

Note: This is an unofficial translation of the Japanese original version and is provided for your reference and convenience only. Where there are any discrepancies between the Japanese original and the translated document, the original Japanese document shall prevail.

To Our Shareholders:

Stock Code: 6741

June 2, 2016

**Nippon Signal Co., Ltd.**

5-1, Marunouchi, 1-Chome,  
Chiyoda-ku, Tokyo  
President & CEO  
Yohei Furuhata

**Notice of Convocation of the Ordinary General Meeting of  
Shareholders for the 133<sup>rd</sup> Business Term**

We would like to express our sincere condolences to everyone affected by the Kumamoto Earthquake, and pray for their early recover.

Notice is hereby given that the Ordinary General Meeting of Shareholders for the 133<sup>rd</sup> Business Term of Nippon Signal Co., Ltd. (hereinafter referred to as 'Company') will be held as described below.

Your attendance at the meeting is cordially requested.

In the event that you are unable to attend the Meeting, you may exercise your voting rights in writing or by electronic methods. You are kindly requested to examine the attached Reference Documents for the General Meeting of Shareholders and to exercise your voting rights no later than 5:05 p.m. on Thursday, June 23, 2016 (Japan time).

- 1. Date and Time:** Friday, June 24, 2016 at 10:00 a.m. (Japan time)  
**2. Venue:** Hall of Otemachi Sankei Plaza 4<sup>th</sup> Floor, Tokyo Sankei Building  
7-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

**3. Agenda for the Meeting:**

[Matters for Reporting]

- 1 - Reports on the contents of the Business Report and Consolidated Financial Statements for the 133<sup>rd</sup> Business Term (from April 1, 2015 to March 31, 2016), and reports on the Auditing Results of Accounting Auditor and Audit & Supervisory Board regarding the Consolidated Financial Statements.
- 2 - Reports on the content of the Financial Statements for the 133<sup>rd</sup> Business Term (from April 1, 2015 to March 31, 2016).

[Matters for Resolution]

- 1 - Appropriation of Surplus
- 2 - Election of eight Directors
- 3 - Election of one Audit & Supervisory Board Member
- 4 - Election of one Alternate Audit & Supervisory Board Member
- 5 - Grant of Bonuses to Directors
- 6 - Renewal of the Countermeasures in Response to Large-scale Acquisition of Company's Shares (Takeover Defense Measure)

- Upon attending the Meeting, please present the enclosed Voting Form to the receptionist of the Meeting.
- When you exercise the voting rights through a proxy, such proxy must be only one shareholder who is entitled to attend the general meeting of shareholders. In this case, please submit a written power of attorney and the enclosed Cards for Exercise of Voting Rights to the receptionist of the Meeting.
- Any changes in the matters described in Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Financial Statements will be posted on our website.  
(<http://www.signal.co.jp/ir/index.html>)
- “Notes to Consolidated Financial Statements” and “Notes to Financial Statements” are posted on our website (<http://www.signal.co.jp/ir/library/meeting.html>) in accordance with the provisions of laws and regulations and Article 17 of the Articles of Incorporation, and thus they are not included in this Notice of Convocation.
- Consolidated Financial Statements and Financial Statements audited by Audit & Supervisory Board Members and the Accounting Auditor consist of the documents included in this Notice of Convocation and the “Notes to Consolidated Financial Statements” and “Notes to Financial Statements” posted on our website.

### No.1 - Appropriation of Surplus

The Nippon Signal Group's basic policy regarding earnings distribution is to seek to establish a stable earnings structure and management foundation, and strengthen its financial condition from a long-term perspective. In addition, the Company aims to sustain research and development, manufacturing infrastructure, and human resources development, and provide investors with stable dividends and returns commensurate with performance. We have set a target payout ratio of around 25% on a consolidated basis.

Under this policy, we would like to increase the year-end dividend by 1 yen from the previous fiscal year, taking it to 15 yen per share, considering the Company's performance and payout ratio in a comprehensive manner based on the policy to provide investors with stable dividends.

Based on this policy, the Company proposes the following.

#### Matters concerning year-end dividend

1. Type of dividend:

Cash

2. Matters concerning allocation of dividend and the total amount:

15.00 yen per one common share of the Company

Total amount of dividend 1,024,178,010 yen

As we have already paid an interim dividend of 7.00 yen per share, the full-year dividend will be 22.00 yen per share.

3. Effective date of the dividend from surplus:

June 27, 2016

No.2 - Election of eight Directors

The terms of office of all of the eight Directors will expire at the end of this General Meeting of Shareholders. Accordingly, the Company requests the election of eight Directors.

The candidates for the Directors are as follows:

No.	Name (Date of birth)	Biography, status and responsibilities, and significant concurrent positions	Number of the Company's shares held
1	Yohei Furuhata (May 28,1949)	<p>April 1974      Joined the Company</p> <p>April 1997      General Manager of Automatic Fare Collection Sales Dept. of Sales and Marketing Head Office</p> <p>June 2000      Executive Officer</p> <p>June 2004      Director</p> <p>June 2006      Senior Executive Officer</p> <p>June 2006      Deputy Chief Executive Officer</p> <p>June 2008      President &amp; CEO (to present)</p> <p>June 2008      Chief Operative Officer (COO)</p> <p>June 2012      Chief Executive Officer (CEO) (to present)</p> <p>[Reason for nomination as a candidate for Director] Yohei Furuhata has been responsible for management as the Company's President &amp; CEO since 2008, and possesses a wealth of experience, achievements and knowledge as a manager. We have determined that he is qualified to lead the Company in promoting group management and aiming for sustained improvement of corporate value. Therefore, we have nominated him as a candidate to continue as a Director.</p>	81,100

No.	Name (Date of birth)	Biography, status and responsibilities, and significant concurrent positions	Number of the Company's shares held
2	Hidehiko Tsukamoto (September 15, 1958)	<p>April 1982      Joined the Company</p> <p>May 2005      General Manager of Automatic Fare Collection Sales Dept. of Automatic Fare Collection Systems Division</p> <p>June 2006      Executive Officer</p> <p>June 2010      Director</p> <p>June 2014      Senior Executive Officer Deputy Chief Executive Officer</p> <p>April 2015      Vice President and Representative Director (to present) Chief Operative Officer (COO) (to present)</p> <p>[Reason for nomination as a candidate for Director] Hidehiko Tsukamoto has been responsible for the Company's management as Vice President and Representative Director since 2015, and possesses a wealth of experience, achievements and knowledge as a manager. We have determined that he is qualified to lead the Company in responding appropriately to environmental changes around the Company and accelerating the enhancement of our new business creation and global competitiveness. Therefore, we have nominated him as a candidate to continue as a Director.</p>	52,800

No.	Name (Date of birth)	Biography, status and responsibilities, and significant concurrent positions	Number of the Company's shares held
3	Yoshitaka Tokubuchi (November 21,1957)	<p>April 1982      Joined the Company</p> <p>July 2006      General Manager of Production Control Dept. of Kuki Plant</p> <p>June 2008      Executive Officer</p> <p>May 2011      Senior Executive Officer</p> <p>June 2011      Director (to present)</p> <p>June 2014      Deputy Chief Executive Officer</p> <p>April 2016      Deputy Chief Executive Officer, Assistant to President, In Charge of Business Administration, Responsible for Corporate Strategy Dept., Finance Dept. and Internal Audit Dept. (to present)</p> <p>[Reason for nomination as a candidate for Director] Yoshitaka Tokubuchi has served as a manager of the Company's Business Administration Division and Monodukuri Division, and possesses a wealth of experience, achievements and knowledge of management. We have determined that he is qualified to lead the Company in expanding its business areas and the operations of group companies. Therefore, we have nominated him as a candidate to continue as a Director.</p>	42,700

No.	Name (Date of birth)	Biography, status and responsibilities, and significant concurrent positions		Number of the Company's shares held
4	Takeshi Fujiwara (November 7, 1959)	<p>April 1983      Joined the Company</p> <p>July 2009      General Manager of Private Railways Sales Dept. of Railway Signal Systems Division</p> <p>June 2010      Executive Officer</p> <p>April 2013      Senior Executive Officer</p> <p>June 2013      Director (to present)</p> <p>April 2016      Senior Executive Officer, Chief General Manager of Sales and Marketing Head Office(to present)</p>		28,400
		<p>[Reason for nomination as a candidate for Director]</p> <p>Takashi Fujiwara has record of leading our domestic business, having served as the manager of the Company's Business Head Office, and deep insight based on his broad experience. We have determined that he is qualified to lead the Company in expanding its business areas and enhancing its competitiveness. Therefore, we have nominated him as a candidate to continue as a Director.</p>		

No.	Name (Date of birth)	Biography, status and responsibilities, and significant concurrent positions	Number of the Company's shares held
5	Toshio Takano (June 4, 1959)	<p>April 1982      Joined the Company</p> <p>July 2006      General Manager of Railway Signal Systems 1st Engineering Dept of Kuki Plant</p> <p>June 2008      Executive Officer</p> <p>June 2014      Director (to present) Senior Executive Officer</p> <p>April 2016      Senior Executive Officer, Chief General Manager of Technical Development Head Office, In Charge of Technology, Responsible for VBC, General Manager of Information &amp; Communication Technology Solutions Engineering Division (to present)</p>	31,100
		<p>[Reason for nomination as a candidate for Director] Toshio Takano possesses experience having long been involved in manufacturing in the field, in addition to serving as a manager of the Company's Technology Development Division. We nominate him as a candidate to continue as a Director so that he may promote development from the perspective of commercialization and steadily perform conversion of our production structure centered on design reform.</p>	



No.	Name (Date of birth)	Biography, status and responsibilities, and significant concurrent positions	Number of the Company's shares held												
6	<div style="text-align: center;"> <div style="border: 1px solid black; padding: 2px; display: inline-block;">New</div>  <div style="border: 1px solid black; padding: 2px; display: inline-block;">appointment</div>  Hideo Oshima  (July 25, 1956) </div>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; vertical-align: top;">April 1979</td> <td>Joined the Company</td> </tr> <tr> <td style="vertical-align: top;">September 2004</td> <td>General Manager of MEMS Business Development Dept. of Visionary Business Center</td> </tr> <tr> <td style="vertical-align: top;">July 2008</td> <td>Chief General Manager of Visionary Business Center</td> </tr> <tr> <td style="vertical-align: top;">April 2009</td> <td>General Manager of Overseas Division</td> </tr> <tr> <td style="vertical-align: top;">May 2011</td> <td>Executive Officer</td> </tr> <tr> <td style="vertical-align: top;">April 2016</td> <td>Senior Executive Officer, Responsible for Overseas Division (to present)</td> </tr> </table> <p>[Reason for nomination as a candidate for Director] Hideo Oshima possesses experience, achievements and knowledge having served as a manager of the Company's Overseas Division and contributing to the expansion of overseas businesses. We have determined that he is qualified to lead the Company in further expanding its business areas and enhancing its international competitiveness. Therefore, we have nominated him as a new candidate for Director.</p>	April 1979	Joined the Company	September 2004	General Manager of MEMS Business Development Dept. of Visionary Business Center	July 2008	Chief General Manager of Visionary Business Center	April 2009	General Manager of Overseas Division	May 2011	Executive Officer	April 2016	Senior Executive Officer, Responsible for Overseas Division (to present)	23,600
April 1979	Joined the Company														
September 2004	General Manager of MEMS Business Development Dept. of Visionary Business Center														
July 2008	Chief General Manager of Visionary Business Center														
April 2009	General Manager of Overseas Division														
May 2011	Executive Officer														
April 2016	Senior Executive Officer, Responsible for Overseas Division (to present)														

No.	Name (Date of birth)	Biography, status and responsibilities, and significant concurrent positions	Number of the Company's shares held										
7	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Independent</div> Yoshiteru Yoneyama (June 23,1950)	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; vertical-align: top;">July 2002</td> <td style="vertical-align: top;">Director of Fukoku Mutual Life Insurance Company</td> </tr> <tr> <td style="vertical-align: top;">July 2005</td> <td style="vertical-align: top;">Managing Director of Fukoku Mutual Life Insurance Company</td> </tr> <tr> <td style="vertical-align: top;">April 2009</td> <td style="vertical-align: top;">Director and Managing Executive Officer of Fukoku Mutual Life Insurance Company</td> </tr> <tr> <td style="vertical-align: top;">July 2010</td> <td style="vertical-align: top;">President and Chief Executive Officer of Fukoku Mutual Life Insurance Company (to present)</td> </tr> <tr> <td style="vertical-align: top;">June 2014</td> <td style="vertical-align: top;">Outside Director of the Company (to present)</td> </tr> </table> <p>[Reason for nomination as a candidate for Outside Director]            Yoshiteru Yoneyama possesses a wealth of experience, achievements and knowledge as a manager, and we expect him to use these capabilities for the benefit of the Company's management. Therefore, we have nominated him as a candidate to continue as an Outside Director.            Yoshiteru Yoneyama has served as an Outside Director for two years at the end of this General Meeting of Shareholders.</p>	July 2002	Director of Fukoku Mutual Life Insurance Company	July 2005	Managing Director of Fukoku Mutual Life Insurance Company	April 2009	Director and Managing Executive Officer of Fukoku Mutual Life Insurance Company	July 2010	President and Chief Executive Officer of Fukoku Mutual Life Insurance Company (to present)	June 2014	Outside Director of the Company (to present)	800
July 2002	Director of Fukoku Mutual Life Insurance Company												
July 2005	Managing Director of Fukoku Mutual Life Insurance Company												
April 2009	Director and Managing Executive Officer of Fukoku Mutual Life Insurance Company												
July 2010	President and Chief Executive Officer of Fukoku Mutual Life Insurance Company (to present)												
June 2014	Outside Director of the Company (to present)												

No.	Name (Date of birth)	Biography, status and responsibilities, and significant concurrent positions	Number of the Company's shares held
8	<div style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">Outside</span>  <span style="border: 1px solid black; padding: 2px;">Independent</span>            Yasuko            Matsumoto            (September 2,            1953)         </div>	<p>April 1978 Registered as Attorney Joined Yamashita Oshima Law Office</p> <p>April 2000 Part-time Lecturer of Seikei University</p> <p>February 2001 Member of Independent Administrative Institution Evaluation Committee, the Ministry of Economy, Trade and Industry</p> <p>April 2007 Part-time Lecturer of Tokyo University of the Arts (to present)</p> <p>June 2015 Outside Director of the Company (to present)</p> <p>[Reason for nomination as a candidate for Outside Director]            Yasuko Matsumoto possesses advanced knowledge and experience as an expert in the law, and we expect her to use these capabilities for the benefit of the Company's management. Therefore, we have nominated her as a candidate to continue as an Outside Director.            Yasuko Matsumoto has served as an Outside Director for one year at the end of this General Meeting of Shareholders.</p>	300

1. None of the candidates for Directors have any special interest in the Company.
2. Yoshiteru Yoneyama and Yasuko Matsumoto are Outside Directors candidates.
3. Yoshiteru Yoneyama and Yasuko Matsumoto meet the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Yoshiteru Yoneyama and Yasuko Matsumoto are elected as Outside Directors, the Company plans to form a limited liability agreement with Yoshiteru Yoneyama and Yasuko Matsumoto that sets the amount of their liability at the minimum liability amount prescribed in Article 423-1 of the Companies Act.

No.3 - Election of one Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member Naoko Sato will retire at the end of this General Meeting of Shareholders. Accordingly, the Company requests the election of one Audit & Supervisory Board Member as a substitute.

The term of office of the candidate for Audit & Supervisory Board Member will be the remaining period of the term of office of the retired Audit & Supervisory Board Member under the provision of Article 31-2 of the Articles of Incorporation.

The Company has obtained the consent of the Audit & Supervisory Board for this proposal.

The candidate for the Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Biography, status, and significant concurrent positions	Number of the Company's shares held
<p><b>New appointment</b> <b>Outside</b> <b>Independent</b> Ikuko Ohama (May 29 1958)</p>	<p>April 1998 Tax Manager of IMG Japan Tokyo Branch</p> <p>August 1998 Registered as Tax Accountant</p> <p>November 2000 Assistant Manager of Finance Department of Philip Morris Japan</p> <p>November 2006 Accounting and Finance Director of Sidley Austin Nishikawa Foreign Law Joint Enterprise, Inc. (to Present)</p> <p>[Reason for nomination as a candidate for Audit &amp; Supervisory Board Member] Ikuko Ohama is a tax expert and possesses many years of accounting experience. We expect that she will offer auditing and advice on the Company's management by making use of her wealth of experience, achievements and knowledge of international finance and accounting. Therefore, we have nominated her as a candidate for Audit &amp; Supervisory Board Member.</p>	<p>0</p>

1. Ikuko Ohama has no special interest in the Company.
2. Ikuko Ohama is an Outside Audit & Supervisory Board Member candidate.
3. Ikuko Ohama meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Ikuko Ohama is elected as an Outside Audit & Supervisory Board Member, the Company plans to form a limited liability agreement with Ikuko Ohama that sets the amount of her liability at the minimum liability amount prescribed in Article 423-1 of the Companies Act.

No.4 - Election of one Alternate Audit & Supervisory Board Member

To ensure that the Company will not lack the number of Audit & Supervisory Board Members stipulated by law, the Company requests the election of one Alternate Audit & Supervisory Board Member.

The Company has obtained the consent of the Audit & Supervisory Board regarding this proposal.

The candidate for the Alternate Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Biography, status, and significant concurrent positions	Number of the Company's shares held
<div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> Hiromichi Tatsuno  (November 1, 1948)	April 1971      Joined The Industrial Bank of Japan, Limited  September 1981      Director of Tokyo Tatsuno Corporation  May 1984      Managing Director of Tokyo Tatsuno Corporation  May 1986      President of Tokyo Tatsuno Corporation  May 1996      President of Nippon Engineer Service Co., Ltd.  April 2012      President of Tatsuno Corporation (to Present)	0
	[Reason for nomination as a candidate for Alternate Audit & Supervisory Board Member] Hiromichi Tatsuno is the President of one of the world's three major gasoline weighing machine manufacturers and possesses a wealth of experience, achievements and knowledge as a global manager. We expect that he will offer auditing and advice on the Company's management by making use of these capabilities. Therefore, we have nominated him as a candidate for Alternate Audit & Supervisory Board Member.	

1. Hiromichi Tatsuno has no special interest in the Company.
2. Hiromichi Tatsuno is an Alternate Outside Audit & Supervisory Board Member candidate.
3. If Hiromichi Tatsuno is elected as an Outside Audit & Supervisory Board Member, the Company plans to form a limited liability agreement with Hiromichi Tatsuno that sets the amount of his liability at the minimum liability amount prescribed in Article 423-1 of the Companies Act.

No.5 - Grant of Bonuses to Directors

The Company proposes that bonuses be granted to the six Directors excluding Outside Directors as of the end of this term, which totals 106,000,000 yen, considering the Company's financial performance for this Business Term.

## No.6 - Renewal of the Countermeasures in Response to Large-scale Acquisition of Company's Shares (Takeover Defense Measure)

The Company introduced the Countermeasures in Response to Large-scale Acquisition of Company's Shares (Takeover Defense Measure), for the purpose of ensuring and enhancing its corporate value and common interests of its shareholders, based on the approval of shareholders at the 127th Ordinary General Meeting of Shareholders held on June 24, 2010. Afterwards, renewal of the Takeover Defense Measure involving necessary amendments thereto was approved by the shareholders at the 130th Ordinary General Meeting of Shareholders held on June 25, 2013 (the Takeover Defense Measure after the renewal being referred to hereinafter as "the Old Plan"). The Old Plan will be effective until the conclusion of this General Meeting of Shareholders.

In view of the expiry of the Old Plan, the Company considered the renewal of the Old Plan, and the Board of Directors decided to renew the Plan with partial amendments to its contents (where such amended plan shall be hereinafter referred to as the "Plan") at its meeting held on May 10, 2016, based on the trends of actual operations after its introduction, subject to the approval of shareholders at this General Meeting of Shareholders. Thus, shareholders are kindly requested to approve the renewal as follows.

Main amendments to the Old Plan are as follows.

- 1) Amendments to the wording were made in view of the introduction of Nippon Signal's corporate philosophy as of April 1, 2016.
- 2) Upon the expiry of the term of office of the members of the Independent Committee, three new members, Hiromichi Tatsuno, Tetsuro Ito, and Hiroko Goto have been elected.
- 3) In addition, pro forma amendments including wording revision have been made.

The Board of Directors meeting resolving on the Takeover Defense Measure based on the Plan was attended by all Audit & Supervisory Board Members of the Company, including Outside Audit & Supervisory Board Members, who unanimously expressed their view in support of the Plan, on condition that specific operation of the Plan will be conducted appropriately.

Status of major shareholders of the Company as of March 31, 2016 is as described in (1) Stock Information, (iv) Major Shareholders (top 10 shareholders), in 2. Current Conditions of the Company of the Business Report.

In addition, the Company has not received, from any third party, notice or proposal on an intention of the Large-Scale Acquisition of Company's Shares at present.

Contents of the Plan are as follows.

Countermeasures in Response to Large-scale Acquisition of Company's Shares  
(Takeover Defense Measure)

I. Basic Policies on Parties Who Control the Company's Decisions on Financial and Operational Policies (hereinafter referred to as the "Basic Policies")

The Company believes that ultimately its shareholders at their own discretion must make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not categorically reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the Group and, in turn, the common interests of its shareholders.

Nonetheless, Japanese capital markets have recently witnessed a trend of sudden hostile acquisitions of large quantities of shares or similar acts without any process of discussion with the management of the target company or obtaining the approval thereof. There are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including without limitation, those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, those with the potential to substantially coerce shareholders into selling their shares, those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition or for the target company's board of directors to make an alternative proposal and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

In this regard, the Company believes that the persons who control decisions on the Company's financial and business policies must be persons who fully understand Nippon Signal's corporate philosophy of "contribute to society through superior technology that generates safety and reliability, aiming to realize a more comfortable society for all" and the source of the Company's corporate value and, in turn, the common interests of its shareholders in Section 1. (2) below, and who will maintain and enhance the Company's corporate value and, in turn, the common interests of its shareholders from the medium to long-term view, while maintaining relationships of mutual trust with the stakeholders of the Company such as customers, shareholders, business partners, local communities and employees, and responding to their expectations.

Therefore, the Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The Company made it a basic policy to ensure the corporate value of the Group and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures for the purpose of deterring acquisitions that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders.



## II. Special measures for Realization of Basic Policy

### 1. Measures for Ensuring and Enhancing Corporate Value of the Company and the Common Interest of its Shareholders

#### (1) Management Philosophy of the Group and the Basic Concept of its Business Operation

The Company has been constantly engaged in the field of traffic infrastructure since its operations began in February 1929, and celebrated its 87th anniversary in February 2016, under Nippon Signal's corporate philosophy of "contribute to society through superior technology that generates safety and reliability, aiming to realize a more comfortable society for all."

As such, the Company consistently assumes the significant social responsibility and public mission as a company that has long continued providing society with products in the business domains of a highly public nature. Therefore, the Company believes that it is indispensable for our business operations to be based on a long-term perspective with full consideration of the fact that the Company manufactures the products involving human lives, not to mention product quality management backed by excellent professional skills and rigorous ethics education, as well as new product development that supports safer and more comfortable traffic infrastructure.

On the other hand, the Company believes that taking boldly on the challenges of creation of new businesses, applying the core technologies and know-how accumulated as a dedicated manufacturer of railway signal and traffic information systems, is prominent in terms of achieving sustainable and constant growth for the Company. In particular, automatic fare collection (AFC) systems and parking lot management systems have now grown to become one of the pillars of the earnings of the Company, representing a good example of new businesses.

The Company is currently working to grow and promote the Visionary Business Center (VBC) business, including Micro Electro Mechanical Systems (MEMS) business, which manufactures resonant mirror ECO SCAN realized by MEMS technology, and EMS business, which offers remote and non-contact sensing solutions for unidentified objects.

Business of the Company is summarized as follows.

- Railway Signal Systems

The Company supports constant and safe railway operations with its core products, including operational control systems such as centralized traffic control (CTC) systems, train control systems such as automatic train control (ATC) systems, automatic train stop (ATS) systems and automatic train operation (ATO) systems, as well as interlocking systems that control railway switches, and signal lights and guidance transportation information system for railway operators. The Company is also actively engaged in overseas business development mainly in Asia.

- Traffic Information Systems

The Company is striving to reduce the number of traffic accidents and relieving traffic congestions with its core products, including traffic control systems that controls traffic lights, traffic information systems that indicate accidents, congestions and other traffic information.

- Automatic Fair Collection (AFC) Systems

The Company has achieved the automation and speeding-up of station operations through providing the automation equipment for station operations, such as automatic ticket gates, automatic ticket vending machines, and automatic fee collection machines, while contributing to achieving seamless transportation systems by means of IC cards such as Suica and PASMO. The Company has also entered the airport market and overseas markets, while providing various solutions that apply the wireless individual identification technology, and is working to enhance the safety of station platforms by providing platform screen doors.

- Information Systems

The Company is contributing to reducing roadside parking and unauthorized parking primarily in urban areas, through providing various solution systems related to parking lots and bicycle parking space that meet diversified customer needs, based on our parking management systems and bicycle parking management systems. Furthermore, the Company is working on Visionary Business Center (VBC) business which the Company aims to establish as another core business for the next generation.

(2) The source of the Company's corporate value and, in turn, the common interests of its shareholders

The Company believes that the source of the Company's corporate value and, in turn, the common interests of its shareholders is found in i) the technological capabilities and quality strength that supported the safe and comfortable traffic and transportation infrastructure over many years, ii) human resource capabilities as a manufacturer who involves in the work of a highly public nature with a strong sense of pride and mission, and iii) the new product development capabilities that apply the core technologies and know-how from railway signal systems and traffic information systems for roadways.

For enhancing the source of corporate value of the Company and the common interest of its shareholders, the Company is engaged in the following specific measures.

- The Company is striving to further enhance its competitiveness as well as customer satisfaction, through its continuous efforts in reviewing the operation system, production system and the Group management system, as well as speeding up management decision-making and improving operational quality through the launch

and application of ERP as management information infrastructure.

- The Company is working to develop and operate a personnel system geared to enhancing motivation and skill-up of employees from the perspective of human resources development, in addition to striving to recruit superior talents.
- The Company is aiming to further enhance R&D activities by adopting a framework in which technological development system and market development system collaborate with each other for promoting R&D.

### (3) Long-term Management Plan "Vision-2020 3E"

The Company aims to survive as a company which provides the society with safety and reliability and heighten the level of satisfaction among all stakeholders into the future. The Company considers it essential that clear vision, future image and action plans based on its corporate philosophy be developed as concrete initiatives towards achieving the objective mentioned above. To this end, it has formulated and is implementing the long-term management plan "Vision-2020 3E," as guidelines for the period of 12 years from fiscal year 2009 to fiscal year 2020.

To achieve the ultimate goal of this plan, which is to evolve into a company of strong corporate value with sustainable growth, the Company focuses on the following themes:

- i) Business Growth, which establishes a cycle of business expansion by investing the profit from the existing domestic businesses, earned by way of continuous efforts to improve quality and develop high value-added products, in the growth business fields such as international markets and new businesses,
- ii) Quality First, which can be achieved by the structural reform, including establishment of the business structure capable of promptly responding to environmental changes, promotion of self-reliance in the Group companies, expediting the decision-making and improvement of management accuracy.

### (4) Views on Shareholder Returns

The Company will establish a stable foundation for profits and management with a long-term perspective and strengthen financial standing through fulfilling responsibility as a company engaged in the development of transportation infrastructure, and maintain stable dividends and ensure shareholder returns in line with business performance.

## 2. Framework that Serves as the Basis for Enhancing Corporate Value of the Company and the Common Interest of its Shareholders (Development of Corporate Governance)

The Group's basic policy on corporate governance emphasizes management that values all stakeholders, that provides satisfaction for them and that gives back to society. To engage in initiatives following this basic policy, the Group continues to carry out structural reforms of management with the goal of reinforcing corporate governance and enhancing

the management structure to enable response to change in the business environment in a flexible and prompt manner.

### III. Measures to Prevent Control over the Decisions on the Company's Financial and Operational Policies by Parties Deemed Inappropriate under the Basic Policies

#### 1. Objectives of the Introduction of the Plan

The Plan shall be introduced with the intent of ensuring and enhancing corporate value of the Company and the common interest of its shareholders, in line with the Basic Policies describe in I. above.

The Board of Directors of the Company decided that, in the case of receiving a proposal for a Large-Scale Acquisition, it is essential for the Company to retain a framework to ensure sufficient time and information for shareholders to decide whether or not to accept such proposal, or for the Board of Directors of the Company to make alternative proposals to shareholders, and to allow the Board to discuss and negotiate with the Large-scale Acquirer on behalf of shareholders, so that the Company can deter the Large-Scale Acquisition of the Company's Shares that goes against corporate value of the Company and the common interest of its shareholders.

Thus, the Board of Directors of the Company decided to introduce the Plan as part of the measures for preventing a party inappropriate in light of the Basic Policies from exerting control over the decisions on the Company's financial and operational policies

#### 2. Details of the Plan

##### (1) Outline of the Plan

##### (a) Procedures for the Plan

In preparation for the case of the acquisition, other similar acts or such proposals being made (hereinafter referred to as the "Acquisition, etc." as defined specifically in (2)(a) "Applicable Acquisitions, etc." below) with respect to share certificates, etc. of the Company (as defined specifically in (2)(a) "Applicable Acquisitions, etc." below), the Plan sets out procedures for presenting shareholders with the Company's plan and the alternative proposals, etc. prepared by the senior management, or for engaging in negotiation with the Acquirer (as defined specifically in (2)(a) "Applicable Acquisitions, etc." below), after requesting the Acquirer to provide information regarding the Acquisition, etc. in advance, and ensuring sufficient time for collecting and considering such information regarding the Acquisition, etc. (Please refer to (2) "Procedures for the Plan" below). The Acquirer shall comply with the procedures for the Plan, and shall not proceed with the Acquisition, etc. during the period from the start of the procedures for the Plan to the resolution at the Board of Directors on whether or not to implement the gratis allotment of the Stock Acquisition Rights.

##### (b) Use of Gratis Allotment of Stock Acquisition Rights

If the Purchaser fails to comply with the procedures as prescribed by the Plan and conducts the Purchase or in the event of any Purchase by a Purchaser that may harm

the corporate value of the Company (for details of such criteria, please refer to (3) “Criteria for the gratis allotment of the Stock Acquisition Rights” below) and, in turn, the common interests of its shareholders, etc., the Company will conduct a gratis allocation (as prescribed in Article 277 and subsequent Articles of the Companies Act) of new share acquisition rights (hereinafter referred to as the “Stock Acquisition Rights”; as summarized in (4) “Outline of the Gratis Allotment of the Stock Acquisition Rights” below) to all shareholders at such time with terms that prohibit the Purchaser and its specific group of shareholders (hereinafter referred to as the “Acquirer, etc.”; as defined specifically in (2)(a) “Applicable Acquisitions, etc.” below) from exercising such rights and with a condition to acquire Share Acquisition Rights in exchange for the Company’s shares.

(c) Use of the Independent Committee for the Purpose of Excluding Arbitrary Decisions by Directors

As a rule, the Company shall comply with the decision by the Independent Committee, made in line with its regulations (for the outline, please refer to the Appendix 1), in order to prevent the directors from making an arbitrary decision concerning the trigger or non-trigger of the gratis allocation of the Share Acquisition Rights or other matters concerning the acquisition pursuant to the Plan. In addition, the Company shall ensure transparency by seeking the said decision of the Independent Committee, which will be comprised of members appointed from experts with professional knowledge and experience in corporate management, etc., who shall be independent from its executive officers who conduct operations of the Company, as well as by timely disclosure of relative information to all the shareholders of the Company.

The Independent Committee comprises three highly independent members. Names and career summary of the Committee members are stated in the Appendix 2 (as for the standards for electing the members of the Independent Committee, requirements for resolutions and matters for resolutions, please refer to the Appendix 1).

(d) Exercise of the Stock Acquisition Rights, and the Acquisition of the Stock Acquisition Rights by the Company

If the Stock Acquisition Rights are exercised by shareholders other than the Acquirer, etc. following the gratis allotment of the Stock Acquisition Rights under the Plan, or if shares in the Company are granted to shareholders other than the Acquirer, etc. in exchange for acquisition of the Stock Acquisition Rights by the Company, percentage of voting rights of the shares in the Company held by the Acquirer, etc. may be diluted.

(2) Procedures for the Plan

(a) Applicable Acquisitions, etc.

The Plan is applicable to the act of acquisition of share certificates, etc.<sup>[3]</sup> issued by the Company, by a specific shareholders group<sup>[1]</sup> resulting in, or aiming at 20% or higher ownership of voting rights<sup>[2]</sup>, or other similar acts, or proposals of such acts (by whatever means including inside/outside market transactions and tender offer,

excluding, however, cases recognized as a friendly act by the Board of Directors of the Company; hereinafter called the “Acquisition, etc.” under the Plan). Any party who conducts such Acquisition, etc. (hereinafter referred to as the “Acquirer”) shall follow the procedures set out in advance under the Plan.

(b) Request for Information from the Acquirer

Prior to the execution of the Acquisition, etc., and unless the Acquisition, etc. is recognized as a friendly act, etc. by the Board of Directors of the Company, the Acquirer shall be requested to submit to the Board of Directors of the Company, in the form prescribed by the Company, the information as listed below (hereinafter the “Required Information”) and the document containing the representations and warranties to the effect that the Acquirer is, in the course of the Acquisition, etc. to comply with the procedures set out under the Plan (hereinafter referred to as the “Statement of Intent for the Acquisition”).

If the procedure starts under the Plan, the Company shall promptly disclose it.

The Board of Directors of the Company shall promptly present the Statement of Intent

---

[1] Referred to as (i) a holder (including a party who falls under the category of a holder prescribed in Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act; hereinafter the same shall apply) of the share certificate, etc. (referred to as share certificates, etc. prescribed in Article 27-23, Paragraph 1 of the same Act) of the Company, and its joint-holder (referred to as a joint-holder prescribed in Article 27-23, Paragraph 5 of the same Act, including a party deemed to be a joint-holder in accordance with Article 27-23, Paragraph 6 of the same Act, hereinafter the same shall apply), and also a party in a certain relationship with such holder or its joint holder, which is similar to the relationship between the holder and its joint-holder (hereinafter “quasi-joint holder”), or (ii) a party conducting a purchase, etc. (referred to as a purchase, etc. prescribed in Article 27-2, Paragraph 1 of the same Act), of share certificates, etc. of the Company (referred to as share certificates, etc. prescribed in Article 27-2, Paragraph 1 of the same Act) (hereinafter “Large-scale Acquirer”), and its specially related parties (referred to as a party in a special relationship prescribed in Article 27-2, Paragraph 7 of the same Act).

[2] (i) In the case of (i) of Note 1 above, referred to as a combined share holding ratio of the holder and its joint-holder (referred to as a combined share holding ratio prescribed in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act), as well as that of quasi-joint holder (as calculated in accordance with Article 27-23, Paragraph 4 of the same Act; provided the portion overlapped with the combined share holding ratio of the holder and its joint-holder, if any, shall be excluded), while (ii) in the case of (ii) of Note 1 above, referred to as a combined ownership ratio of share certificates, etc. (referred to as a combined ownership ratio of share certificates, etc. prescribed in Article 27-2, Paragraph 8 of the same Act) of the Large-scale Acquirer and that of its specially related parties. For the purpose of calculating holding ratios of share certificates, etc. and ownership ratios of share certificates, etc., securities reports, quarterly reports and/or other information provided by the Company based on the same Act may be referred as appropriate.

[3] In the case of (i) of Note 1 above, referred to as the share certificates, etc. prescribed in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, while in the case of (ii) of Note 1 above, referred to as the share certificates, etc. prescribed in Article 27-2, Paragraph 1 of the same Act.

for the Acquisition to the Independent Committee upon its receipt. Following the review of the Statement, if the contents are found insufficient, the Independent Committee may request the Acquirer, directly or indirectly, to additionally provide the Required Information by the time limit set out as appropriate. In such case, the Acquirer shall be required to duly provide such additional Required Information by such time limit. Statement of Intent for the Acquisition or such additional Required Information must be prepared in Japanese.

## List of the Required Information

- 1) Details of the Acquirer, etc. (including specific names or titles, capital structure, financial positions, experiences of past transactions similar in nature to the Acquisition, etc. proposed by the Acquirer, etc. and its outcome, the impacts of such past transactions on the corporate value of the targeted companies)
- 2) Prior and existing business relationship or competition between the Acquirer, etc. and the main business partners of the Company, if any
- 3) Objective, method and other details of the Acquisition, etc. (including information on the price and type of consideration for the Acquisition, etc., its timing, structure of its related transactions, legitimacy of its method and its feasibility)
- 4) Basis for calculating the price of consideration for the Acquisition, etc. (including facts and assumptions that serve as the basis for calculation, method of calculation, numerical data used for the calculation, contents of the synergies expected to be created as a result of a series of transactions related to the Acquisition, etc., contents of such synergies distributable to minority shareholders)
- 5) Source of the fund that finances the Acquisition, etc. (including specific names of the providers of the fund (including all indirect providers), funding methods, details of the related transactions)
- 6) Management policies, business plans, capital policies, dividend policies, and measures for enhancing corporate value of the Company after the Acquisition, etc.
- 7) Policies after the Acquisition, etc. for dealing with the Company's stakeholders, including its employees, business partners and customers
- 8) Arrangements between the Acquirer and third parties regarding the disposal of the shares in the Company held by the Acquirer, and/or exercise of associated voting rights
- 9) Specific measures for avoiding conflicts of interest with other shareholders of the Company
- 10) Other information reasonably considered necessary by the Independent Committee

When the Acquirer is considered to have started the Acquisition, etc. without following the procedures set out under the Plan, the Independent Committee, in principle, makes a recommendation of gratis allotment of the Stock Acquisition Rights to the Board of Directors of the Company as described in (d) 1) below, unless exceptional circumstances arise where there is a need for further discussion/negotiation with the Acquirer for the submission of Statement of Intent for the Acquisition.

- (c) Review of the details of the Acquisition, etc., and of the Negotiation with the Acquirer and the Draft of Alternative Proposals
  - 1) Request for information to the Board of Directors of the Company

Upon submission from the Acquirer of the Statement of Intent for the Acquisition and the Required Information additionally requested by the Independent Committee (if any), the Independent Committee may set a time limit for a reply set out as appropriate (a time frame within 60 days in principle, considered necessary for the



Board to prepare and present its opinion, evidence that supports such opinion and other information/materials, etc. considered necessary as appropriate by the Independent Committee according to the result of the study by outside experts; however, the Board shall conduct such required review as soon as possible) in consideration of the time period necessary for the Board of Directors of the Company to collect relevant information and to review the corporate assessment (including review by outside experts, if necessary), for the purpose of comparative analysis between the details of Statement of Intent for the Acquisition as well as the additionally submitted Required Information, and the business plan presented by, as well as the corporate assessment of the Acquirer conducted by the Board of Directors of the Company, from the perspective of ensuring and enhancing corporate value of the Company and the common interest of its shareholders, and may request the Board of Directors of the Company to show its opinion over the details of the Acquisition, etc. proposed by the Acquirer (including the Board's position to withhold its opinion, hereinafter the same shall apply), evidence that supports such opinion, alternative proposals (if any) and other information/materials considered necessary by the Committee as appropriate, etc.

2) Review by the Independent Committee

In the case where the Independent Committee considers that the Acquirer and the Board of Directors of the Company (if having requested to provide information/materials as mentioned in 1) above) have provided sufficient information/materials, the Independent Committee shall establish a review period up to 60 days in principle (which, however, may be subject to extension/re-extension of such period based on the resolution at the Independent Committee up to 30 days, in the cases described in (d) 3) below) (hereinafter referred to as the "Independent Committee Review Period"). The Independent Committee shall conduct review of the Acquisition, etc. proposed by the Acquirer, collection of information and comparative analysis regarding the business plans, etc. both by the Acquirer and by the Board of Directors of the Company, review of the alternative proposals presented by the Board during the Independent Committee Review Period. The Independent Committee shall also discuss and negotiate with the Acquirer, directly or indirectly via the Board of Directors of the Company, or present shareholders with the alternative proposals submitted by the Board if necessary, for altering the Acquisition, etc. with a view to ensuring and enhancing corporate value of the Company and the common interest of its shareholders.

To ensure that the decision by the Independent Committee be made with a view to ensuring and enhancing corporate value of the Company and the common interest of its shareholders, the Independent Committee may seek advice from independent third parties (such as financial advisors, certified public accountants, attorneys, consultants and other experts) at the cost of the Company.

The Acquirer shall be obliged to promptly provide review materials and/or other information, or to discuss and negotiate with the Independent Committee, if it is requested by the Independent Committee directly or indirectly via the Board of

Directors of the Company.

3) Information disclosure

Of facts and information including the start of the Independent Committee Review Period, presentation of an alternative proposal by the Board of Directors of the Company to the Independent Committee, and the outline of the Required Information, matters deemed appropriate by the Independent Committee shall be disclosed at the point in time as considered appropriate by the Committee.

(d) Recommendation by the Independent Committee

Upon the emergence of an acquirer, the Independent Committee shall make the following recommendations to the Board of Directors of the Company. In the case where the Independent Committee make resolutions for such matters as the recommendations as described in 1), 2) and 3) below to the Board of Directors, or if deemed appropriate by the Independent Committee, such recommendations and resolutions made, their outlines, and matters deemed appropriate by the Committee (including the period of extension/re-extension of the Independent Committee Review Period and the outline of its reasons, if such extension/re-extension is enforced) shall be promptly disclosed by the Company.

1) In the case of a recommendation for implementation of gratis allotment of the Stock Acquisition Rights

The Independent Committee shall make a recommendation to the Board of Directors of the Company for the implementation of gratis allotment of the Stock Acquisition Rights, regardless of whether the Independent Committee Review Period is started or terminated, if the Acquirer failed to comply with the procedures set out under the Plan, or if the Independent Committee decides that the Acquisition, etc. proposed by the Acquirer is deemed to meet any of the criteria as set forth in (3) "Criteria for Gratis Allotment of the Stock Acquisition Rights" below, following the review of the details of the Acquisition, etc. proposed by the Acquirer as well as the discussion and negotiation with the Acquirer, and thus the implementation of such gratis allotment of the Stock Acquisition Rights is deemed appropriate.

However, even after the Independent Committee makes the recommendation for the implementation of the gratis allotment of the Stock Acquisition Rights, if it determines that the circumstance falls under any of the following, it may cancel the gratis allotment up to two business days prior to the ex-rights date of the gratis allotment, and it may make a recommendation for the acquisition of the Stock Acquisition Rights without compensation, in the period from the effective date of gratis allotment of the Stock Acquisition Rights up to the day preceding the start date of exercise period (as defined in (f) of (4) "Outline of Gratis Allotment of the Stock Acquisition Rights" below).

- a) In the case where the Acquisition, etc. is cancelled due to the withdrawal by the Acquirer or other reasons.
- b) In the case where there are changes to the facts on which the decision for the recommendation is based, hence the Acquisition, etc. proposed by the

Acquirer no longer meets any of the criteria set out under (3) "Criteria for the Gratis Allotment of the Stock Acquisition Rights" below, or implementation of such gratis allotment of the Stock Acquisition Rights or authorizing the implementation are no longer appropriate, even though the Acquisition, etc. proposed by the Acquirer still meets such criteria.

- 2) In the case where recommendation for non-implementation of gratis allotment of the Stock Acquisition Rights is made

The Independent Committee shall make a recommendation to the Board of Directors of the Company for non-implementation of gratis allotment of the Stock Acquisition Rights, regardless of whether the Independent Committee Review Period is terminated or not, if the Independent Committee decides that the Acquisition, etc. proposed by the Acquirer is deemed not to meet any of the criteria as set forth in (3) "Criteria for Gratis Allotment of the Stock Acquisition Rights" below, following the review of the details of the Acquisition, etc. proposed by the Acquirer as well as the discussion and negotiation with the Acquirer, or the implementation of such gratis allotment of the Stock Acquisition Rights is not deemed appropriate, even though the Acquisition, etc. proposed by the Acquirer meets such criteria.

However, even after the Independent Committee makes the recommendation for non-implementation of the gratis allotment of the Stock Acquisition Rights, if there are changes to the facts on which the decision for the recommendation is based, hence it has come to decide that the Acquisition, etc. proposed by the Acquirer is deemed to meet any of the criteria as set forth in (3) "Criteria for Gratis Allotment of the Stock Acquisition Rights" below, and thus the implementation of the gratis allotment of the Stock Acquisition Rights is deemed appropriate, the Independent Committee may make new decisions including the recommendations for the implementation of the gratis allotment of the Stock Acquisition Rights, and make such a recommendation to the Board of Directors of the Company.

- 3) In the case where the Independent Committee Review Period is extended

If the Independent Committee failed to make a recommendation for implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights by the expiry date of the Independent Committee Review Period, the Independent Committee shall make resolutions for the extension of the Independent Committee Review Period, to the extent reasonably deemed necessary for the review of the Acquisition, etc. proposed by the Acquirer, discussion and negotiation with the Acquirer, and the review of the alternative proposal (further extension thereafter shall follow the same procedure).

If the Independent Committee Review Period is extended based on the aforementioned resolution, it shall collect information and make reviews, etc. as intended by such extension, and make its best efforts to make a recommendation within the extended period, for the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights.

(e) Resolution of the Board of Directors

The Board of Directors of the Company shall promptly make resolutions, in fulfilling its role as a body under the Companies Act, regarding the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights, etc. (including cancellation of the gratis allotment and acquisition of the issued Stock Acquisition Rights without consideration) while fully respecting the aforementioned recommendation by the Independent Committee.

The Acquirer shall not be allowed to proceed with the Acquisition, etc. in the period from the start of the procedure for the Plan up to the resolution of the Board of Directors of the Company on the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights.

If the Board of Directors of the Company makes the resolution on the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights, it shall promptly disclose the outline of such resolution and other matters it deems appropriate.

(3) Criteria for Gratis Allotment of the Stock Acquisition Rights

If the Acquisition, etc. proposed by the Acquirer is considered to fall under any of the following, and that the implementation of the gratis allotment of the Stock Acquisition Rights is deemed appropriate, the Company shall be bound to implement the gratis allotment of the Stock Acquisition Rights according to the resolution at the Board of Directors of the Company as described in the aforementioned (e) of (2) "Procedures for the Plan." As described in the aforementioned (d) of (2) "Procedures for the Plan," decision on whether the Acquirer meets the following criteria, and on whether it is appropriate to implement the gratis allotment of the Stock Acquisition Rights shall be made based on the judgment of the Independent Committee without exception.

## Criteria for Gratis Allotment of the Stock Acquisition Rights

- (a) In the case the Acquisition, etc. does not comply with the procedures set out under the Plan listed below, including provision of information and securing of the Independent Committee Review Period as prescribed in the aforementioned (b) of (2) "Procedures for the Plan."
- 1) In the case the Acquisition, etc. is carried out, without allowing the Board of Directors of the Company a time period reasonably necessary for presenting an alternative proposal to the Acquisition, etc.
  - 2) In the case the Acquisition, etc. is carried out without allowing the Independent Committee the Independent Committee Review Period as set out under the Plan.
  - 3) In the case the Acquisition, etc. is carried out without sufficiently providing the Required Information and other information reasonably necessary for evaluating the details of the Acquisition, etc.
- (b) In the case the Acquisition, etc. may clearly damage the corporate value of the Company and the common interest of its shareholders due to the following acts or acts similar to these.
- 1) Act to buy out the Company's share certificates, etc., followed by a demand for repurchase at an inflated price
  - 2) Act by the Acquirer, etc. to temporarily control the Company, enforce management under which it generates profits at the expense of the Company, such as acquiring significant assets of the Company at a low price
  - 3) Act to appropriate the Company's assets as collateral for the debt of, or as fund for repayment
  - 4) Act to temporarily control the Company, for the purpose of enforcing disposal of expensive assets that are not involved in the Company's business for the foreseeable future and payment of temporary high dividends based on the proceeds from such disposal, and/or enabling the Acquirer, etc. to sell its shares in the Company at a profit by taking advantage of the soaring share price resulting from such temporary high dividends
  - 5) Act to buy out the Company's shares, despite no genuine intention to participate in the Company's management, with the objective of primarily pulling up the Company's share price, and then asking the Company and its related parties concerned to repurchase its shares at an inflated price.
- (c) In the case where the Acquisition, etc. may virtually force shareholders to sell their shares, such as coercive two-tier purchase (purchase of shares in the forms including tender offer carried out without inducing purchase of all shares in the first phase, and with the terms of purchase in the second phase made deliberately less attractive, or unclear to shareholders).

(d) In the case the Acquisition, etc. involves significantly inadequate or inappropriate terms (including the price and type of consideration for the Acquisition, etc., its timing, structure of the related transactions, legitimacy of its method, and its feasibility) in light of the intrinsic value that is the source of the common interest of the Company's shareholders.

(e) In the case the Acquisition, etc. is deemed to pose threats to damage the corporate value of the Company and the common interest of its shareholders, through the impairment of the interest of its stakeholders including shareholders, employees, customers and business partners, as a result of the acquisition of control over the Company by the Acquirer, and the policy to treat such stakeholders as well as business plans, etc.

(4) Outline of Gratis Allotment of the Stock Acquisition Rights

Outline of the gratis allotment of the Stock Acquisition Rights to be implemented under the Plan is as follows.

(a) Number of the Stock Acquisition Rights

It shall be equivalent to the total number of shares outstanding in the Company, on a certain day (hereinafter referred to as the "Allotment Date") as separately set out by the resolution of the Board of Directors regarding the gratis allotment of the Stock Acquisition Rights (hereinafter referred to as the "Resolution for Gratis Allotment of the Stock Acquisition Rights") (excluding, however, the number of shares held by the Company as at the Allotment Date).

(b) Entitled Shareholders

One Stock Acquisition Right shall be allotted with no compensation for one share in the Company held by shareholders other than the Company registered or recorded on the latest shareholder register of the Company on the Allotment Date. The Company may conduct such gratis allotment of the Stock Acquisition Rights on more than one occasion.

(c) Effective Date of the Gratis Allotment of the Stock Acquisition Rights

It shall be the date separately set out by the Resolution for Gratis Allotment of the Stock Acquisition Rights.

(d) Number of Shares subject to Stock Acquisition Rights

Number of shares <sup>[4]</sup> subject to one Stock Acquisition Right (hereinafter referred to as the "Applicable Number of Shares") shall be one share, unless otherwise adjusted.

(e) The Amount of the Property to be Contributed upon Exercise of each Stock Acquisition Right

Contributions upon exercise of the Stock Acquisition Rights are to be made in cash, and

the amount of property to be contributed upon exercise of each Stock Acquisition Right, shall be the amount as separately set out by the Resolution for Gratis Allotment of the Stock Acquisition Rights, within the range between the lower limit of 1 yen and the upper limit of 50% of the market price of one share in the Company. "Market price" shall refer to the amount equivalent to the average closing price (including trade quote) of ordinary transactions of the Company's common stock on all trading days (excluding the days on which no trading is reported) at the Tokyo Stock Exchange, during the period separately set out by the Board of Directors in the range between 30 days and 180 days prior to the Resolution for Gratis Allotment of the Stock Acquisition Rights, and any fraction of a yen shall be rounded up to one yen.

(f) Exercise Period of the Stock Acquisition Rights

With the start date (hereinafter referred to as the "Start Date of Exercise Period") as separately set out by the Resolution for Gratis Allotment of the Stock Acquisition Rights, the time period shall be separately set out by the Resolution for Gratis Allotment of the Stock Acquisition Rights, in the range between one month and three months, provided, however, that if the Company acquires the Stock Acquisition Rights, the exercise period of the Stock Acquisition Rights associated with the acquisition in accordance with (i) 2) below, shall expire on the business day preceding the date of such acquisition, or if the last day of the exercise period falls on the holiday for the institution that handles the payment associated with the exercise, it shall expire on the business day prior thereto.

(g) Conditions for Exercising the Stock Acquisition Rights

The Acquirer, etc. may not exercise the Stock Acquisition Rights, in principle. In addition, non-residents in Japan who are required to comply with certain procedures set out under foreign laws and regulations for the purpose of exercising the Stock Acquisition Rights shall not be allowed to exercise the Stock Acquisition Rights in principle (provided, however, that certain parties entitled to use exemption provisions under such applicable foreign laws and regulations may exercise the Stock Acquisition Rights, while the Stock Acquisition Rights held by non-residents in Japan shall be subject to the acquisition by the Company in consideration of shares in the Company as described in (i) below). In addition, anyone who fails to submit a written pledge in the form prescribed by the Company, including provisions of representations and warranties regarding matters such as the fact that they satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, shall not be allowed to exercise the Stock Acquisition Rights.

---

[4] If the Company becomes a corporation issuing class shares (in accordance with Article 2, Paragraph 13 of the Companies Act), both 1) shares in the Company issued in association with the exercise of the Stock Acquisition Rights, and 2) shares granted in exchange for the acquisition of the Stock Acquisition Rights refer to the same class of shares (i.e. common stock) as have already been issued as of this General Meeting of Shareholders.

- (h) **Restriction to the Transfer of the Stock Acquisition Rights**  
Acquisition of the Stock Acquisition Rights by transfer thereof shall be subject to the approval of the Board of Directors of the Company.
- (i) **Acquisition of the Stock Acquisition Rights by the Company**
- 1) Until the day before the Start Date of Exercise Period, based on the recommendation of the Independent Committee in principle, if the Board of Directors of the Company decides that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may acquire all of the Stock Acquisition Rights without compensation on the day as separately set out by the Board of Directors of the Company.
  - 2) On the day as separately set out by the Board of Directors of the Company, the Company may acquire all of the Stock Acquisition Rights held by parties other than the Acquirer, etc. that have not been exercised by the business day preceding such date set out by the Board of Directors of the Company, and in exchange for them, grant the Applicable Number of Shares in the Company for each such Stock Acquisition Right. The Company may conduct such acquisition of the Stock Acquisition Rights on several occasions. (This applies to the case where gratis allotment of the Stock Acquisition Rights is carried out several times, since acquisition of the Stock Acquisition Rights are conducted for each of the Stock Acquisition Rights. If it turns out that, among holders of the Stock Acquisition Rights excluded from the acquisition, which was made for holders other than the Acquirer, etc., parties other than the Acquirer, etc. are included, the Company may conduct additional acquisition targeting such other parties than the Acquirer, etc.)
  - 3) In addition to the cases above, upon the actual Resolution for Gratis Allotment of the Stock Acquisition Rights, the Company may set out matters related to acquisition of the Stock Acquisition Rights other than those set out in 1) and 2) above (including the matters related to the acquisition of the Stock Acquisition Rights from the Acquirer, etc.), if it is deemed reasonably appropriate subject to the recommendation by the Independent Committee; provided, however, that acquisition of the Stock Acquisition Rights owned by the Acquirer, etc. shall not involve grant of consideration including payment of cash.
- (j) **Grant of the Stock Acquisition Rights in the Case of Merger, Absorption-type Company Split, Incorporation-type Company Split, Share Exchange and Share Transfer**  
It shall be set out separately by the Resolution for Gratis Allotment of the Stock Acquisition Rights.
- (k) **Issuance of Stock Acquisition Right Certificates**  
Stock acquisition right certificates shall not be issued with respect to the Stock Acquisition Rights.



(5) Procedures for the Renewal of the Plan

The effective period of the Plan shall be renewed subject to the approval of shareholders after the deliberation of the proposal at this General Meeting of Shareholders.

(6) Effective Period, Abolition, Amendment and Suspension of the Plan

Effective period of the Plan shall expire at the conclusion of the General Meeting of Shareholders for the last fiscal year ending within three years after this General Meeting of Shareholders.

However, even prior to the expiry of the effective period, the Plan and the entrustment based on the Plan shall be abolished and cancelled at the time when 1) resolution for the abolition of the Plan is made at this General Meeting of Shareholders, or 2) resolution for the abolition of the Plan is made by the Board of Directors of the Company.

Meanwhile, even during the effective period of the Plan, the Board of Directors of the Company may amend or temporarily suspend the Plan, if such amendment or suspension does not go against the intention of the approval of (5) "Procedures for the Renewal of the Plan" above, at this General Meeting of Shareholders (including the cases where establishment, amendments and abolition of the laws, regulations and rules of financial instruments exchanges relevant to the Plan are made, and it is appropriate to reflect such establishment, amendments and abolition on the Plan, or the cases where it is appropriate to revise the wording of the Plan due to misspelling and typographical errors, etc. or the cases where such amendment or suspension is not disadvantageous to the Company's shareholders) subject to the approval of the Independent Committee.

In the case where such amendment or temporary suspension of the Plan is enforced, the Company shall promptly disclose the fact of such amendment or suspension as appropriate, and the details of the amendment (in the case of amendment) and other relevant matters.

(7) Amendment Required by Laws and Regulations

Provisions of laws and regulations referenced in the Plan are based on the provisions in effect as of May 10, 2016. Thus, if any necessity arises for modifying the provisions or definitions of terms set out above, due to the establishment, amendment or abolition of the laws and regulations after such date, the reading of provisions or definitions of terms set out above shall be changed accordingly as appropriate to a reasonable extent, taking into consideration the purposes of such establishment, amendment or abolition.

3. Impact on Shareholders

(1) Impact on Shareholders and Investors at the Time of the Introduction of the Plan

Since gratis allotment of the Stock Acquisition Rights is not implemented at the introduction of the Plan, such introduction shall have no direct and specific impact on

shareholders and investors.

(2) Impact on Shareholders and Investors at the Time of the Implementation of the Gratis Allotment of the Stock Acquisition Rights

Subject to the Resolution for Gratis Allotment of the Stock Acquisition Rights at the Board of Directors of the Company, one Stock Acquisition Right shall be allotted with no compensation for one share in the Company held by shareholders as of the Allotment Date as separately set out by such Resolution for Gratis Allotment of the Stock Acquisition Rights. If a shareholder does not follow the procedures for the exercise of the Stock Acquisition Rights as described in detail in (a) of (3) "Procedures for Shareholders in association with Gratis Allotment of the Stock Acquisition Rights" below during the exercise period, including the payment of cash, shares in the Company held by such shareholder will be diluted as a result of the exercise of the Stock Acquisition Rights by other shareholders. However, the Company may acquire the Stock Acquisition Rights from shareholders other than the Acquirer, etc. by the procedures described in (b) of (3) "Procedures for Shareholders in association with Gratis Allotment of the Stock Acquisition Rights," and grant shares in the Company in exchange of the Stock Acquisition Rights. If the Company follows such procedures for acquisition, shareholders other than the Acquirer, etc. will receive shares in the Company without exercising the Stock Acquisition Rights and paying the amount of cash equivalent to the exercise price, resulting in the dilution of value per share held by each shareholder. However, this does not basically cause any economic dilution of the total value of the shares in the Company held by each shareholder. Given the restriction on the transfer of a stock acquisition right itself, however, if shareholders are granted shares in the Company after the Allotment Date, as a result of exercise of the Stock Acquisition Rights or the acquisition by the Company, collection of invested capital by transfer may be restricted to the extent attributable to the Stock Acquisition Rights from the value of the shares in the Company held by shareholders, until the shares in the Company are recorded in the transfer accounts of shareholders. Shareholders are requested to pay attention to this possible restriction.

Even after the Allotment Date or the effective date of the gratis allotment of the Stock Acquisition Rights, the Company may cancel such gratis allotment of the Stock Acquisition Rights, due to the withdrawal of the Acquisition, etc. by the Acquirer or other reasons, up to two business days prior to the ex-rights date of the gratis allotment, or may acquire the Stock Acquisition Rights with no compensation and without granting shares in the Company to the holders of the Stock Acquisition Rights, in the period from the effective date of the Stock Acquisition Rights up to the day preceding the Start Date of Exercise Period. Thus the outcome may be the same as the case where no gratis allotment of the Stock Acquisition Rights took place at all. In such cases, the value per share is not diluted, and investors who traded the shares in the Company in an anticipation of gratis allotment of the Stock Acquisition Rights may accordingly suffer losses due to the share price fluctuations.

(3) Procedures for Shareholders in association with Gratis Allotment of the Stock Acquisition Rights

(a) Procedures for the Exercise of the Stock Acquisition Rights

The Company shall send documents necessary for exercising the Stock Acquisition Rights, including, in principle, the instruction form for the exercise of the Stock Acquisition Rights (in the form prescribed by the Company, specifying the content and number of the Stock Acquisition Rights to be exercised, date of such exercise, information necessary for recording the shares in the Company including the transfer account detail, a written pledge including provisions of representations and warranties regarding matters such as the fact that the shareholder is not the Acquirer, etc., indemnity clauses and other covenants) to the shareholders registered or recorded on the latest shareholder register of the Company on the Allotment Date. After the gratis allotment of the Stock Acquisition Rights, shareholders will be requested to submit the documents during the exercise period but until the acquisition of the Stock Acquisition Rights by the Company becomes effective, and pay the amount of consideration, as determined by the Resolution for Gratis Allotment of the Stock Acquisition Rights at the Board of Directors of the Company, within the range between the lower limit of 1 yen and the upper limit of 50% of the market price of one share in the Company for each Stock Acquisition Right, to the institution that handles the payment associated with the exercise. Subsequently, one share in the Company for each Stock Acquisition Right, in principle, will be issued.

Please bear in mind that, subject to the provisions of the laws concerning the transfer of bonds and shares, when exercising the Stock Acquisition Rights, shareholders need to provide the Company with information on an account other than a special account, which is to be used as a transfer account for the purpose of recording the shares granted as a result of the exercise, and that shareholders need to open a transfer account such as securities account before exercising the Stock Acquisition Rights.

(b) Procedures for the Acquisition of the Stock Acquisition Rights by the Company

When the Board of Directors of the Company makes a decision on the acquisition of the Stock Acquisition Rights, the Company shall acquire the Stock Acquisition Rights on the date as separately set out by the Board of Directors of the Company, in accordance with the statutory procedures. If the Company needs to grant the shares in the Company to shareholders in exchange for the acquired Stock Acquisition Rights, it shall promptly grant them. In this case, shareholders may be requested to separately submit a written pledge in a form prescribed by the Company, including provisions of representations and warranties regarding matters such as the fact that the shareholder is not the Acquirer, etc., indemnity clauses and other covenants. Shareholders may also be requested to provide information on the transfer account for the purpose of recording the shares in the Company granted as consideration for the acquisition of the Stock Acquisition Rights.

If certain provisions including the acquisition of the Stock Acquisition Rights from the Acquirer, etc. are set out in the Resolution for Gratis Allotment of the Stock Acquisition

Rights made based on the recommendation by the Independent Committee, the Company may take such measures in accordance with such provisions.

In addition to the above, details of the method for the allotment and exercise of the Stock Acquisition Rights and method for the acquisition by the Company shall be disclosed or notified to shareholders after the Resolution for Gratis Allotment of the Stock Acquisition Rights is made. Shareholders will be kindly asked to confirm such disclosure and notification.

#### IV. Decisions by the Board of Directors of the Company on the Measures above under the Plan and its Reasons

##### 1. The Plan is in Compliance with the Company's Basic Policies

The Plan shall be in compliance with Company's basic policies, as it is a framework for protecting corporate value of the Company and the common interest of its shareholders, through ensuring sufficient information and time necessary for shareholders to decide whether or not to accept the Acquisition, etc., or for the Board of Directors of the Company to make alternative proposals to shareholders, or allowing the Board to discuss and negotiate with the Large-scale Acquirer on behalf of shareholders in the case of the Acquisition, etc. of the share certificates, etc. of the Company.

##### 2. The Measures Do Not Damage the Common Interest of Shareholders, and Are Not Meant to Preserve the Status of the Company Officers.

The Company believes that the measures for preventing control by parties deemed inappropriate under the Basic Policies do not damage the common interest of shareholders, and are not meant to preserve the status of the company officers for the following reasons.

###### (1) The measures completely meet the requirements of the Guidelines Regarding Takeover Defense.

The Plan is completely in compliance with the three principles set out under the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published on May 27, 2005 jointly by the Ministry of Economy, Trade and Industry and the Ministry of Justice. The Plan is also in conformity to the proposals in "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008, by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry.

###### (2) The Plan is Designed to Respect the Intention of Shareholders

As described in III.2. (5) "Procedures for the Renewal of the Plan" above, for the purpose of reflecting the intent of shareholders, the Company has made proposals at this General Meeting of Shareholders on the introduction of the Plan. Upon shareholders' approval on the Plan at this General Meeting of Shareholders, the Plan shall be renewed to cover the period up to the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three years after this

General Meeting of Shareholders.

In addition, as described in III.2.(6) “Effective Period, Abolition, Amendment and Suspension of the Plan” above, the Plan may be abolished at the time when a resolution for the abolition of the Plan is made at a General Meeting of Shareholders, or a resolution for the abolition of the Plan is made by the Board of Directors comprising Directors appointed by a General Meeting of Shareholders, even prior to the expiry of its effective period. Thus, shareholders’ intention will be reflected on the decisions whether or not to maintain the Plan.

(3) Due Consideration to the Decision by Independent Outside Experts, and Information Disclosure

At the introduction of the Plan, the Company has established the Independent Committee as a body for objectively making substantive judgment for shareholders, regarding the implementation and abolition of the Plan while excluding Directors’ arbitrary judgments.

If Acquisition, etc. is actually made, the Independent Committee shall make substantive judgment on whether such Acquisition, etc. damages corporate value of the Company and the common interest of its shareholders, in accordance with the Independent Committee Rules as described in III.2.(2) “Procedures for the Plan” above, while the Board of Directors of the Company shall make resolutions in fulfilling its role as a body under the Companies Act, while fully respecting such judgment of the Independent Committee.

Thus, the Independent Committee shall rigorously monitor possible arbitrary actions by Directors of the Company while outline of any judgment made by the Committee shall be disclosed to shareholders. Thus the framework for transparent operations of the Plan is ensured to the extent beneficial to corporate value of the Company and the common interest of its shareholders.

The Independent Committee presently comprises three members with high independence. (As for the standards for electing the members of the Independent Committee, requirements for reaching resolutions and matters to be resolved, please refer to the Appendix 1. Names and career summaries of the Committee members are stated in the Appendix 2.)

(4) Establishment of Reasonable and Objective Criteria

As described in III.2.(2)(d) “Recommendation by the Independent Committee” and III.2.(3) “Criteria for the Gratis Allotment of the Stock Acquisition Rights” above, the Plan is set to be implemented only when reasonable, detailed and objective criteria are met. Thus the framework is ensured for preventing the Board of Directors of the Company from arbitrarily implementing the Plan.

(5) Hearing the Opinions of Outside Experts

Upon the emergence of an Acquirer, the Independent Committee shall be able to seek advice from independent third-party experts (including financial advisors, certified

public accountants, attorneys, consultants, and other experts) at the cost of the Company, thereby further ensuring impartiality and objectivity of the judgment of the Independent Committee.

(6) Not being a Dead-Hand Takeover Defense Measure

As described in III.2.(6) “Effective Period, Abolition, Amendment and Suspension of the Plan” above, the Plan is designed to allow abolition by the Directors nominated by the party who conducted the large-scale acquisition of share certificates, etc. of the Company, and elected by the General Meeting of Shareholders, which, therefore, is not a dead-hand takeover defense measure (a takeover defense measure that cannot be stopped even after a majority of the members of the Board have been replaced).

## Appendix 1

### Outline of the Independent Committee Rules

- The Independent Committee shall be established by the resolution of the Board of Directors of the Company.
- The Independent Committee shall comprise three or more and five or less members, elected by the Board of Directors of the Company, from among the persons who are independent from the senior management engaged in executing the business of the Company and fall into any of the three categories, namely (i) Outside Directors of the Company, (ii) Outside Audit & Supervisory Board Members of the Company, or (iii) outside experts. Provided, however, outside experts must be corporate executives with proven track records, ex-government officials, university staff, persons familiar with investment banking business or the lines of business conducted by the Company, attorneys, certified public accountants, or researchers specializing in the Companies Act, or other experts with similar qualifications and/or experiences and must have entered into an agreement with the Company, which includes provisions of due care of a prudent manager as specified by the Company.
- Term of office of the Independent Committee members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three years after this General Meeting of Shareholders, unless otherwise specified by the resolution of the Board of Directors of the Company. When a member of the Independent Committee, who has been an Outside Director of the Company or an Outside Audit & Supervisory Board Member of the Company, ceases to be a Director or an Audit & Supervisory Board Member (unless as a result of reappointment), his/her term of office as a member of the Independent Committee shall automatically terminate at the same time.
- The Independent Committee shall make decisions on the matters as listed below, and such decisions along with reasons shall be advised to the Board of Directors of the Company in the form of recommendations. The Board of Directors of the Company shall make resolutions regarding the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights in fulfilling its role as a body under the Companies Act, while fully respecting such recommendation by the Independent Committee. Each member of the Independent Committee and each Director of the Company must participate in such decision-making process from the perspective of whether or not it is beneficial to corporate value of the Company and the common interest of its shareholders, and not solely for the purpose of achieving personal gain for himself/herself or collectively for the senior management of the Company.
  - 1) Implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights
  - 2) Cancellation of gratis allotment of the Stock Acquisition Rights, or acquisition of the Stock Acquisition Rights with no compensation
  - 3) Other matters which is subject to the decision by the Board of Directors of the Company, but has been consulted with the Independent Committee

- In addition to those mentioned above, the Independent Committee shall carry out the following:
  - 1) Decisions on information to be provided to the Independent Committee from the Acquirer as well as the Board of Directors of the Company, and the time limit of such provision.
  - 2) Examination and review of the details of the Acquisition, etc. as proposed by the Acquirer
  - 3) Negotiations and discussions with the Acquirer
  - 4) Request for submission of an alternative proposal from the Board of Directors of the Company, review of the alternative proposal and its presentation to shareholders
  - 5) Establishment of the Independent Committee Review Period and the decision on its extension
  - 6) Approval on the amendment or suspension of the Plan
  - 7) Other matters authorized to be conducted by the Independent Committee under the Plan
  - 8) Matters authorized to be conducted by the Independent Committee separately determined by the Board of Directors of the Company
- If the information presented has been found insufficient as the Required Information, the Independent Committee shall request the Acquirer to additionally provide the Required Information. Upon submission from the Acquirer of the Statement of Intent for the Acquisition and the Required Information additionally requested by the Committee, the Independent Committee may also request the Board of Directors of the Company to show its opinion over the details of the Acquisition, etc. proposed by the Acquirer, evidence that supports such opinion, alternative proposals (if any) and other information/materials considered necessary by the Committee as appropriate, etc. within a certain period of time.
- The Independent Committee shall also discuss and negotiate with the Acquirer, directly or indirectly via the Board of Directors of the Company, or present shareholders with the alternative proposals submitted by the Board if necessary, for altering the Acquisition, etc. with a view to ensuring and enhancing corporate value of the Company and the common interest of its shareholders.
- The Independent Committee shall be authorized to request Directors, Audit & Supervisory Board Members and employees of the Company as well as other persons as considered necessary by the Committee for attendance to the Committee meeting, and to ask them to explain the matters as required by the Committee for the purpose of collecting necessary information.
- The Independent Committee shall be able to seek advice from independent third parties (including financial advisors, certified public accountants, attorneys, consultants, and other experts) at the cost of the Company.
- In the case of the Acquisition, etc. or others, each member of the Independent Committee shall be able to call a Committee meeting at any time.
- In principle, resolution of the Independent Committee shall be made with the attendance of all members of the Committee and by a majority thereof, provided, however, that if any member of the Committee is unable to attend due to an accident or other unavoidable



circumstance, resolution may be made with the attendance of a majority of the members, and by a majority thereof.

## Appendix 2

### Career Summary of the Independent Committee members

The Independent Committee comprises the following three members.

Hikomichi Tatsuno

[Career summary]

Date of birth: November 1, 1948

April 1971	Joined The Industrial Bank of Japan, Limited
September 1981	Director of Tokyo Tatsuno Corporation
May 1984	Managing Director of Tokyo Tatsuno Corporation
May 1986	President of Tokyo Tatsuno Corporation
May 1996	President of Nippon Engineer Service Co., Ltd.
April 2012	President of Tatsuno Corporation (to Present)

Tetsuro Ito

[Career Summary]

Date of birth: October 9, 1948

April 1972	Joined National Police Agency
January 2004	Chief of Community Safety Bureau of National Police Agency
January 2006	Superintendent General
May 2008	Deputy Chief Cabinet Secretary for Crisis Management
April 2014	Visiting Professor of Institute of Industrial Science, the University of Tokyo (to Present)

Hiroko Goto

[Career Summary]

Date of birth: November 1, 1958

April 1994	Assistant Professor of Faculty of Business Administration of Fuji Junior University
April 2002	Assistant Professor of Faculty of Business Administration of Tokyo Fuji University
April 2004	Professor of Specialized Law School of Chiba University (to Present)

(Note) Each member has no special interest in the Company.

### Outline of the Flow of the Procedures for the Plan

