party is a corporation, etc.
- (7) A close relative of the following (excluding insignificant person)
  - A. A person who falls under (1) to (6) described above
  - B. A Director, Statutory Auditor, Operating Officer or employee of the Company or its subsidiary

## **Proposal 5-Continuation of Policy Toward a Large-Scale Purchase (Takeover Defense Measure)**

The Company resolved (i) to maintain the "basic policy concerning the person who controls the decisions on the Company's financial and business policies" as provided for in Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act (hereinafter referred to as the "Basic Policy Concerning Company Control"), and (ii) to continue to adopt the policy toward the large-scale purchase of the Company's shares, etc. (hereinafter referred to as the "Current Policy") at the meeting of the Board of Directors held on May 14, 2013, and these resolutions were approved by the shareholders at the Ordinary General Meeting of Shareholders held on June 27, 2013.

Since the Current Policy is supposed to expire at the close of the Ordinary General Meeting of Shareholders to be held in June 2016, the Company, considering changes in economic outlook, amendments to the laws and regulations and other circumstances, has further examined the Current Policy in an effort to secure and improve the interests of the Company's shareholders as a whole.

As a result of such examination, the Company resolved at the meeting of the Board of Directors held on May 12, 2016, (i) to maintain the Basic Policy Concerning Company Control, and (ii) to continue to adopt such Policy as a policy toward the large-scale purchase of the Company's shares, etc. (hereinafter referred to as the "Policy"), on the condition precedent that the Company's shareholders approve the Policy at the Ordinary General Meeting of Shareholders to be held on June 28, 2016. Accordingly, we request for the approval by the shareholders.

In order to continue the Policy, the Company has changed the details of "every special effort to realize the Basic Policy Concerning Company Control" (II below) and has amended and arranged some of the expressions used in the Current Policy. However, the Company has not substantially changed the Current Policy.

If the approval of the Company's shareholders is obtained at the Ordinary General Meeting of Shareholders to be held on June 28, 2016, the Policy will become effective on the date of such approval and expire at the close of the Ordinary General Meeting of Shareholders to be held in June 2019.

The Policy was unanimously approved by the Directors present at the aforementioned meeting of the Board of Directors, and all of three (3) Statutory Auditors (all of whom are Outside Statutory Auditors) agreed with the Policy on condition that the specific operation of the Policy will be appropriately made.

At present, no specific proposal concerning the large-scale purchase of the Company's shares, etc. has been made.

### **I. Substance of Basic Policy Concerning the Person Who Controls the Decisions on the Company's Financial and Business Policies**

The Board of Directors believes that since the Company, as a public corporation, allows the free purchase and sale of the Company's shares, if a specific person intends to conduct a large-scale purchase aiming at acquiring such number of the Company's shares as may have an influence on the decisions of the Company's financial and business policies, the Company's shareholders should make the final decision regarding whether or not to accept such large-scale purchase.

However, in managing the Company, it is indispensable to have specific management know-how based on highly-technical knowledge concerning the press machine business, which is the Company's principal business, and an understanding of the relationships established with the Company's stakeholders, such as the Company's domestic and foreign affiliated companies, business partners and customers, and without a sufficient understanding of the above matters by a person controlling decisions on the Company's financial and business policies, the shareholder value that could be realized in the future by the Company's shareholders may be damaged.

The Company has made and shall make every effort to cultivate investors' understanding of the fair value of the Company's shares through IR activities; provided, however, that it is indispensable that the Company's shareholders be provided with appropriate and sufficient information by both the large-scale purchaser and the Board of Directors in order to appropriately determine, within a short period of time, whether or not the purchase price of the Company's shares proposed by the large-scale purchaser is reasonable, when a large-scale purchase is suddenly made. In addition, the potential impact of the large-scale purchase on the Company's future management, as well as management policies and business plans, including a policy on the relationships with the

Company's stakeholders, such as the Company's employees, affiliated companies, business partners and customers, which the large-scale purchaser wishes to adopt when the large-scale purchaser participates in the Company's management, are material information for the Company's shareholders in order to decide whether to continue to hold shares in the Company or not. The Company also believes that the opinion of the Board of Directors toward the large-scale purchase is material to the decision-making process of the Company's shareholders.

Taking the above into account, the Company believes that, if a specific person intends to make a large-scale purchase aiming at acquiring the number of the Company's shares which may have an influence on the decisions on the Company's financial and business policies, such large-scale purchaser should provide the Board of Directors with necessary and sufficient information regarding the large-scale purchase in advance and should be allowed to commence the large-scale purchase only after a certain assessment period for the Board of Directors elapses, in accordance with certain reasonable rules established and disclosed in advance by the Company for the benefit of the decision-making process of the Company's shareholders.

In addition, among large-scale purchases, it cannot be said that there are never cases where the large-scale purchase in question has clearly abusive purposes or is inappropriate (please refer to III. 3. (1), Note 4 below for details) and as a result will seriously undermine the interests of the Company's shareholders as a whole, including the cases where irreparable damage is caused to the Company. In order to protect the interests of the Company's shareholders as a whole, the Company believes that it is necessary to take such measures against such kind of large-scale purchase as the Board of Directors deems appropriate in accordance with certain reasonable rules established and disclosed in advance by the Company. (The aforementioned basic policy concerning what and how a person controlling decisions on the Company's financial and business policies should be is hereinafter referred to as the "Basic Policy Concerning Company Control.")

## **II. Effective Utilization of the Company's Assets, Formation of Appropriate Consolidated Group and Other Special Efforts to Realize the Basic Policy Concerning Company Control**

In addition to the efforts set forth in III. below, the Company has made and shall make every special effort to realize the Basic Policy Concerning Company Control, as follows.

The Company and its subsidiaries (with the Company, hereinafter referred to as the "Consolidated Group") have adopted the corporate philosophy "to develop global activities as a forming system builder and to remain a company contributing to people and society."

Pursuant to this corporate philosophy, the Consolidated Group focuses on the technical and product development of forming systems that meet the diversified values and needs of our many customers in the global marketplace, as the pillar of its management strategies to become the world's "top runner" over the long term in the area of forming systems. The Consolidated Group also promptly provides high-quality products and services to customers all over the world, by fully leveraging its four production bases within Japan, four overseas production bases (U.S.A., Italy, Malaysia and China), and the sales and service bases in 19 countries around the world.

The mid-term management plan (FY 2015-2017), which commenced in the FY 2015, is founded on the vision of "As a global cutting-edge corporation that supports manufacturing, we will further develop and pursue environmentally friendly and energy-saving products" and there are three major initiatives for achieving the vision, i.e., (i) formulating a solid corporate foundation that will enable even further business expansion, (ii) establishing AIDA as the top brand in the global marketplace, and (iii) pursuing new forming technologies, with the ultimate goal to further strengthen our business foundation and increase profits for the realization of sustainable growth in the medium and long term.

Amid these efforts, the Consolidated Group will build a relationship of long-term trust with the Company's stakeholders, such as the Company's shareholders, customers, business partners, employees and local communities, through development, production, sales and services in respect of innovative formation systems that deal with various materials, including metals, and contribute to people and society in accordance with its corporate philosophy.

The Company believes that, since the aforementioned efforts will improve the market value of the Consolidated Group and, consequently, decrease the risk of appearance of large-scale purchasers who may considerably impair the interests of the Company's shareholders as a whole, the said efforts will go along with the Basic Policy

Concerning Company Control. In addition, the Company believes it is clear that, since such efforts aim at improving the value of the Consolidated Group, such efforts will not impair the common interest of the Company's shareholders nor will they aim at maintaining the status of the Company's Officers.

### **III. Efforts to Prevent the Company's Property and Decisions on Business Policies from Being Controlled by an Inappropriate Person according to the Basic Policy Concerning Company Control**

In the event that any purchase of the Company's Shares and Other Securities<sup>1</sup> by a Group of Specific Shareholders<sup>2</sup> is implemented with the intent to hold 20% or more of the Voting Rights Ratio<sup>3</sup> of the Group of Specific Shareholders or any purchase of the Company's Shares and Other Securities resulting in the Group of Specific Shareholders holding 20% or more of the Voting Rights Ratio is implemented (with respect to any of such purchase, the purchase to which the Board of Directors has given prior consent is excluded and any specific means of purchase, such as market transactions or tender offers, are acceptable. Such purchase is hereinafter referred to as a "Large-Scale Purchase" and a person that conducts a Large-Scale Purchase is hereinafter referred to as a "Large-Scale Purchaser."), the Company requests the Large-Scale Purchaser to follow reasonable rules as described below (the "Large-Scale Purchase Rules") as the efforts to prevent the Company's property and decisions on business policies from being controlled by an inappropriate person according to the Basic Policy Concerning Company Control. In addition, the Company has established certain policy depending on whether or not such Large-Scale Purchaser has observed the Large-Scale Purchase Rules. (Such policy toward the Large-Scale Purchase of the Company's Shares and Other Securities as described in this section III is hereinafter referred to as the "Policy.")

Note 1. "Shares and Other Securities" means those falling under any of (i) such Shares and Other Securities as set forth in Article 27-23, Paragraph 1 of the Securities and Exchange Law or (ii) such Shares and Other Securities as set forth in Article 27-2, Paragraph 1 of the same Law.

Note 2. "Group of Specific Shareholders" means:

- (i) Any Holder (including a person deemed as a holder pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act; the same shall apply hereinafter) and any Joint Holder of such Holder (who means the joint holder set forth in Article 27-23, Paragraph 5 of the same Act and includes a person deemed as the relevant joint holder pursuant to Paragraph 6 of the same Article; the same shall apply hereinafter) of the Company's Shares and Other Securities (which mean the shares and other securities set forth in Article 27-23, Paragraph 1 of the same Act), and any person who is in a certain relationship with such Holder or such Joint Holder, which relationship is similar with the relationship between a Holder and a Joint Holder (such person being hereinafter referred to as the "Quasi-Joint Holder"); or
- (ii) Any person who makes Purchases, etc. (which mean the purchases, etc. set forth in Article 27-2, Paragraph 1 of the same Act and include any purchases, etc. made on a securities exchange market whether or not such purchases are made by the method of auction) of the Company's Shares and Other Securities (which mean the shares and other securities set forth in Article 27-2, Paragraph 1 of the same Act) and any Specially Related Parties of such person (which mean the specially related parties set forth in Article 27-2, Paragraph 7 of the same Act).

Note 3. "Voting Rights Ratio" means:

- (i) In the case where the Group of Specific Shareholders falls under the description of Note 2 (i) above, the ratio obtained by totaling (a) the Shares and Other Securities Holding Ratio of such Holder (which ratio means the shares and other securities holding ratio set forth in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; in this case, the Number of the Shares and Other Securities Held by the Joint Holders of such Holder (which number means the Number of the Shares and Other Securities Held as set forth in the same Paragraph; the same shall apply hereinafter) shall be added); and (b) the Shares and Other Securities Holding Ratio of the Quasi-Joint Holders of such Holder (provided, however, that in totaling the ratios stated in (a) and (b) above, the Number of the Shares and Other Securities Held duplicated in (a) and (b) above shall be deducted.); or

- (ii) In the case where the Group of Specific Shareholders falls under the description of Note 2 (ii) above, the total of the Shares and Other Securities Holding Ratio (which means the shares and other securities holding ratio set forth in Article 27-2, Paragraph 8 of the same Act) of the person who makes purchases, etc. of the Company's Shares and Other Securities and the Shares and Other Securities Holding Ratio of the Specially Related Parties of such person.

In calculating the Voting Rights Ratio, the Company's annual report, quarterly report or treasury stock purchase report, whichever document has been most recently submitted to the authorities, may be referred to in deciding the Total Number of Voting Rights (which means the total number of voting rights set forth in Article 27-2, Paragraph 8 of the same Act) or the Total Number of Issued Shares (which means the total number of issued shares set forth in Article 27-23, Paragraph 4 of the same Act).

## **1. Necessity of introducing the Large-Scale Purchase Rules**

As described in I. above, the Company believes that, in the event of a Large-Scale Purchase, the Large-Scale Purchaser should provide the Board of Directors with necessary and sufficient information regarding the Large-Scale Purchase in advance and should be allowed to commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors elapses, in accordance with the Large-Scale Purchase Rules established and disclosed in advance by the Company for the benefit of the decision-making process of the Company's shareholders.

After such information is provided, the Board of Directors will immediately start to consider the Board of Directors' opinion on the Large-Scale Purchase and shall subsequently form and disclose such opinion after careful consideration with advice from independent outside experts, etc. In addition, the Board of Directors may negotiate with the Large-Scale Purchaser in order to improve the proposal of the Large-Scale Purchaser or offer the Company's shareholders alternative plans developed by the Board of Directors, if deemed necessary. Such process shall enable the Company's shareholders to examine the proposal of the Large-Scale Purchaser and the alternative plans (in the case that any alternative plans are proposed) with reference to the Board of Directors' opinion, and thus, the shareholders shall be given the opportunity to make the final decision as to whether or not to accept the proposal of the Large-Scale Purchaser.

When it comes to establishing such rules, a court has issued the following decision: "In the case a hostile purchaser, who intends to acquire control of management, appears, it is not an abuse of rights for the Board of Directors (i) to require such hostile purchaser to propose a business plan and establish a period for assessment, (ii) to assess the business plan through discussion with the purchaser, (iii) to disclose the opinion of the Board of Directors, and (iv) to offer shareholders alternative plans, so long as the contents of the materials that are required to be submitted and the period for assessment are reasonable" so that establishing such rules was deemed to be legitimate (Decision of the Tokyo District Court, July 29, 2005).

As of March 31, 2016, the Company has 7,113 shareholders and most of them are individual shareholders. The Company has no specific major shareholders since it is an independent company. The Company's major shareholders as of March 31, 2016 are as described in Exhibit 1 attached hereto.

## **2. Details of the Large-Scale Purchase Rules**

The Large-Scale Purchase Rules established by the Board of Directors require that (i) a Large-Scale Purchaser provide the Board of Directors, in advance, with necessary and sufficient information regarding the Large-Scale Purchase, and that (ii) the Large-Scale Purchaser commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors elapses.

More specifically, first, a Large-Scale Purchaser is required to submit to the Company's Representative Director a "letter of intent" to the effect that the Large-Scale Purchaser will comply with the Large-Scale Purchase Rules, which shall specify the name, address, law governing the incorporation, name of the representative and contact details in Japan of the Large-Scale Purchaser and an outline of the proposed Large-Scale Purchase. In addition, a Large-Scale Purchaser is required to provide the Board of Directors with necessary and sufficient information (hereinafter referred to as the "Necessary Information") to allow the Company's shareholders to make their decisions and the Board of Directors to form its opinion.

Within 10 business days after receipt of such letter of intent, the Board of Directors will deliver to the Large-Scale

Purchaser a list of the Necessary Information to be initially provided by the Large-Scale Purchaser. If the information initially provided by the Large-Scale Purchaser is deemed to fall short of the Necessary Information as a result of the Board of Directors' examination, the Board of Directors will require the Large-Scale Purchaser to provide additional information to the extent necessary for the Company's shareholders to make their decisions and for the Board of Directors to make an examination and assessment and to form its opinion.

Details of the Necessary Information may differ according to the properties of the Large-Scale Purchaser and the purpose and details of the Large-Scale Purchase; provided, however, that items to be generally included as the Necessary Information shall be as follows. With respect to any of the following items, however, the Necessary Information shall be limited to the information that is necessary and sufficient to allow shareholders of the Company to make their decisions and the Board of Directors to form its opinion:

- 1) An outline (including information relating to the Large-Scale Purchaser, such as the substance of the business, capital structure and experience in the same category of business as that of the Company) of the Large-Scale Purchaser and its group (including Joint Holders and Specially Related Parties);
- 2) The purpose and details of the Large-Scale Purchase (including amount/type of consideration for the purchase, etc., timing of the purchase, etc., structure of related transactions, legality of the means of the purchase, etc., and feasibility of the purchase, etc. and related transactions; particularly, in the case of the purchase of merely part of the Company's shares, including the way of thinking concerning the upper limit on the number of shares to be purchased and the schedule of changes in capital structure after such purchase);
- 3) The basis for the calculation of the value of the Company's shares and financial resources backing the purchase (including specific names of the financial backers (including substantial backers), financing methods, and substance of related transactions);
- 4) The candidates for the management team (including information regarding experience in the same category of business as that of the Company and the Consolidated Group) and the management policy (including the way of thinking with respect to the integration and collaboration between the business of the Large-Scale Purchaser and the business of the Company and the Consolidated Group and the specific measures to avoid any conflict of interest between the Large-Scale Purchaser and the Company/the Consolidated Group, as well as the policies to specifically realize such management policy, such as a business plan (including a plan for restructuring of existing businesses, new business plan and capital investment plan), financial plan, capital policy, distribution policy, labor policy, policy of utilization of assets; hereinafter referred to as the "Management Policy, etc. after Purchase"), as intended and expected after the completion of the Large-Scale Purchase;
- 5) Policy concerning the relationship with stakeholders of the Company and the Consolidated Group, such as employees, affiliated companies, business partners and customers of the Company and the Consolidated Group, as intended after the completion of the Large-Scale Purchase; and
- 6) If the Large-Scale Purchaser is engaged in the same category of business as that of the Company, the way of thinking concerning the legality of the Large-Scale Purchase in light of the Antimonopoly Act and competition laws in foreign countries.

The Board of Directors will disclose the fact that a Large-Scale Purchase was proposed at the time such proposal is made, and the Board of Directors will also disclose all or part of the Necessary Information provided to the Board of Directors at the time it deems appropriate, if such disclosure is considered necessary for the Company's shareholders to make their decisions.

Next, the Board of Directors believes that a period of 60 days (in the case of the purchase of all the Company's shares through a tender offer in which the consideration is delivered only in cash (yen)) or a period of 90 days (in the case of other Large-Scale Purchases) after the Large-Scale Purchaser completes its provision of the Necessary Information to the Board of Directors should, according to the level of difficulty in making an assessment of the Large-Scale Purchase, be given as the period necessary for the Board of Directors to assess, examine, negotiate, form an opinion and seek alternative plans (such period being hereinafter referred to as the "Board Assessment



Period”). Accordingly, the Large-Scale Purchase may be commenced only after the Board Assessment Period has elapsed. The Board of Directors shall thoroughly assess and examine the Necessary Information it receives, with advice from independent outside experts, etc. during the Board Assessment Period and shall deliberately summarize and disclose its opinion. In addition, the Board of Directors may negotiate with the Large-Scale Purchaser in order to improve the terms of the proposed Large-Scale Purchase or offer the Company’s shareholders alternative plans, if deemed necessary.

### **3. Policy toward the Large-Scale Purchase**

#### **(1) In the event that a Large-Scale Purchaser observes the Large-Scale Purchase Rules**

In the event that a Large-Scale Purchaser observes the Large-Scale Purchase Rules, the Board of Directors, even if it disagrees with the proposed Large-Scale Purchase, will not take countermeasures against the Large-Scale Purchase, although it may attempt to persuade the Company’s shareholders by expressing an objection to the proposal of the Large-Scale Purchaser or by offering alternative plans. The Board of Directors believes that the Company’s shareholders should make their own decision as to whether or not they accept the proposal of the Large-Scale Purchaser upon consideration of such proposal of the Large-Scale Purchaser and the opinion on such proposal and alternative plans provided by the Company.

However, in the event that it is considered that the Large-Scale Purchase will seriously undermine the interests of the Company’s shareholders as a whole and it is deemed reasonable to take countermeasures, including the event in which the Large-Scale Purchase has clearly abusive purposes or is inappropriate<sup>4</sup> and will cause irreparable damage to the Company, the Board of Directors may, aside from the adoption of the Policy, take exceptional countermeasures in order to protect the interests of the Company’s shareholders as a whole based on the duty of due care of a prudent manager assumed by each Director. The Board of Directors assesses the specific details of the Large-Scale Purchaser and the Large-Scale Purchase (such as the purpose, method, subject, kinds/amount of the consideration) and the influence of the Large-Scale Purchase on the interests of the Company’s shareholders as a whole based on the Necessary Information, including the Management Policy, etc. after Purchase, provided by the Large-Scale Purchaser, while obtaining the advice of independent outside experts, etc., and gives respect to the recommendations of the Special Committee, set forth in (3) below, before making such judgment. The Countermeasures include the issuance, etc., of stock acquisition rights or any other measures that the Board of Directors is permitted to take under the Companies Act or other laws and the Articles of Incorporation of the Company as in the case that a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules set forth in (2) below. In addition, in the event that the Board of Directors elects to make an allotment of stock acquisition rights without contribution as a countermeasure, if it receives the recommendations of the Special Committee, set forth in (3) below, to the effect that it should obtain the prior approval of the General Meeting of Shareholders, the allotment of stock acquisition rights without contribution may be performed after being resolved at the General Meeting of Shareholders in order that the intentions of the shareholders of the Company may be reflected.

Note 4. “(the Large-Scale Purchase that has) Abusive purposes or (is) inappropriate” is envisaged to include the following actions taken by a Large-Scale Purchaser:

- (i) A Large-Scale Purchaser intends to purchase the shares for the sole purpose of forcing the relevant parties related to the company to purchase the shares at a higher price, by boosting the company’s share price, even though the Large-Scale Purchaser does not have the true intention to participate in the company’s management;
- (ii) A Large-Scale Purchaser purchases the shares for the purpose of so-called scorched-earth management, which includes having the company transfer the intellectual property rights, know-how, corporate secrets, main business partners and customers, etc. necessary for the company’s business and management to such Large-Scale Purchaser or its group companies, etc., by temporarily controlling the company’s management;
- (iii) A Large-Scale Purchaser purchases the company’s shares and plans to divest the company’s assets with the intention of using such assets as security or the source of repayment of the debt of such Large-Scale Purchaser or its group companies, etc. after controlling the company’s management;
- (iv) A Large-Scale Purchaser purchases the company’s shares for the purpose of having the company

sell or dispose of its valuable assets, including real property or securities that have no immediate relationship with the company's businesses, and temporarily pay large dividends against the profits gained from such disposition, or for the purpose of taking the opportunity to rapidly increase the share price influenced by the temporary payment of large dividends and then sell such shares at a higher price, by temporarily controlling the company's management; or

- (v) A Large-Scale Purchaser purchases shares through a tender offer, etc., by not making solicitation for the sale of all the company's shares at the first stage of the tender offer and setting disadvantageous second stage purchase terms or not clarifying such purchase terms (so called coercive, two-tiered takeover).

## **(2) In the event that a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules**

In the event that a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, regardless of the specific method of purchase, the Board of Directors may take countermeasures against the Large-Scale Purchase to protect the Company's corporate value and the interests of the Company's shareholders as a whole. Countermeasures include the issuance of stock acquisition rights or any other measures that the Board of Directors is permitted to take under the Companies Act or other laws and the Company's Articles of Incorporation. The Board of Directors will adopt the specific countermeasures that it deems most appropriate at that time. In the event that the Board of Directors elects to make an allotment of stock acquisition rights without contribution as a specific countermeasure, the outline of such allotment of stock acquisition rights without contribution shall be as described in "Exhibit 2" attached hereto; provided, however, that, if the Board of Directors actually elects to issue stock acquisition rights as a countermeasure, it may determine the exercise period and the terms for exercise of the stock acquisition rights and stock acquisition terms, all of which consider the effectiveness thereof as countermeasures, including, for instance, the terms for such exercise not to belong to a specific Group of Shareholders with a certain Voting Rights Ratio. In addition, if the Board of Directors receives the recommendations of the Special Committee, set forth in (3) below, to the effect that it should obtain the prior approval of the General Meeting of Shareholders, the allotment of stock acquisition rights without contribution, etc. may be performed after being resolved at the General Meeting of Shareholders in order that the intentions of the Company's shareholders may be reflected. The Company filed a shelf registration statement for the issuance of stock acquisition rights on June 25, 2015; however, since the effective period of the shelf registration will expire on July 2, 2016, the Company will file another shelf registration statement for the issuance of stock acquisition rights.

## **(3) Establishment of the Special Committee**

The Special Committee is established as a body to ensure that the Policy is properly applied and to prevent arbitrary decisions by the Board of Directors. Pursuant to the administration rules of the Special Committee (for the outline thereof, please refer to "Exhibit 3"), the Special Committee shall have at least three members and in order to enable fair and neutral judgment, its members shall be elected from the Company's Outside Directors and Outside Auditors or outside knowledgeable persons<sup>5</sup> who are independent of the management team operating the Company's businesses. The name and profile of members of the Special Committee are described in "Exhibit 4" attached hereto.

The Policy satisfies the objective requirements for the invocation of countermeasures, by prescribing that the Board of Directors will not take the countermeasures in principle in the event that the Large-Scale Purchaser observes the Large-Scale Purchase Rules (described in III. 3 (1) above) and that the Board of Directors may take the countermeasures in the event that the Large-Scale Purchaser does not observe the Large-Scale Purchase Rules (described in III. 3 (2) above); provided, however, that, in the event that the Board of Directors makes a significant determination pertaining to the Policy, including an event in which the Board of Directors takes an exceptional countermeasure in order to protect the interests of the Company's shareholders as a whole as described in III. 3 (1) above and an event in which the Board of Directors takes the countermeasures as described in III. 3 (2) above, the Board of Directors shall, in principle, consult with the Special Committee and respect the recommendations of the Special Committee to the utmost extent.

Note 5: Outside knowledgeable persons are elected from among corporate managers who have sufficient experience, persons who are familiar with the investment banking business, lawyers, certified public accountants, academic experts who specialize in the Companies Act, etc. or persons who are equivalent to these personnel.

#### **(4) Suspension, etc., of Invocation of Countermeasures**

In the event that (i), after the Company decides to take exceptional countermeasures as described in III. 3 (1) above or take countermeasures as described in III. 3 (2) above, the Large-Scale Purchaser revokes or changes the Large-Scale Purchase or (ii) any changes occur in the facts on which a decision is based as to whether or not countermeasures should be implemented and it becomes unreasonable to implement countermeasures from the viewpoint of the assurance and improvement of the corporate value of the Company and the common interests of the Company's shareholders, the Board of Directors may suspend or change the invocation of the countermeasures after consulting with the Special Committee and giving respect to the recommendation of the Special Committee. In the event that the Board of Directors elects to make an allotment of stock acquisition rights without contribution as a countermeasure, if the Board of Directors wishes to suspend the invocation of the countermeasure, (i) until the day on which such stock acquisition rights become effective, the Board of Directors shall suspend the allotment of stock acquisition rights without contribution, and (ii) after the allotment of stock acquisition rights without contribution, the Board of Directors shall acquire such stock acquisition rights on or before the day immediately preceding the commencement date of the exercise period of the stock acquisition rights.

#### **4. Influence, etc. on shareholders and investors**

##### **(1) Influence, etc. of the Large-Scale Purchase Rules on shareholders and investors**

The purpose of the Large-Scale Purchase Rules is to provide the Company's shareholders with the information necessary for them to determine whether or not to accept a Large-Scale Purchase, and with the opinion of the Board of Directors that is actually in charge of the Company's management and to ensure the period necessary for such provision, as well as to ensure that the Company's shareholders have opportunities to receive any alternative plans. The Board of Directors believes that, under the Large-Scale Purchase Rules, the Company's shareholders will be provided with sufficient information and will be able to make appropriate decisions as to whether or not to accept the Large-Scale Purchase, whereby the interests of the Company's shareholders as a whole shall be protected. Accordingly, the Board of Directors believes that the establishment of the Large-Scale Purchase Rules is a proper prerequisite for appropriate investment decisions of the Company's shareholders and investors and contributes to the interests of the Company's shareholders and investors.

The Board of Directors hereby advises the Company's shareholders and investors to observe carefully any actions by a Large-Scale Purchaser, because the Company will make a different response depending on whether or not the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, as described in III. 3 above.

##### **(2) Influence, etc. of countermeasures on shareholders and investors at the time of invocation of such countermeasures**

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, the Board of Directors may take countermeasures, which the Board of Directors is permitted to take under the Companies Act or other laws and the Company's Articles of Incorporation, in order to protect the Company's corporate value and the interests of the Company's shareholders as a whole. However, the Board of Directors does not expect that, under the structure of the countermeasures, the Company's shareholders (excluding a Large-Scale Purchaser who has violated the Large-Scale Purchase Rules) will sustain any substantial loss in terms of legal rights or economic aspect. If the Board of Directors elects to take any specific countermeasures, the Board of Directors will make appropriate disclosure in a timely manner in accordance with the relevant laws, regulations and stock exchange regulations.

In respect of the issuance of stock acquisition rights, as one of the possible countermeasures, it may be necessary for a Company's shareholder to make a payment of a certain amount of money in order to acquire new shares upon exercising his/her stock acquisition right. In addition, if the Board of Directors has decided to acquire stock acquisition rights, it may issue new shares to the Company's shareholders without paying the amount equivalent to the exercise price, in exchange for the acquisition of the stock acquisition rights by the Company. Details of these procedures will separately be provided in accordance with the laws and regulations in the event of actual issuance of stock acquisition rights.

In the event that the Board of Directors suspends the issuance of stock acquisition rights as a countermeasure or acquires such stock acquisition rights without contribution pursuant to III. 3 (4) above, stock value per share will

not be ultimately diluted. Therefore, investors who purchase or sell their shares of the Company on the assumption that the stock value of shares of the Company will be diluted on and after the ex-rights date related to the allotment of such stock acquisition rights without contribution may be subject to contingent damages as a result of share price movements.

#### **5. Period of validity, continuation, changes and termination of the Policy**

On condition that the shareholders approve the Policy at the Ordinary General Meeting of Shareholders to be held on June 28, 2016, the Policy will become effective on the date of such approval and expire at the close of the Ordinary General Meeting of Shareholders to be held in June 2019; provided, however, that, if the Policy is approved to be continued at the Ordinary General Meeting of Shareholders to be held in June 2019, the aforementioned effective term of the Policy will be extended for another three years and the same shall apply thereafter. If the continuation of the Policy is approved, the Board of Directors shall promptly notify the shareholders of such fact.

In addition, even if the Policy is decided to be continued, the Board of Directors will, from the viewpoint of the improvement of corporate value and shareholder value, review the Policy from time to time based on the improvement, etc. of related laws and regulations and the improvement, etc. of the listing system of the Tokyo Stock Exchange, and may change or terminate the Policy upon the approval of the General Meeting of Shareholders. In such case, the Board of Directors will promptly notify such fact.

#### **IV. The Policy Complies with the Basic Policy Concerning Company Control, does not Damage the Common Interests of Shareholders and does not Pursue the Maintenance of the Status of the Company's Officers, and the Reasons therefor**

##### **1. The Policy complies with the Basic Policy Concerning Company Control**

The Policy sets forth matters such as the substance of the Large-Scale Purchase Rules, the policy toward a Large-Scale Purchase, the establishment of the Special Committee, and the influence on shareholders and investors.

The Policy specifies that (i) a Large-Scale Purchaser is required to provide the Board of Directors with all necessary and sufficient information concerning the Large-Scale Purchase in advance, (ii) the Large-Scale Purchaser shall be allowed to commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors has elapsed, and (iii) the Board of Directors may take countermeasures against any Large-Scale Purchaser who does not observe the aforementioned commencement rule.

The Policy also specifies that, even if the Large-Scale Purchaser observes the Large-Scale Purchase Rules, in the event that the Board of Directors judges that the Large-Scale Purchase by the Large-Scale Purchaser will materially damage the interests of the Company's shareholders as a whole, the Board of Directors may take countermeasures against the Large-Scale Purchaser that are considered necessary in order to protect the interests of the Company's shareholders as a whole.

As set forth above, it can be said that the Policy is consistent with the Basic Policy Concerning Company Control.

##### **2. The Policy does not damage the common interests of the Company's shareholders**

As described in I. above, the Basic Policy Concerning Company Control is based on the assumption that the common interests of the Company's shareholders should be respected. The Policy has been prepared consistent with the Basic Policy Concerning Company Control and is intended to ensure that the Company's shareholders are provided with the information necessary to decide whether or not to accept a Large-Scale Purchase, the opinion of the Board of Directors and the opportunity to receive alternative plans. Since the Company's shareholders and investors can make proper investment decisions through the Policy, the Policy does not damage the common interests of the Company's shareholders, but rather contributes to their interests.

In addition, the Company believes that the facts that the effectuation and extension of the Policy and termination of the Policy before its expiration date depend on the approval of the Company's shareholders and that the shareholders can terminate the Policy if they desire ensure that the Policy does not damage the common interests of the Company's shareholders.

The Policy satisfies the three principles (i.e., (i) principle of protecting and enhancing corporate value and shareholders' common interests, (ii) principle of prior disclosure and shareholders' will, and (iii) principle of ensuring necessity and reasonableness) provided for in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder's Common Interests," which was issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. The Policy is also based on the "Takeover Defense Measures in Light of Recent Environmental Changes", which was issued on June 30, 2008, by the Corporate Value Study Group established within the Ministry of Economy, Trade and Industry.

### **3. The Policy does not pursue the maintenance of the status of the Company's Officers**

While the Policy has a broad principle that leaves the final decision on whether or not a Large-Scale Purchase shall be accepted to the judgment of the shareholders, the Policy requires compliance with the Large-Scale Purchase Rules and takes countermeasures to the extent necessary in order to protect the interests of the Company's shareholders as a whole. The Policy discloses in advance and in detail the cases where the Board of Directors will take countermeasures, and the Board of Directors shall take countermeasures in accordance with the provisions of the Policy. The Board of Directors cannot solely effectuate and extend the Policy, and the approval of the Company's shareholders is required for such effectuation and extension.

In addition, the Policy specifies that, in the event that the Board of Directors makes a material decision related to the Policy, such as if it takes countermeasures in connection with a Large-Scale Purchase, it shall request advice from independent outside experts, etc. as necessary, consult with the Special Committee consisting of members who are independent of the management team operating the Company's businesses, and give utmost respect to the recommendation of such Special Committee. As mentioned above, the Policy includes procedures through which the appropriate operations by the Board of Directors are ensured.

In addition, the term of office of the Directors of the Company is one year, and staggered terms are not adopted. Therefore, the Policy is not a slow-hand takeover defense measure (a takeover defensive measure that requires more time to prevent its invocation because it does not allow the replacement of all Board members at once).

As described above, the Company believes that it is clear that the Policy does not pursue the maintenance of the status of the Company's Officers.

End of Document

The Company's Major Shareholders

The table below shows the Company's major shareholders as of March 31, 2016.

Name of Shareholders		
	Number of Shares Held (thousands)	Shareholding Ratio (%)
The Dai-ichi Life Insurance Company, Ltd.	4,000	6.15
Trust & Custody Services Bank, Ltd. ('E' trust account)	3,388	5.21
Nippon Life Insurance Company	2,533	3.89
Meiji Yasuda Life Insurance Company	2,516	3.87
Japan Trustee Services Bank, Ltd. (trust account)	2,446	3.76
Mizuho Bank, Ltd.	2,179	3.35
STATE STREET BANK AND TRUST COMPANY	1,937	2.98
NORTHERN TRUST CO. (AVFC) RE 10PCT TREATY ACCOUNT	1,865	2.87
RBC ISB S/A DUB NON RESIDENT/TREATY RATE UCITS-CLIENTS ACCOUNT	1,800	2.77
STATE STREET BANK AND TRUST COMPANY 505001	1,433	2.20

Note 1: The Company has treasury stock of 8,585 thousand shares other than those listed above.

Note 2: The shareholding ratios are calculated based on the number of shares (65,062,245 shares) obtained by deducting the number of treasury stock from the total number of issued and outstanding shares.

Note 3: Trust & Custody Services Bank, Ltd. ('E' trust account) is a trustee, entrusted with the Company's shares in Japanese-style Employee Stock Ownership Plan (J-ESOP).

Outline of Allotment of Stock Acquisition Rights without Contribution

1. Shareholders who are entitled to receive stock acquisition rights and conditions of issuance thereof:

One (1) stock acquisition right shall be allotted without contribution to a Company's shareholder for each share of the Company's common stock held by such shareholder (excluding the shares of the Company's common stock, which have been held by the Company), whose name is inscribed or recorded in the register of shareholders as of the end of the date of allotment to be specified by the Board of Directors.

2. Type and number of shares to be acquired upon exercise of the stock acquisition rights:

The type of shares to be acquired upon exercise of the stock acquisition rights shall be the shares of the Company's common stock, and the total number of such shares shall be up to the number of shares obtained by reducing the total number of issued and outstanding shares of the Company's common stock (excluding the shares of the Company's common stock, which have been held by the Company) from the total number of shares authorized to be issued by the Company as of the date of allotment to be specified by the Board of Directors. The number of shares to be acquired upon exercise of one (1) stock acquisition right shall be separately determined by the Board of Directors; provided, however, that such number shall be adjusted to the extent necessary if the Company makes a stock split or a stock consolidation.

3. Total number of stock acquisition rights to be allotted:

The total number of stock acquisition rights to be allotted shall be separately determined by the Board of Directors. The Board of Directors may allot stock acquisition rights in installments.

4. Amount of properties to be contributed upon exercise of stock acquisition rights:

The amount of properties to be contributed upon exercise of a stock acquisition right shall be an amount to be determined by the Board of Directors which shall be at least one (1) Japanese yen.

5. Restriction on acquisition of stock acquisition rights through transfer:

Stock acquisition rights may not be acquired through transfer without the Company's approval through the resolution of the Board of Directors.

6. Conditions of exercise of stock acquisition rights:

The conditions of exercise of stock acquisition rights shall be separately determined by the Board of Directors. Certain conditions of exercise may be provided, including a condition that a person belonging to a Group of Specific Shareholders that holds at least 20% of the Voting Rights Ratio may not exercise stock acquisition rights.

7. Exercise period and terms and conditions of acquisition, etc. of stock acquisition rights:

The exercise period, terms and conditions of acquisition and other necessary matters of the stock acquisition rights shall be separately determined by the Board of Directors.

Upon the establishment of the terms and conditions of acquisition that the stock acquisition rights held by a person who belongs to the Group of Specific Shareholders holding 20% or more of the Voting Rights Ratio are to be acquired, no payment of economic consideration such as cash shall be made for the acquisition. In addition, during the period commencing on the effective date of the stock acquisition rights and ending on the day that is immediately preceding the commencement date of the exercise period of the stock acquisition rights, the Company may acquire the stock acquisition rights without contribution on a day separately determined by the Board of Directors, if the Board of Directors considers that it is appropriate to acquire the stock acquisition rights.

## Outline of the Administration Rules of the Special Committee

1. The Special Committee shall have at least three (3) members, and the members shall be elected by a resolution of the Board of Directors among from Outside Directors and Auditors of the Company, lawyers, certified public accountants, academic experts, persons who are familiar with the investment banking business or outside persons who have good track records and experience as a director or operating officer and who, in each case, are independent of the management team operating the businesses of the Company.
2. The term of office of members of the Special Committee shall be until the close of the meeting of the Board of Directors to be held immediately after an Ordinary General Meeting of Shareholders pertaining to the last fiscal year that ends within one (1) year after their election; provided, however, that unless otherwise determined by a resolution at such meeting of the Board of Directors, the members shall be deemed to be re-elected at such meeting of the Board of Directors.
3. The Special Committee shall be convened by the president and representative director of the Company (should the president and representative director be unable to act, one of the other directors shall take the place of the president and the representative director, in accordance with the order of precedence previously determined by the Board of Directors) or each member of the Special Committee.
4. The chairman of the Special Committee shall be served by the head of the Special Committee chosen by the members of the Special Committee. Should the head of the Special Committee be unable to act, one of the other members shall serve as the chairman.
5. Resolutions of the Special Committee shall be adopted by an affirmative vote of a majority of the members of the Special Committee present, which shall constitute all members of the Special Committee, other than related parties; provided, however, that, in case of unavoidable circumstances, resolutions of the Special Committee may be adopted by an affirmative vote of a majority of the members of the Special Committee present, which shall constitute a majority of all members of the Special Committee.
6. The Special Committee shall deliberate on and make resolutions with respect to the matters on which the Board of Directors has consulted with the Special Committee and shall give recommendations to the Board of Directors based on such resolutions. The Board of Directors must consult with the Special Committee concerning the matters described in each of the following items in the respective cases of (1) and (2) below:
  - (1) When the Board of Directors determines to implement a countermeasure on the ground that a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules:
    - (i) Whether or not the purchase by such purchaser corresponds to the Large-Scale Purchase;
    - (ii) Whether or not the Company has properly administered the Large-Scale Purchase Rules;
    - (iii) Whether or not the Large-Scale Purchaser has observed the Large-Scale Purchase Rules; and
    - (iv) Necessity and reasonableness of such countermeasure and whether or not such countermeasure should be implemented.
  - (2) When a Large-Scale Purchaser observes the Large-Scale Purchase Rules, and the Board of Directors determines to implement an exceptional countermeasure on the ground that it is considered that such Large-Scale Purchase will seriously undermine the interests of the Company's shareholders as a whole:
    - (i) Whether or not such Large-Scale Purchase is considered to seriously undermine the interests of the Company's shareholders as a whole; and
    - (ii) Necessity and reasonableness of such countermeasure and whether or not such countermeasure should be implemented.



7. Upon deliberation and resolution as described in 6. above, the Special Committee, at the expense of the Company, may take each of the actions described in (1) through (3) below to the necessary extent:
  - (1) Receive advice from any third parties (including financial advisers, certified public accountants, lawyers, consultants and other professionals) who are independent of the management team of the Company;
  - (2) Request the Directors, Auditors and employees of the Company and any other person the Special Committee considers necessary to attend a meeting of the Special Committee and receive an explanation on any necessary information from them; and
  - (3) Any other actions permitted by the Board of Directors.

Name and Profile of Members of the Special Committee

Hirotsada Komatsu

1940 Born  
 June 1994 Director, Honda Motor Co., Ltd.  
 June 1998 Managing Director, Honda Motor Co., Ltd.

Akio Masuda

1932 Born  
 January 1961 Representative Director and President, Masuda Manufacturing Co., Ltd.  
 May 1992 Director and Counselor, the Incorporated Association, Japan Metal Stamping Association (currently, the General Incorporated Association, Japan Metal Stamping Association) (current position)  
 May 1993 Honorary Chairman, the Incorporated Association, Tokyo Metal Stamping Association (currently, the General Incorporated Association, Tokyo Metal Stamping Association) (current position)  
 April 1998 Representative Director and Chairman, Masuda Manufacturing Co., Ltd.  
 June 2009 Director and Chairman, Masuda Manufacturing Co., Ltd. (current position)

Chikao Fukuda

1942 Born  
 April 1971 Registered as Attorney-at-law (current position)  
 January 1980 Partner, Yuasa And Hara  
 April 1991 Counselor, the Company (current position)  
 April 1997 Organized Fukuda & Kondo (until present)  
 February 2002 Chairman, Licensing Executives Society Japan  
 October 2007 Licensing Executives Society International Inc., President

Hiroo Wakabayashi

1943 Born  
 July 1997 Director, The Dai-ichi Mutual Life Insurance Company (currently, The Dai-ichi Life Insurance Company, Ltd.)  
 July 2005 Director, Senior Managing Executive Officer, The Dai-ichi Mutual Life Insurance Company (currently, The Dai-ichi Life Insurance Company, Ltd.)  
 June 2008 Director, the Company (Outside Director)  
 June 2012 Alternate Statutory Auditor, the Company (current position)

Note 1: There are no special interests between each person and the Company.

Note 2: Mr. Hiroo Wakabayashi is an Alternate Statutory Auditor for the Auditor who is not the Company's Outside Auditor.  
 The term of the Alternate Statutory Auditor expires at the close of the 81st Ordinary General Meeting of Shareholders to be held on June 28, 2016.  
 As stated in Proposal 4, it is proposed to re-elect him as an Alternate Statutory Auditor at the General Meeting of Shareholders.

End of Document