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(Stock Exchange Code 4775)
June 1, 2017

To Shareholders:

Kenji Sakamoto
Representative Director, President &
Chief Executive Officer
SOGO MEDICAL CO., LTD.
2-14-8 Tenjin, Chuo-ku, Fukuoka

NOTICE OF CONVOCAION OF THE 39TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

We hereby notify you that the 39th Annual General Meeting of Shareholders of SOGO MEDICAL CO., LTD. (the "Company") will be held as described below.

If you are unable to attend the Meeting, you may exercise your voting rights either in writing or over the Internet, and we ask that you please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. (Japan time) on Wednesday, June 21, 2017.

[If you wish to exercise your voting rights in writing (by postal mail)]

Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form (available in Japanese only) and send it back to us so that it arrives by the aforementioned exercise deadline.

[If you wish to exercise your voting rights over the Internet]

To exercise voting rights over the internet, please see (<http://www.evvote.jp/>) (available in Japanese only) and enter your vote for or against each proposal by the aforementioned exercise deadline.

Annual General Meeting Details

- 1. Date and Time:** Thursday, June 22, 2017 at 10:00 a.m. (Japan time)
(Scheduled commencement of reception is 9:00 a.m.)
- 2. Venue:** *Heian no ma*, Hotel Okura Fukuoka 4F
3-2 Shimokawabata-machi, Hakata-ku, Fukuoka City, Fukuoka, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the 39th Term (from April 1, 2016 to March 31, 2017) and report of results of audits of the Consolidated Financial Statements by the Independent External Auditors and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the 39th Term (from April 1, 2016 to March 31, 2017)
 - Matters to be resolved:**
 - Proposal No. 1:** Election of ten (10) Directors
 - Proposal No. 2:** Election of four (4) Auditors
 - Proposal No. 3:** Continuation of Plan for Large-Scale Purchases of Company Shares (Takeover Defense Measures)

<Requests>

- When attending the Meeting in person, please submit the enclosed Voting Rights Exercise Form to the reception desk at the venue.
As the reception area is expected to become crowded immediately before commencement of the Meeting, please arrive at the venue early.
- For the purpose of conserving resources, please bring this “Notice of Convocation of the 39th Annual General Meeting of Shareholders” with you when attending the Meeting.

<Notices>

- Among the documents to be provided with this Notice, “5. System to ensure appropriateness of operations and status of implementation of the system” and “6. Basic policy for control of stock company” in the Business Report, and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are posted on the Company’s website (<http://www.sogo-medical.co.jp/ir/>), pursuant to the provisions of laws and regulations as well as Article 15 of the Articles of Incorporation of the Company, and are thus not contained in the documents provided with this Notice. Accordingly, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements contained in the documents provided with this Notice are part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements that have been audited in preparation of the Audit Report and Independent External Audit Report by the Auditors and the Independent External Auditors, respectively. Shareholders who wish to receive the parts posted on the website are advised to contact the Company’s staff in charge at the Public Information and Investor Relations Division (TEL: +81-92-713-9181).
- In the case where any revision to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and/or Non-consolidated Financial Statements becomes necessary, the revised versions will be posted on the Company’s website (<http://www.sogo-medical.co.jp/ir/>).
- Souvenirs will be available to shareholders who attend the Meeting, however, please understand that the number of souvenirs given will be limited to one per shareholder present at the Meeting, regardless of the number of Voting Rights Exercise Forms the shareholder may bring with him/her.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Election of ten (10) Directors

The terms of office of all eleven (11) Directors will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the Company proposes the election of ten (10) Directors.

The candidates for Directors are as follows:

No.

1

Kenji Sakamoto

(Born October 9, 1958)

Number of shares of the Company held: 34,600 shares



Reappointment

■ Current position and responsibilities at the Company

Representative Director, President and Chief Executive Officer (In charge of Audit Department and Corporate Planning Division)

■ Career summary, important concurrent positions, etc.

| | |
|---------------|--|
| February 1983 | Joined the Company |
| June 2002 | Managing Officer and General Manager, Chugoku & Shikoku Regional Headquarters of the Company |
| April 2004 | Managing Officer and Regional Operating Officer, Chugoku & Shikoku Regional Headquarters of the Company |
| April 2006 | Senior Managing Officer and Regional Operating Officer, West-Japan Regional Headquarters of the Company |
| April 2007 | Executive Managing Officer and Regional Operating Officer, West-Japan Regional Headquarters of the Company |
| April 2008 | Executive Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company |
| June 2008 | Director, Executive Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company |
| April 2010 | Executive Managing Director of the Company |
| April 2011 | Senior Managing Director of the Company |
| April 2012 | Representative Director, Vice President of the Company |
| April 2015 | Representative Director, Executive Vice President of the Company |
| April 2016 | Representative Director, President and Chief Executive Officer of the Company (to present) |

Reason for being nominated as a candidate for Director

Kenji Sakamoto has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, is well-versed in the Group's businesses in general and has a wealth of managerial experience. After assuming the position of Representative Director, President and Chief Executive Officer in April 2016, he has properly managed matters to be resolved and matters to be reported at the meetings of the Board of Directors, in addition to making decisions on important management matters and supervising the execution of operations in an appropriate manner. Since April 2017, he has been executing his duties toward the fulfillment of the Medium-term management plan, “Action 2020.” The Company proposes that Mr. Sakamoto be elected to Director, having determined that he is best suited to take charge of management and realize the sustainable enhancement of corporate value.

No.

2

Shinya Mikita

(Born March 2, 1952)

Number of shares of the Company held: 2,100 shares



Reappointment

- **Current position and responsibilities at the Company**

Representative Director, Executive Vice President (In charge of East-Japan Regional Headquarters)

- **Career summary, important concurrent positions, etc.**

| | |
|--------------|--|
| August 2007 | Joined the Company; Advisor |
| October 2007 | Executive Managing Officer of the Company |
| April 2009 | Executive Managing Officer, General Manager, Tokyo Division and Deputy General Manager, Sales Administrative Division of the Company |
| June 2009 | Director, Executive Managing Officer, General Manager, Tokyo Division and Deputy General Manager, Sales Administrative Division of the Company |
| April 2010 | Executive Managing Director of the Company |
| April 2011 | Senior Managing Director of the Company |
| April 2012 | Senior Managing Director and General Manager, Business Development Division of the Company |
| April 2014 | Director, Senior Executive Managing Officer and General Manager, Business Development Division of the Company |
| April 2015 | Director, Senior Executive Managing Officer and General Manager, Business Promotion Division of the Company |
| April 2016 | Representative Director, Executive Vice President of the Company (to present) |

Reason for being nominated as a candidate for Director

Shinya Mikita has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and since April 2016, he has properly supervised management primarily from a strategic perspective as Representative Director, Executive Vice President. The Company proposes that Mr. Mikita be elected to Director, having determined that he has a wealth of experience and achievements, particularly in the field of business development, and is well-suited to realize the sustainable enhancement of corporate value in consideration of his superior management skills gained through such experience.

No.

3

Makoto Kuroda

(Born January 28, 1954)

Number of shares of the Company held: 2,200 shares



Reappointment

- **Current position and responsibilities at the Company**

Director, Senior Executive Managing Officer (In charge of West-Japan Regional Headquarters)

- **Career summary, important concurrent positions, etc.**

| | |
|--------------|---|
| April 1977 | Joined Mitsui & Co., Ltd. |
| August 1995 | General Manager of Petrochemical Dept., Chemical Division of Mitsui & Co. (U.S.A.), Inc. |
| June 2005 | General Manager of Life Science Division, First Chemical Business Unit of Mitsui & Co., Ltd. |
| January 2008 | General Manager of Medical Healthcare Division, First Consumer Service Business Unit of Mitsui & Co., Ltd. |
| April 2012 | Joined the Company; Managing Officer; General Manager, Corporate Planning Division and General Manager, Corporate Planning Department |
| June 2012 | Executive Managing Director, General Manager, Corporate Planning Division and General Manager, Corporate Planning Department of the Company |
| April 2014 | Director, Executive Managing Officer and General Manager, Administration Division of the Company |
| April 2015 | Director, Senior Executive Managing Officer and General Manager, Corporate Planning Division of the Company |
| April 2017 | Director and Senior Executive Managing Officer of the Company (to present) |

Reason for being nominated as a candidate for Director

Makoto Kuroda has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly supervised management primarily from a strategic perspective. The Company proposes that Mr. Kuroda be elected to Director, having determined that he has a wealth of experience and achievements, particularly in the field of corporate planning and administration divisions, and is well-suited to realize the sustainable enhancement of corporate value in consideration of his superior management skills gained through such experience.



Reappointment

■ **Current position and responsibilities at the Company**

Director, Senior Executive Managing Officer (In charge of Administration Division and Human Resources Division)

■ **Career summary, important concurrent positions, etc.**

| | |
|------------|---|
| March 1987 | Joined the Company |
| April 2004 | Managing Officer and Regional Operating Officer, Kyushu Regional Headquarters of the Company |
| April 2010 | Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company |
| June 2012 | Director and Regional Operating Officer, East-Japan Regional Headquarters of the Company |
| April 2014 | Director, Senior Managing Officer and Regional Operating Officer, East-Japan Regional Headquarters of the Company |
| April 2015 | Director, Executive Managing Officer and General Manager, Human Resources Division of the Company |
| April 2016 | Director, Senior Executive Managing Officer of the Company (to present) |

Reason for being nominated as a candidate for Director

Masatoshi Sadahisa has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly supervised management primarily from a strategic perspective. The Company proposes that Mr. Sadahisa be elected to Director, having determined that he has a wealth of experience and achievements, particularly in the Sales and Human Resources divisions, and is well-suited to realize the sustainable enhancement of corporate value in consideration of his superior management skills gained through such experience.



Reappointment

■ **Current position and responsibilities at the Company**

Director and Senior Executive Managing Officer (In charge of Pharmacy Business Division)

■ **Career summary, important concurrent positions, etc.**

| | |
|----------------|---|
| September 1993 | Joined the Company |
| June 2002 | Managing Officer of the Company |
| April 2005 | Executive Managing Officer and General Manager, Pharmacy Business Administrative Department of Sales Administrative Division of the Company |
| June 2006 | Director, Executive Managing Officer and General Manager, Pharmacy Business Administrative Department of the Company |
| April 2009 | Executive Managing Officer and General Manager, Pharmacy Business Division of the Company |
| June 2013 | Director and Deputy General Manager, Pharmacy Support Division of the Company |
| April 2014 | Director, Senior Managing Officer and Deputy General Manager, Business Support Division of the Company |
| April 2015 | Director, Executive Managing Officer of the Company |
| April 2016 | Director, Executive Managing Officer and General Manager, Pharmacy Business Division of the Company |
| | Chairman, Representative Director of S.M.E Co., Ltd. (to present) |
| April 2017 | Director, Senior Executive Managing Officer of the Company (to present) |

Reason for being nominated as a candidate for Director

Moritaka Nakashima has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly supervised management primarily from a strategic perspective. The Company proposes that Mr. Nakashima be elected to Director, having determined that he has a wealth of experience and achievements, particularly in the pharmacy business divisions, and is well-suited to realize the sustainable enhancement of corporate value in consideration of his superior management skills gained through such experience.



Reappointment

■ **Current position and responsibilities at the Company**

Director, Senior Executive Managing Officer and General Manager, DtoD Strategy Division (In charge of Kyushu Regional Headquarters, DtoD Strategy Division, Consulting Division and Medical Practice Support Business Division)

■ **Career summary, important concurrent positions, etc.**

| | |
|---------------|--|
| November 1991 | Joined the Company |
| June 2002 | Managing Officer of the Company |
| April 2008 | Senior Managing Officer and Deputy General Manager, Pharmacy Business Division of the Company |
| April 2010 | Senior Managing Officer and General Manager, Pharmacy Business Department of the Company |
| June 2010 | Director and General Manager, Pharmacy Business Department of the Company |
| April 2012 | Executive Managing Director and General Manager, Pharmacy Division of the Company |
| April 2013 | Executive Managing Director and General Manager, Pharmacy Support Division of the Company |
| April 2014 | Director, Executive Managing Officer and Regional Operating Officer, West-Japan Regional Headquarters of the Company |
| April 2016 | Executive Managing Officer and General Manager, DtoD Strategy Division of the Company |
| June 2016 | Director, Executive Managing Officer and General Manager, DtoD Strategy Division of the Company |
| April 2017 | Director, Senior Executive Managing Officer and General Manager, DtoD Strategy Division of the Company (to present) |

Reason for being nominated as a candidate for Director

Takao Nakashima has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has properly supervised management primarily from a strategic perspective. He is well-versed in all businesses of the Group, which consists of various businesses, based on the wealth of experience and achievements that he has gained particularly in the pharmacy and sales divisions. The Company proposes that Mr. Nakashima be elected to Director, having determined that he is well-suited to realize the sustainable enhancement of corporate value in light of his achievements and expertise.



Reappointment

■ **Current position and responsibilities at the Company**

Vice Chairman, Director

■ **Career summary, important concurrent positions, etc.**

| | |
|----------------|---|
| September 1984 | Joined the Company |
| June 1999 | Managing Officer of the Company |
| April 2005 | Managing Officer and Regional Operating Officer, Kyushu Regional Headquarters of the Company |
| June 2010 | Executive Managing Director and General Manager, Sales Administrative Division of the Company |
| April 2011 | Senior Managing Director and General Manager, Sales Administrative Division of the Company |
| April 2012 | Representative Director, President of the Company |
| April 2015 | Representative Director, President and Chief Executive Officer of the Company |
| April 2016 | Vice Chairman, Director of the Company (to present) |

Reason for being nominated as a candidate for Director

Itsuo Tashiro has been applying the Company's management principles—which are “Our Pledge”, “Mission Statement and Corporate Credo”—in actual practice, and has been striving toward the sustainable enhancement of corporate value. As a Director not engaged in the execution of operations, he has been properly supervising management and has expressed appropriate opinions on important management matters at the Board of Directors meetings, thereby augmenting the supervisory function of the Board of Directors. On these grounds, the Company proposes that Mr. Tashiro be elected to Director, as he is expected to enhance the effectiveness of supervisory functions of the Board of Directors.

No.

8

Kiyotaka Watanabe

(Born May 31, 1948)

Number of shares of the Company held: 600 shares



Reappointment

Candidate for
External Director

■ **Current position and responsibilities at the Company**

Director

■ **Career summary, important concurrent positions, etc.**

| | |
|------------|---|
| April 1971 | Joined Mitsui & Co., Ltd. |
| July 1997 | General Manager, Flat Steel Products Division I, Iron & Steel Products Business Unit, Mitsui & Co., Ltd. |
| April 2001 | General Manager, Flat Steel Products Division, Iron & Steel Products Business Unit, Mitsui & Co., Ltd. |
| March 2002 | President & CEO, Mitsui & Co. (Canada) Ltd. |
| April 2005 | Managing Officer and Chief Operating Officer, Iron & Steel Products Business Unit, Mitsui & Co., Ltd. |
| April 2007 | Executive Managing Officer and Chief Operating Officer, Iron & Steel Products Business Unit, Mitsui & Co., Ltd. |
| April 2008 | Executive Managing Officer and General Manager, Kyushu Office, Mitsui & Co., Ltd. |
| April 2010 | Advisor of Kyushu Electric Power Co., Inc. |
| June 2013 | Auditor of the Company |
| April 2014 | Chairman of Mizoe Kensetsu Corporation (to present) |
| June 2015 | Director of the Company (to present) |

Reason for being nominated as a candidate for External Director

Kiyotaka Watanabe has been making use of his wealth of experience and broad insight that he has gained to date including his experience as Executive Managing Officer of Mitsui & Co., Ltd., in the management of the Company and has been helping enhance corporate governance of the Company by providing advice on management in general. Accordingly, the Company proposes that Mr. Watanabe be elected to External Director, having determined that he would continue performing his duties in an appropriate manner into the future.

No.

9

Eiichi Seki

(Born August 13, 1947)

Number of shares of the Company held: 300 shares



Reappointment

Candidate for
External Director

■ **Current position and responsibilities at the Company**

Director

■ **Career summary, important concurrent positions, etc.**

| | |
|----------------|---|
| April 1971 | Joined The Industrial Bank of Japan, Ltd. |
| September 2000 | Executive Officer of The Industrial Bank of Japan, Ltd. and General Manager of Fukuoka Branch |
| April 2002 | Managing Executive Officer of Mizuho Bank, Ltd. |
| June 2005 | Representative Director and President of Kokunai Shinpan Co., Ltd. |
| June 2008 | Representative Director and Chairman of Rakuten KC Co., Ltd. |
| May 2011 | Special Advisor of Polaris Capital Group Co., Ltd. (to present) |
| July 2011 | Advisor of the Company |
| March 2013 | Auditor of Innova, Inc. (to present) |
| May 2016 | Director and Chairman of CLEAN SURFACE TECHNOLOGY CO. |
| June 2016 | Director of the Company (to present) |
| April 2017 | Director and Chairman, Yodogawa Transformer Co., Ltd. (to present) |

Reason for being nominated as a candidate for External Director

Eiichi Seki has been making use of his wealth of experience and broad insight in finance that he has gained to date including his experience as Managing Executive Officer of Mizuho Bank, Ltd., in the management of the Company and has been helping enhance corporate governance of the Company by providing advice on management in general. Accordingly, the Company proposes that Mr. Seki be elected to External Director, having determined that he would continue performing his duties in an appropriate manner into the future.



New appointment

Candidate for
External Director

■ **Current position and responsibilities at the Company**

None

■ **Career summary, important concurrent positions, etc.**

April 1976 Joined The Dai-Ichi Kangyo Bank, Ltd.
 October 2006 General Manager, Akabane Branch of Mizuho Bank, Ltd.
 April 2009 Executive Officer of Tokyo Auto Leasing Co., Ltd.
 April 2010 General Manager, Metro Tokyo Business Unit of Century Tokyo Leasing Corporation
 June 2011 Executive Officer, Deputy President, Metro Tokyo Business Unit, Deputy President, East Japan Business Unit and Deputy President, West Japan Business Unit of Century Tokyo Leasing Corporation
 April 2012 Executive Officer, General Manager of Solution Support Division of Century Tokyo Leasing Corporation
 April 2014 Executive Officer, General Manager of Solution Support Division, Assistant to Director in charge of Metro Tokyo Business Unit, Assistant to Director in charge of Regional Business Unit and Deputy President, Business Promotion and Support Unit of Century Tokyo Leasing Corporation
 April 2015 Managing Executive Officer, President, Metro Tokyo Business Unit of Century Tokyo Leasing Corporation
 October 2016 Managing Executive Officer, President, Metro Tokyo Business Unit of Tokyo Century Corporation (to present)

Reason for being nominated as a candidate for External Director

Takashi Kamite serves as Managing Executive Officer of Tokyo Century Corporation. The Company proposes that Mr. Kamite be elected to External Director, having determined that as an External Director of the Company, he will express his opinions on decision-making of the Board of Directors and the execution of duties of Directors from an objective viewpoint, based on the broad insight as a business executive that he has gained to date.

Notes:

1. The candidates for Directors who have a special interest in the Company are as described below.

No such interest exists with respect to other candidates.

- (1) Moritaka Nakashima concurrently serves as Chairman and Representative Director of S.M.E Co., Ltd., which is a subsidiary of the Company. S.M.E Co., Ltd. is a supplier to the Company.
- (2) Takashi Kamite is a Managing Executive Officer of Tokyo Century Corporation, which is a Specified Affiliated Business Operator (major client) of the Company. There are lease transactions between Tokyo Century Corporation and the Company.
2. Kiyotaka Watanabe, Eiichi Seki and Takashi Kamite are candidates for External Directors.
- The Company has declared Kiyotaka Watanabe and Eiichi Seki as Independent Directors, pursuant to the provisions of the Tokyo Stock Exchange, Inc.
3. Kiyotaka Watanabe will have served as External Director for two years at the conclusion of this General Meeting of Shareholders. Eiichi Seki will have served as External Director for one year at the conclusion of this General Meeting of Shareholders.
4. Kiyotaka Watanabe was formerly an External Auditor of the Company.
5. Article 28 of the Articles of Incorporation of the Company prescribes that the Company may conclude an agreement with Directors (excluding directors with executive authority, etc.) to limit the liability for damages to the Company to within a certain scope. Pursuant to that Article, the Company has entered liability limitation agreements under Article 427, Paragraph 1, of the Companies Act with Itsuo Tashiro, Kiyotaka Watanabe and Eiichi Seki.

The Company plans to continue the agreement with Itsuo Tashiro, Kiyotaka Watanabe and Eiichi Seki if their appointments are approved, and conclude a similar agreement with Takashi Kamite if his appointment is approved at

this General Meeting of Shareholders.

The gist of the agreement is as follows.

- (1) In a case where a Director (excluding directors with executive functions, etc.) is liable for damages with respect to the Company due to his/her failure to perform duties, he/she shall be liable up to the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.
- (2) Cases in which the aforementioned liability limit is permitted shall be limited to cases in which the Director acted in good faith and was not grossly negligent in the performance of his/her duties that gave rise to such liability.

Proposal No. 2: Election of four (4) Auditors

The terms of office of all four (4) Auditors will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the Company proposes the election of four (4) Auditors.

The Audit & Supervisory Board has given its consent to this proposal.

The candidates for Auditors are as follows:

No.

1

Shoji Hirao

(Born December 16, 1951) Number of shares of the Company held: 1,100 shares



Reappointment

■ **Current position and responsibilities at the Company**

Auditor

■ **Career summary, important concurrent positions, etc.**

| | |
|---------------|---|
| March 1975 | Joined the Japan Air Self-Defense Force |
| April 2001 | 13th Aircraft Control and Warning Group Commander of the Japan Air Self-Defense Force |
| April 2003 | Base Affairs Manager, 4th Technical School of the Japan Air Self-Defense Force |
| December 2006 | Joined the Company, Assistant General Manager, Audit Department |
| April 2010 | General Manager, Audit Department of the Company |
| June 2012 | Auditor of the Company (to present) |

Reason for being nominated as a candidate for Auditor

Shoji Hirao has a wealth of experience and broad insight, which he has gained through conducting audits of the Company for many years, and has expressed his opinions from a fair and objective standpoint as an Auditor of the Company. Accordingly, the Company proposes that Mr. Hirao be elected to Auditor, having determined that he would continue performing his duties in an appropriate manner into the future.

No.

2

Seiou Yamakawa

(Born February 20, 1956) Number of shares of the Company held: 0 shares



New appointment

Candidate for
External Auditor

■ **Current position and responsibilities at the Company**

None

■ **Career summary, important concurrent positions, etc.**

| | |
|------------|---|
| April 1978 | Joined THE BANK OF FUKUOKA, LTD. |
| June 2006 | Managing Officer and General Manager, Human Resource Department of THE BANK OF FUKUOKA, LTD. |
| April 2007 | Managing Officer and General Manager, Main Branch Business Department of THE BANK OF FUKUOKA, LTD. |
| April 2009 | Director, Executive Managing Officer of THE BANK OF FUKUOKA, LTD. |
| April 2011 | Director, Executive Managing Officer, General Manager, Kyushu Business Division and General Manager, Fukuoka Regional Headquarters of THE BANK OF FUKUOKA, LTD. |
| April 2012 | Director, Executive Managing Officer and General Manager, Fukuoka Regional Headquarters of THE BANK OF FUKUOKA, LTD. |
| April 2013 | Representative Director of Fukuoka Capital Partners Co., Ltd. Director of Fukuoka Servicing Co., Ltd. Director of FFG Business Consulting Co., Ltd. |
| April 2016 | Representative Director of Fukuoka Computer Service Co., Ltd. |
| April 2017 | Advisor of Fukuoka Computer Service Co., Ltd. (to present) |

Reason for being nominated as a candidate for External Auditor

The Company proposes that Seiou Yamakawa be elected to External Auditor, having determined that he has abundant insight in overseeing corporate management, which he has gained through serving as a corporate manager of a financial institution, and that he would perform his duties appropriately as the External Auditor of the Company.

No.

3

Naomasa Mitsukado

(Born March 9, 1956)

Number of shares of the Company held: 500 shares



Reappointment

Candidate for
External Auditor

■ **Current position and responsibilities at the Company**

Auditor

■ **Career summary, important concurrent positions, etc.**

April 1980 Joined Matsumoto Law Office
 April 1988 The Legal Training and Research Institute of Japan
 April 1990 Registered as an attorney-at-law with the Fukuoka Bar Association
 Joined Mori Law Office
 April 1995 Established Mitsukado Law Office
 Head of Mitsukado Law Office (to present)
 April 2004 Adjunct Lecturer of Institute for Legal Practice, Fukuoka University
 April 2010 Visiting Professor (in charge of medical safety) of Fukuoka University Hospital
 (to present)
 June 2014 Auditor of the Company (to present)

Reason for being nominated as a candidate for External Auditor

Naomasa Mitsukado has a highly-specialized knowledge of corporate law and abundant practical experience gained as an attorney-at-law, and has expressed his opinions from a fair and objective standpoint as an External Auditor of the Company. Accordingly, the Company proposes that Mr. Mitsukado be elected to External Auditor, having determined that he would continue performing his duties in an appropriate manner into the future.

No.

4

Setsuko Gondou

(Born September 18, 1951)

Number of shares of the Company held: 500 shares



Reappointment

Candidate for
External Auditor

■ **Current position and responsibilities at the Company**

Auditor

■ **Career summary, important concurrent positions, etc.**

March 1983 Joined the Shigefumi Gondou Tax Accountant Office
 June 1987 Established Setsuko Gondou Tax Accountant Office
 April 1989 Registered Training Instructor, Nogata SME University
 April 1998 Specialized Staff, Business Management Special Consultation Office, Fukuoka
 Chamber of Commerce and Industry
 February 2000 Advisor, Organization for Small & Medium Enterprises and Regional
 Innovation, JAPAN (to present)
 July 2002 Representative Partner, Gondou Tax Management (to present)
 January 2007 Representative Audit Committee Member, Maebaru City Audit Office
 April 2013 Auditor of GLOW Social Welfare Corporation (to present)
 June 2015 Auditor of the Company (to present)

Reason for being nominated as a candidate for External Auditor

Setsuko Gondou has a highly-specialized knowledge of corporate accounting and taxation and abundant practical experience gained as a tax accountant, and has expressed her opinions from a fair and objective standpoint as an External Auditor of the Company. Accordingly, the Company proposes that Ms. Gondou be elected to External Auditor, having determined that she would continue performing her duties in an appropriate manner into the future.

Notes:

1. There are no special interests between each candidate and the Company.
2. Seiou Yamakawa, Naomasa Mitsukado and Setsuko Gondou are candidates for External Auditors. The Company has declared Naomasa Mitsukado and Setsuko Gondou as Independent Officers, pursuant to the provisions of the Tokyo Stock Exchange, Inc.
3. Naomasa Mitsukado will have served as External Auditor for three years at the conclusion of this General Meeting of Shareholders. Setsuko Gondou will have served as External Auditor for two years at the conclusion of this General Meeting of Shareholders.
4. Article 36 of the Articles of Incorporation of the Company prescribes that the Company may conclude an agreement with Auditors to limit the liability for damages to the Company to within a certain scope. Pursuant to that Article, the Company has entered liability limitation agreements under Article 427, Paragraph 1, of the Companies Act with Shoji

Hirao, Naomasa Mitsukado and Setsuko Gondou.

The Company plans to continue the agreement with Shoji Hirao, Naomasa Mitsukado and Setsuko Gondou if their appointments are approved, and conclude a similar agreement with Seiou Yamakawa if his appointment is approved at this General Meeting of Shareholders.

The gist of the agreement is as follows.

- (1) In a case where an Auditor is liable for damages with respect to the Company due to his/her failure to perform duties, he/she shall be liable up to the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.
- (2) Cases in which the aforementioned liability limit is permitted shall be limited to cases in which the Auditor acted in good faith and was not grossly negligent in the performance of his/her duties that gave rise to such liability.

Proposal No. 3: Continuation of Plan for Large-Scale Purchases of Company Shares (Takeover Defense Measures)

The effective period of the plan for the large-scale purchases of the Company shares approved at the 36th annual general meeting of shareholders of the Company held on June 20, 2014 (the “Original Plan”), will expire upon the closing of this General Meeting of Shareholders.

In response to this, at the meeting of the Company’s Board of Directors held on May 23, 2017, the Company has made a determination on the amendment of a part of the Original Plan and the introduction of a plan regarding large-scale purchases of the Company shares (such plan referred to as the “Plan”) instead of the Original Plan, on the condition that it is approved by the majority of the voting rights of the shareholders present at this General Meeting of Shareholders.

Therefore, pursuant to Article 18 of the Company’s Articles of Incorporation, the Company proposes that the introduction of the Plan be approved.

1. Purpose and Necessity of Introducing the Plan

The Company will introduce the Plan for the purpose of securing and/or enhancing the Company’s corporate value and the shareholders’ common interests (collectively, the “Shareholders’ Common Interests”). The details of the Company’s thinking regarding the introduction of the Plan are as follows.

The Company’s business is the provision of comprehensive support for hospital management, which ranges widely from a DtoD system (a system that supports the succession of medical practices, helps coordinate medical care, and assists doctors in finding new jobs) as well as consulting, pharmacies, rental, leasing and installment. Further, the Company has established a basic policy regarding persons controlling the Company’s decisions concerning financial and business policies (the “Basic Policy,” and for the outline of the Basic Policy, please see I. of “Continuation of Plan for Large-Scale Purchases of Company Shares (Takeover Defense Measures)” published by the Company as of May 23, 2017), and is currently making various endeavors for the realization of the Basic Policy.

Thus, in the case where the Company receives a proposal of a Large-Scale Purchase (to be defined in 2. (1) (i) below, hereinafter the same) from the Large-Scale Purchaser (to be defined in 2. (1) (i) below, hereinafter the same), it is thought to be very difficult for the shareholders to sufficiently understand the situation of the Company’s business, as well as the Company’s corporate value, taking into account the various endeavors currently made, and the contents, including terms and method, of the proposal of Large-Scale Purchase, and to make an appropriate decision of whether or not to accept the proposal of the Large-Scale Purchase, in a short period of time.

Accordingly, for the shareholders to appropriately decide whether to accept the proposal of the Large-Scale Purchase or not, the Company believes that it is necessary for the shareholders to be provided with not only the information unilaterally provided by the Large-Scale Purchasers, but also sufficient information including that provided by the Company’s Board of Directors, which is currently engaged in the management of the Company and has a thorough knowledge of the Company’s business and the various endeavors above, and the opinion of the Company’s Board of Directors regarding the Large-Scale Purchase. The Company also believes that it is essential to secure sufficient time for the shareholders to thoroughly consider that information. Further, in the case where it is determined that it is necessary to change or improve the terms and method of the Large-Scale Purchase for securing or enhancing the Shareholders’ Common Interests, the Company thinks that it is necessary to negotiate with the Large-Scale Purchaser and, among other acts, present an alternative proposal. The time required to do so should also be secured.

Further, there may be a Large-Scale Purchase that involves abusive management of the company with the sole purpose of pursuing its own interests as a majority shareholder by buying up the Company shares, or that virtually forces the shareholders to sell the Company shares, or puts the shareholders in a situation where they are forced to sell the Company shares at a low price not reflecting the true corporate value of the Company. Also, in order for the Company to work on material issues such as the building of a platform for regional healthcare networks, there are many cases where a decision on the management with long-term perspective may be required instead of a focus on short-term profit, and thus the securing of good human resources and business operation with long-term perspective is essential. However, among the Large-Scale Purchases, there may be some that focus only on the difference at one point

during the achievement of the Medium-term management plan, and do not set goals for the mid- to long-term enhancement of corporate value. Further, for completion of the Japanese Healthcare Business, networks with medical institutions and physicians, as well as the cooperation of the employees who are fully instilled with the management philosophy, are indispensable. However, depending on the policy of the Large-Scale Purchaser, good physicians or pharmacists, the employees, and other related parties may feel anxious, and raise objections or cease cooperating with the Company, impacting the building of a platform for regional, healthcare networks, and there may also be a risk of significant reduction of corporate value. If it is determined that these Large-Scale Purchases materially damage the Shareholders' Common Interests like mentioned above, then the Board of Directors may be required to trigger necessary and proportionate countermeasures against the Large-Scale Purchases.

Note that, Mitsui & Co., Ltd., which is in a capital and business alliance relationship with the Company, is the largest shareholder holding 25.51% (as of March 31, 2017) of the Company's issued shares (excluding treasury shares). There is no other major shareholder (shareholder who holds 10% or more of the voting rights of all shareholders), and the structure of the shareholders is widely spread between financial institutions and individuals (please see page 51 of the business report). Therefore, there is a sufficient possibility that a Large-Scale Purchase that materially damages the Shareholders' Common Interests will be commenced in the future, and the shareholders require the securing of necessary and sufficient information and time if the Large-Scale Purchase is commenced.

Further, for the final fiscal year (March 2017) of the Medium-term three year management plan that commenced from April 2014 ("Further Challenge - Toward a better society in which people can live with a sense of security," hereinafter referred to as the "Former Medium-term management plan"), the Company's sales amount was 122.2 billion yen, the EBITDA margin was 9.1%, and the ROE was 12.2%. The market capitalization approximately doubled within the three years. The Company believes that the establishment of a plan regarding the Large-Scale Purchase supported the focusing of overall management resources into the implementation of the Former Medium-term management plan, and contributed to these results. The Board of Directors of the Company assumes that a plan regarding the Large-Scale Purchase will be continuously required in order to achieve the management goals under the new Medium-term three year management plan "Action 2020" commenced from April 2017.

From the above, for the purpose of securing or enhancing the Shareholders' Common Interests, the Company's Board of Directors has decided to introduce the Plan to require from the Large-Scale Purchaser prior provision of the necessary information regarding the Large-Scale Purchase to be commenced by the Large-Scale Purchaser, and the securing of adequate time for, among other acts, the evaluation and the examination of the contents thereof. The Plan provides that the countermeasures could be triggered against Large-Scale Purchasers who intend to commence the Large-Scale Purchase and do not respond to the request to provide sufficient information and to secure time for, among other acts, sufficient consideration, even though such request was made to the Large-Scale Purchaser, as well as the Large-Scale Purchaser who commences or intends to commence a Large-Scale Purchase that will materially damage the Shareholders' Common Interests. Therefore, the Plan is to prevent the Large-Scale Purchase by these Large-Scale Purchasers, and the introduction of the Plan is an endeavor to prevent an inappropriate person in light of the Basic Policy controlling the Company's decisions concerning Financial and Business Policies.

Please note that, at the point of the determination by the Board of Directors regarding the introduction of the Plan, no proposal from a particular third party has been made to the Company's Board of Directors concerning an act that would be deemed as a Large-Scale Purchase of the Company shares. For the status of the major shareholders of the Company, please see page 51 of the business report.

2. Substance of the Plan

(1) Establishment of Large-Scale Share Purchase Rules

(i) Large-Scale Purchase Subject to the Plan

Regarding the Plan, if an act which falls under (a) or (b) of the following, or any similar act (however, excluding acts with the prior approval of the Board of Directors. These acts shall hereinafter be referred to as the “Large-Scale Purchase,” and the person who commences or intends to commence a Large-Scale Purchase shall hereinafter be referred to as the “Large-Scale Purchaser.”) is or is intended to be commenced, a countermeasure may be triggered pursuant to the Plan.

- (a) An acquisition in respect of share certificates, etc. (Note 1) issued by the Company, as a result of which the total of the holder’s (Note 2) holding ratio of share certificates, etc. (Note 3) would become 20% or more;
- (b) Regarding the share certificates, etc. (Note 4) issued by the Company, a tender offer (Note 5) which would result in the total of (x) the share certificates, etc. holding rate (Note 6) of the tender offeror regarding the share certificates, etc. subject to the tender offer and (y) the share certificates, etc. holding rate of the specially related party (Note 7) would become 20% or more.

(ii) Prior Submission to the Company of Large-Scale Purchase Intention Letter

A Large-Scale Purchaser will be required to submit a large-scale purchase intention letter to the Representative Director, President and Chief Executive Officer of the Company, stating in Japanese certain matters, including a pledge to commence Large-Scale Purchase in compliance with the procedures set forth in the Plan (“Large-Scale Purchase Rules”), prior to the Large-Scale Purchase.

Specifically, the large-scale purchase intention letter shall contain the following items:

- A. Outline of the Large-Scale Purchaser
 - (i) Name and address or location
 - (ii) Name of representative
 - (iii) Corporate purpose and nature of business
 - (iv) Outline of major shareholders or capital contributors (the top ten by number of shares held or capital contribution ratio)
 - (v) Contact address in Japan
 - (vi) Governing law
- B. Number of share certificates, etc. of the Company currently held by the Large-Scale Purchaser, and the results of trading by the Large-Scale Purchaser of the share certificates, etc. of the Company for the 60 days prior to the submission of the large-scale purchase intention letter;
- C. Outline of the Large-Scale Purchase proposed by the Large-Scale Purchaser (including type and numbers of the Company’s share certificates, etc. which the Large-Scale Purchaser plans to acquire through the Large-Scale Purchase, and the outline of the purposes of the Large-Scale Purchase (if a purpose is to acquire control or participation in management, make a portfolio investment (*jyun-toshi*) or investment for policy considerations, transfer or other disposal of the Company’s share certificates, etc. to any third party after the Large-Scale Purchase, or make important suggestions (Note 8), or achieve any other purpose, such fact and an outline thereof. In the case where there are two or more purposes, all of the purposes should be stated.)); and
- D. A pledge to comply with the Large-Scale Purchase Rules.

Upon submission of the large-scale purchase intention letter, a certified copy of the commercial registration, a copy of the Articles of Incorporation and other documents that prove the existence of the Large-Scale Purchaser (including Japanese translations if the relevant documents are in another language) will be required to be attached to the large-scale purchase intention letter.

(iii) Provision of Information Concerning Large-Scale Purchase

After submitting the large-scale purchase intention letter described in (ii) above, the Large-Scale Purchaser will be required to provide the Representative Director, President and Chief Executive Officer of the Company with information (“Large-Scale Purchase Information”) in Japanese, necessary and sufficient for shareholders to make a decision on and for the Board of Directors to, among other acts, evaluate and examine the Large-Scale Purchase, in the following manner.

Within ten business days (Note 9) (excluding the first day) from the submission of the large-scale purchase intention letter, the Company will send a list to the Large-Scale Purchaser at the contact address in Japan stated in (ii) A. (v) above that specifies the information necessary to be initially provided (“Large-Scale Purchase Information List”). Accordingly, the Large-Scale Purchaser will be required to provide the Representative Director, President and Chief Executive Officer of the Company with sufficient information in accordance with the Large-Scale Purchase Information List.

If the Board of Directors reasonably determines that the information provided by the Large-Scale Purchaser in accordance with the Large-Scale Purchase Information List is, in light of the substance, manner and other relevant details of the Large-Scale Purchase, insufficient for shareholders to make a decision and for the Board of Directors to, among other acts, evaluate and examine the Large-Scale Purchase, upon advice from financial advisers, attorneys, certified public tax accountants, certified public accountants or other external experts that are independent from the Board of Directors (the “External Experts”), the Large-Scale Purchaser shall provide additional information separately requested by the Board of Directors. For the determination of the request to the Large-Scale Purchaser for additional information, the Board of Directors may consult the Special Committee, as necessary, and in such case, the Board of Directors shall respect the advice thereof to the maximum extent.

The information regarding each of the following items will be included in the Large-Scale Purchase Information List as a general rule. Specifics of the information included in the Large-Scale Purchase Information List will be determined by the Board of Directors in a reasonable manner in light of the substance, manner and other relevant details of the Large-Scale Purchase upon the advice of the External Experts. For the determination of the specifics of the information included in the Large-Scale Purchase Information List, the Board of Directors may consult the Special Committee, as necessary, and in such case, the Board of Directors shall respect the advice thereof to the maximum extent. If the Large-Scale Purchaser is unable to provide any of the information on any item contained in the Large-Scale Purchase Information List, the Company will request that the Large-Scale Purchaser provide concrete reasons for the inability to provide such information.

- (a) Details of the Large-Scale Purchaser and its group (including the history, amount of stated capital or capital contribution, total number of issued shares, names, careers and numbers of holding shares of the officers, and other circumstances of the companies and other related parties, as well as the financial situation, management performance and other accounting situation for the two latest business years.);
- (b) Purpose (specifics of the purpose disclosed in the large-scale purchase intention letter), method and substance (including opinions concerning the legality of the Large-Scale Purchases (including the possibility of obtaining legally-required approvals, permissions, and other procedures) of the Large-Scale Purchase;
- (c) Types and amount of the consideration for purchase (if securities, etc. will be used as the consideration, the types and the exchange ratio of the securities etc., and if securities, etc. and cash will be used as the consideration, the types, exchange ratio of the securities, etc., and the amount of cash shall be stated), and the basis and process of calculation of such amount (the reason for the calculation shall be specifically stated as the basis of calculation, and if such amount differs from the market price or from the price of the recent transaction commenced by the Large-Scale Purchaser, the substance of such difference shall also be stated. Regarding the difference in the amount of purchase price that occurred in the types of the share certificates, etc., the substance of the conversion shall also be specifically stated. For the process of calculation, if an opinion was given by the third party for the calculation, the

- name of such third party, an outline of the opinion, and the process of the determination of price taking into account such opinion should be specifically stated.);
- (d) Situation of procurement of funds required for the Large-Scale Purchase, and the outline of the sources of such funds (including, in the case of a deposit, the balance for each type of deposit; and in the case of borrowings, the amount of borrowings, business and other details of the lender, and the substance of the loan agreement; and in the case of other procurement method, the substance, procurement amount, and the business and other details of the source.);
 - (e) If there is any loan agreement, collateral agreement, resale agreement, pre-contract of sales, or any other material agreement or arrangement (“Collateral Agreements”) regarding the Company’s share certificates, etc. already owned by the Large-Scale Purchaser, the type, counterparty, and the specific substance of the Collateral Agreement, such as the numbers of the share certificates, etc. subject to the agreement;
 - (f) If an execution of a Collateral Agreement or any other agreement with a third party is planned regarding the share certificates, etc. of the Company to be acquired by the Large-Scale Purchaser via Large-Scale Purchase, the type of the planned Collateral Agreement or other agreement with the third party, the counterparty of the agreement, and the specific substance of the Collateral Agreement or other agreement with the third party, such as the numbers of the share certificates, etc. subject to the agreement;
 - (g) If an acquisition of control or participation in management is the purpose of the Large-Scale Purchase, the method of the acquisition of control or participation in management of the Company or the Company group intended after the completion of the Large-Scale Purchase, and the management policy intended after the acquisition of control, or the plan after the participation in management. If any corporate reorganization, reorganization of the corporate group, dissolution, disposal or acquisition of material property, significant borrowing, appointment or removal of the representative director or other important officers, change in compositions of directors and other officers, material changes in dividends and capital policy, or any other act that would cause material changes or material effects to the management policy of the Company and the Company group is planned, the substance and the necessity thereof;
 - (h) If a portfolio investment (*jyun-toshi*) or investment for policy considerations is the purpose of the Large-Scale Purchase, the possession policy, sales and purchase policy, and other collection policy of invested capital of the share certificates, etc. after the Large-Scale Purchase, policy for exercising voting rights, as well as the reasons for those policies. If the Large-Scale Purchase is commenced for the investment for policy consideration with the purpose of long-term capital alliance, the necessity thereof;
 - (i) If making important suggestions is the purpose of the Large-Scale Purchase, or if there is a possibility that important suggestions will be made after the Large-Scale Purchase, the purpose, substance, necessity and the timing for such making of important suggestions, and the information concerning in what circumstances the Large-Scale Purchaser will make such important suggestions;
 - (j) After the Large-Scale Purchase, if there is a plan to acquire further share certificates, etc. of the Company, the reason and the substance thereof;
 - (k) After the Large-Scale Purchase, if the share certificates, etc. of the Company are expected to be delisted, then such fact and the reason thereof;
 - (l) If any communication of intention exists with the third party for the Large-Scale Purchase, the purpose and the substance as well as an outline of such third party;
 - (m) If the relationship with the Company’s employee, client, customer, social community, or other Company’s interested party is planned to be changed after the completion of the Large-Scale Purchase, the specific substance thereof;
 - (n) Substance of a policy to avoid conflict of interest with the Company’s other shareholders; and
 - (o) Information concerning the relationship with antisocial forces.

The Company will disclose to the shareholders all or any part of the fact that the proposal of the Large-Scale Purchase has been made, and the information provided by the Large-Scale Purchasers (including any information required by the Large-Scale Purchase Information List but not provided by the Large-Scale Purchaser, and the reasons for the inability to provide it; the same applies hereinafter), at the time that is deemed appropriate, if it is determined that it is necessary for the shareholders to decide on the proposal.

Further, if the information provided by the Large-Scale Purchasers is sufficient as the Large-Scale Purchase Information, and it is reasonably determined by the Board of Directors that the provision of the Large-Scale Purchase Information has been completed, the Company will promptly notify thereof to the Large-Scale Purchaser (“Information Provision Completion Notice”), and disclose this to the shareholders. The Board of Directors of the Company may consult with the Special Committee as necessary to determine the completion of the provision of the Large-Scale Purchase Information, and in such case, the Board of Directors will respect the advice given to the maximum extent.

(iv) The Board of Directors’ Evaluation Period and other process

After the Information Provision Completion Notice has been given, and upon the advice of the External Experts, taking into account the details of the Large-Scale Purchase, including the difficulty of evaluating the same, the Company will designate the period of either (a) or (b) below (excluding the first day), for the Board of Directors to evaluate, examine, negotiate, form an opinion, and elaborate an alternative proposal (the “Board Assessment Period”). The Company will promptly notify such designation of the period to the Large-Scale Purchaser, and will disclose this in a timely and appropriate manner.

- (a) Up to 60 days in the case of the Large-Scale Purchase targeting all of the Company shares via a tender offer that limits the purchase price to cash (Japanese yen); or
- (b) Up to 90 days in the case of any other Large-Scale Purchase.

The Large-Scale Purchaser may commence the Large-Scale Purchase only after the expiry of the Board Assessment Period. In the case where the Board of Directors determines to hold a Shareholders’ Meeting to Confirm Shareholders’ Intention (defined in (2) (i) A. (b) below, hereinafter the same), please refer to (2) (i) C. below.

During the Board Assessment Period, the Board of Directors will, obtaining advice from the External Experts, sufficiently evaluate and examine the information provided by the Large-Scale Purchaser, and will carefully reach an opinion concerning the Large-Scale Purchase and thereupon will notify the Large-Scale Purchaser thereof, and disclose it to the shareholders in a timely and appropriate manner. Further, the Board of Directors may, as necessary, negotiate with the Large-Scale Purchaser for the terms and method of the Large-Scale Purchase, and present an alternative proposal to the shareholders.

(2) Plan to Respond to the Commencement of the Large-Scale Purchase

(i) Conditions for Triggering Countermeasures

A. Cases where the Large-Scale Purchaser commences a Large-Scale Purchase without complying with the Large-Scale Purchase Rules

(a) Cases where the countermeasures are triggered based on the advice of the Special Committee

When the Large-Scale Purchaser commences or intends to commence a Large-Scale Purchase without complying with the Large-Scale Purchase Rules, the Board of Directors may, regardless of the specific details, such as terms and method, thereof, deem it to be a hostile acquisition that materially damages the Shareholders’ Common Interests, and trigger necessary and proportionate countermeasures to secure or enhance the Shareholders’ Common Interests.

In this case, as stated in (3) (i) B. below, prior to triggering the countermeasures, the Board of Directors will consult the Special Committee on whether to trigger countermeasures, and, in response to such consultation, the Special Committee, seeking advice from the External Experts as necessary with the expenses to be borne by the Company as a general rule, will give advice to the Board of Directors on whether to trigger the countermeasures. The Board of Directors will respect the advice to the maximum extent from the Special Committee on whether or not to trigger the countermeasures.

- (b) Cases where the countermeasures are triggered based on the Shareholders' Meeting to Confirm Shareholders' Intention

Notwithstanding (a) above, if (x) the Special Committee advises the convening of a shareholders' meeting to confirm the intention of the shareholders on whether to trigger the countermeasures (the "Shareholders' Meeting to Confirm Shareholders' Intention"), or (y) in consideration of the various circumstances of the Large-Scale Purchase, such as the substance and the time constraints, the Board of Directors determines that it is practically possible to confirm the intention of the shareholders, and is appropriate to do so based on, among other considerations, the laws and regulations and the Directors' duty of care, the Board of Directors may convene a Shareholders' Meeting to Confirm Shareholders' Intention (instead of consultation with a Special Committee, in the case of (y) above), and ask the shareholders present at such shareholders' meeting to decide whether to trigger the countermeasures against the Large-Scale Purchaser.

- B. Cases where the Large-Scale Purchaser commences a Large-Scale Purchase in compliance with the Large-Scale Purchase Rules

- (a) Cases where the countermeasures are triggered based on the advice of the Special Committee

In the case where the Large-Scale Purchaser commences or intends to commence a Large-Scale Purchase in compliance with the Large-Scale Purchase Rules, even if the Board of Directors object to such Large-Scale Purchase, although the Board of Directors does not exclude the possibility of taking other actions, such as expressing its objections, presenting an alternative proposal, or providing further explanations to shareholders, the Board of Directors will, as a general rule, not trigger countermeasures to such Large-Scale Purchase. Individual shareholders will decide whether to accept the proposal for the Large-Scale Purchase based on the information regarding such Large-Scale Purchase provided by the Large-Scale Purchaser and other information, including the Board of Directors' opinion and alternative proposal thereto.

Notwithstanding the foregoing, even in the case where the Large-Scale Purchaser commences or intends to commence the Large-Scale Purchase in compliance with the Large-Scale Purchase Rules, if such Large-Scale Purchase is clearly deemed to materially damage the Shareholders' Common Interests, for example, it is intended solely for the short-term benefit of the Large-Scale Purchaser, the Board of Directors may trigger the necessary and proportionate countermeasures to secure or enhance the Shareholders' Common Interests. Specifically, if it is determined that it falls under any of the cases in Exhibit 1, it is considered, as a general rule, that such Large-Scale Purchase is clearly deemed to materially damage the Shareholders' Common Interests.

In this case, as stated in (3) (i) B. below, prior to triggering countermeasures, the Board of Directors will consult the Special Committee on whether to trigger countermeasures, and, in response to such consultation, the Special Committee, seeking advice from the External Experts as necessary with the expenses to be borne by the Company as a general rule, will give advice to the Board of Directors on whether to trigger the countermeasures. The Board of Directors will respect the advice to the maximum extent from the Special Committee on whether to trigger the countermeasures or not.

- (b) Cases where the countermeasures are triggered based on the Shareholders' Meeting to Confirm Shareholders' Intention

Notwithstanding (a) above, if (x) the Special Committee advises convening a Shareholders' Meeting to Confirm Shareholders' Intention to confirm the intention of the shareholders on whether to trigger the countermeasures, or (y) the Board of Directors determines based on, among other considerations, the laws and regulations and the Directors' duty of care, that it is appropriate to confirm the intention of the shareholders because, for example, the Large-Scale Purchase may materially damage the Shareholders' Common Interests, the Board of Directors may convene a Shareholders' Meeting to Confirm Shareholders' Intention

(instead of consultation with a Special Committee, in the case of (y) above), and ask the shareholders present at such shareholders' meeting to decide whether to trigger the countermeasures to the Large-Scale Purchaser.

C. Handling of the case where the Shareholders' Meeting to Confirm Shareholders' Intention is to be held

If the Shareholders' Meeting to Confirm Shareholders' Intention is held, the Board of Directors shall comply with the resolution of such Shareholders' Meeting to Confirm Shareholders' Intention concerning the triggering of countermeasures.

In the case where the Board of Directors submits the proposal regarding whether to trigger the countermeasures to the Shareholders' Meeting to Confirm Shareholders' Intention, the Board of Directors shall hold the Shareholders' Meeting to Confirm Shareholders' Intention within 60 days after the expiration of the Board Assessment Period, and present a proposal regarding approval for triggering the countermeasures to such Large-Scale Purchase, provided, however, that in the case where such meeting cannot be held within 60 days due to procedural reasons, it shall be held on the earliest day procedurally possible.

In the case where the Board of Directors convenes a Shareholders' Meeting to Confirm Shareholders' Intention, the Board of Directors will explain to the shareholders the reason why the Board of Directors decided that it was appropriate to convene the Shareholders' Meeting to Confirm Shareholders' Intention, the opinion of the Board of Directors regarding the Large-Scale Purchase, the substance of the specific countermeasures to be triggered, the necessity and reasonableness of triggering the countermeasures, and other matters deemed necessary for the decision making of the shareholders.

In the case where the Board of Directors decided to hold the Shareholders' Meeting to Confirm Shareholders' Intention, the Large-Scale Purchaser shall not commence the Large-Scale Purchase until the closing of such shareholders' meeting. In the case where the Shareholders' Meeting to Confirm Shareholders' Intention is not held, the Large-Scale Purchase may be commenced from the expiry of the Board Assessment Period, as stated in (1) (iv) above.

(ii) Substance of Countermeasures

Under the Plan, the Company will, as a general rule, trigger an allotment of share options ("Share Options") without contribution as a countermeasure. However, other countermeasures may be triggered when it is determined appropriate to trigger another countermeasure available under the Companies Act or other laws and regulations and the Company's Articles of Incorporation. The outline of the Share Options is as set forth in Exhibit 2.

(3) System and Procedures to Secure the Reasonableness and Fairness of the Plan

(i) Establishment of Special Committee and Procedure for Consultation and other matters

A. Establishment of Special Committee

The Board of Directors will make the final decision on whether to trigger the countermeasures, and whether to maintain the triggered countermeasures (however, if the Shareholders' Meeting to Confirm Shareholders' Intention is held, the Board of Directors must comply with the resolution of such Shareholders' Meeting to Confirm Shareholders' Intention). To secure the reasonableness and the fairness of such decision, the Company will establish a Special Committee as an organization independent from the Board of Directors, in accordance with the rules of Special Committee (outlined in Exhibit 3). There should be three or more members on the Special Committee ("Special Committee Members"), and they shall be appointed from highly independent External Directors (*shagai torishimariyaku*), External Auditors (*shagai kansayaku*), attorneys, certified tax accountants, certified public accountants, physicians,

academic experts, persons familiar with investment banking business, and external persons, such as those who have experience as a director or an executive officer (*shikkoyaku*) of another company, by a resolution of the Board of Directors. It is planned that three members, Mr. Kiyotaka Watanabe, Mr. Eiichi Seki, and Mr. Naomasa Mitsukado, will be appointed as the Special Committee Members at the introduction of the Plan. The biography of each Special Committee Member is as stated in Exhibit 4 “Career Summary of Special Committee Members,” and each member is an outside director or an outside company auditor independent from the Company. The Company has registered the three persons above as independent directors/auditors of the Company with Tokyo Stock Exchange, Inc.

Mr. Kiyotaka Watanabe worked for Mitsui & Co., Ltd., which is in a capital and business alliance relationship with the Company and is the largest shareholder; however, more than seven years have passed since he resigned as a managing officer (*shikko-yakuin*) of the said company, and he has not had any relationship, including a business relationship, with the said company since his retirement. Thus, we consider him to be sufficiently independent.

All Special Committee Members are required to attend the meeting as a general rule to make the resolutions of the Special Committee, and resolutions shall be made by a decision of a majority vote thereof. However, if any Special Committee Member is unable to so act, or there is any other unavoidable circumstance, the majority of the Special Committee Members shall attend the meeting, and resolutions shall be made by a majority vote thereof.

B. Procedure for Triggering Countermeasures

In the case where the Board of Directors trigger countermeasures, it shall follow the below procedures to secure the reasonableness and the fairness of such decision.

Firstly, prior to triggering countermeasures, the Board of Directors will consult the Special Committee as to whether to trigger countermeasures, and, in response to such consultation, the Special Committee, seeking advice from the External Experts as necessary with the expenses to be borne by the Company as a general rule, will give advice to the Board of Directors on whether to trigger the countermeasures. The Special Committee shall advise the triggering of countermeasures only when it determines that the Large-Scale Purchaser has commenced or intends to commence the Large-Scale Purchase without complying with the Large-Scale Purchase Rules, or when it decides that it is clear that the Large-Scale Purchase will materially damage the Shareholders’ Common Interest, for example, because the Large-Scale Purchase falls under any of the items in Exhibit 1. For the decision on whether or not to trigger the countermeasures, the Board of Directors shall respect the advice to the maximum extent given by the Special Committee. Further, if the Special Committee decides that it is necessary to confirm the intention of the shareholders as to whether or not to trigger the countermeasures, it shall advise that the Board of Directors convene a Shareholders’ Meeting to Confirm Shareholders’ Intention (see (i) A. (b) (x) and B. (b) (x) of (2) above).

The Board of Directors shall decide whether to trigger countermeasures, based on, among other considerations, the above consultation with the Special Committee, as well as the information provided by the Large-Scale Purchaser, upon advice of the External Experts, and upon consideration of the specific features of the Large-Scale Purchaser and the Large-Scale Purchase, as well as the effect of such Large-Scale Purchase on the Shareholders’ Common Interest.

Notwithstanding the above, if (a) the Large-Scale Purchaser commences the Large-Scale Purchase without complying with the Large-Scale Purchase Rules, and in consideration of the various circumstances of the Large-Scale Purchase, such as the substance and the time constraints, the Board of Directors determines that it is practically possible to confirm the intention of the shareholders, and is appropriate to do so based on, among other considerations, the laws and regulations and the Directors’ duty of care (see (2) (i) A. (b) (y) above), or (b) the Large-Scale Purchaser commences the Large-Scale Purchase in compliance with the Large-Scale Purchase Rules, and the Board of Directors determines based on, among other considerations, the laws and regulations and the Directors’ duty of care, that it is appropriate to

confirm the intention of the shareholders because, for example, the Large-Scale Purchase may materially damage the Shareholders' Common Interests (see (2) (i) B. (b) (y) above), the Board of Directors may, instead of consultation with the Special Committee, convene a Shareholders' Meeting to Confirm Shareholders' Intention, and ask the shareholders present at such shareholders' meeting to decide whether to trigger countermeasures against the Large-Scale Purchaser.

C. Discontinuance or withdrawal of Triggered Countermeasures

Even in the case where the Board of Directors has triggered countermeasures in accordance with the procedures stated in B. above, (a) if the Large-Scale Purchaser discontinues or withdraws the Large-Scale Purchase, or (b) if the facts or other circumstances on which the decision to trigger the countermeasures was based have changed, and it is determined that it is inappropriate to maintain such countermeasures from the viewpoint of securing or enhancing the Shareholders' Common Interests, the Board of Directors shall re-consult with the Special Committee on whether to maintain the countermeasures, presenting the specific circumstances of why the above occurred.

If such consultation occurs, the Special Committee, seeking advice from the External Experts as necessary with the expenses to be borne by the Company as a general rule, shall consider whether to maintain such countermeasures and give advice to the Board of Directors. Even in the case where there is no such consultation, if the Special Committee decides that the situation falls under any of the cases (a) or (b) above, it, seeking advice from the External Experts as necessary with the expenses to be borne by the Company as a general rule, may consider whether to maintain such countermeasures and give advice to the Board of Directors. In either case, the Board of Directors shall respect the advice to the maximum extent given by the Special Committee, and decide whether to maintain the countermeasures or not.

Based on the advice given by the Special Committee above, and with the advice given by the External Experts, if the Board of Directors decides that it is inappropriate to maintain the countermeasures from the viewpoint of securing or enhancing the Shareholders' Common Interests, the Board of Directors shall discontinue or withdraw the triggered countermeasures by its resolution, and shall promptly disclose thereof in accordance with the applicable laws and regulations and the rules of the Financial Instruments Exchange.

Notwithstanding the foregoing, if an allotment of Share Options without contribution is triggered as a countermeasure, until two business days prior to the day of ex-rights of the allotment date (as defined in Exhibit 2, paragraph 1; the same applies hereinafter) when the Share Options are allotted without contribution (the "Ex-rights Date"), the allotment of the Share Options without contribution may be discontinued or withdrawn, provided, however, that on and after one business day prior to the Ex-rights Date, the allotment of Share Options without contribution shall not be discontinued or withdrawn, in order to prevent the investors who acquired the Company shares prior to the Ex-rights Date and have sold the Company shares in the expectation of dilution of the economic value per share of the Company as a result of such allotment of the Share Options without contribution, from suffering damage due to the discontinuance or withdrawal of the allotment of Share Options without contribution.

D. Voluntary Consultation with the Special Committee

The Board of Directors may voluntarily consult with the Special Committee, other than on whether to trigger the countermeasures or whether to maintain such triggered countermeasures, on decisions regarding the specific content of the information contained in the Large-Scale Purchase Information List, decisions on requesting additional information from the Large-Scale Purchaser, decisions on the completion of the provision of the Large-Scale Purchase Information, or for the Board of Directors to present an alternative proposal to the shareholders, or other cases where it is deemed necessary by the Board of Directors. When such consultation occurs, the Special Committee, seeking advice from the External Experts as necessary with the expenses to be borne by the Company as a general rule, will consider such consulted matter and give advice to the Board of Directors. The Board of Directors will also

respect the advice to the maximum extent of the Special Committee on those matters.

(ii) Confirmation of Intention of the Shareholders

A. Confirmation of Intention of Shareholders Concerning Introduction of the Plan

To confirm the shareholders' intention regarding the introduction of the Plan, the Company has, at the Board of Directors meeting held on May 23, 2017, resolved to submit a proposal regarding the introduction of the Plan at this General Meeting of Shareholders, and has resolved to introduce the Plan, on the condition that such proposal is approved by the majority of the voting rights of the shareholders present at this General Meeting of Shareholders. Therefore, if the proposal is not approved by the majority of the voting rights of the shareholders present at this General Meeting of Shareholders, the Plan will not be introduced, and the Original Plan will be terminated upon expiration of the effective term at the closing of this General Meeting of Shareholders.

B. Confirmation of Intention of Shareholders Concerning Triggering Countermeasures

As stated in (2) (i) above, in the prescribed cases, prior to the triggering of the countermeasures, the Board of Directors may convene a Shareholders' Meeting to Confirm Shareholders' Intention to confirm the shareholders' intention regarding whether to trigger the countermeasures, and ask the shareholders present at the shareholders' meeting to decide whether to trigger countermeasures against the Large-Scale Purchasers.

(iii) Effective Term, Abolition and Modification of the Plan

The effective term of the Plan shall be until the closing of the Company's 42nd annual general meeting of shareholders to be held in June 2020.

Even before the expiration of such effective term, (a) if the shareholders meeting approves a proposal to abolish or modify the Plan, or (b) the Board of Directors resolves to abolish the Plan, the Plan will be abolished or modified at the time of such approval or resolution. The continuation of the Plan shall be regularly discussed by the Board of Directors.

If the Plan is abolished or modified, the Company will promptly disclose the fact of the abolition or modification and any matters deemed appropriate by the Board of Directors, in accordance with the applicable laws and regulations and the rules of the Financial Instruments Exchange.

3. Reasonableness of the Plan

(1) The Plan Fully Satisfies the Principles of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the three principles set forth under the “Guidelines Regarding Takeover Defenses for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 ((a) the principle of protecting and enhancing corporate value and shareholders’ common interests, (b) the principle of prior disclosure and shareholders’ will, and (c) the principle of ensuring necessity and reasonableness). The Plan takes into account the “Takeover Defense Measures in Light of Recent Environmental Changes” publicly announced by the Corporate Value Study Group on June 30, 2008, and the contents of the “General Principle 1-5. Anti-Takeover Measures” in “Japan’s Corporate Governance Code,” which Tokyo Stock Exchange Inc. commenced applying on June 1, 2015, as well as other recent arguments and discussions related to takeover defense measures. The Plan also conforms to the purposes of the rules and regulations related to the introduction of takeover defense measures established by Tokyo Stock Exchange Inc.

(2) Introduction of the Plan to Secure or Enhance Shareholders’ Common Interests

As stated in 1. above, the Plan will be introduced for the purpose of securing and enhancing the Shareholders’ Common Interests, and to require the Large-Scale Purchaser to provide in advance necessary information regarding the Large-Scale Purchase to be commenced by the Large-Scale Purchaser, and necessary time to, among other acts, evaluate and examine such information.

(3) Respect for the Company’s Shareholders’ Opinions (Shareholders’ Meeting and Sunset Clause)

As stated in 2. (3) (ii) A. above, to confirm the shareholders’ intention regarding the introduction of the Plan, the Company has, in the Board of Directors meeting held on May 23, 2017, resolved to submit a proposal regarding the introduction of the Plan at this General Meeting of Shareholders, and has resolved to introduce the Plan, on the condition that such proposal is approved by the majority of the voting rights of the shareholders present at this General Meeting of Shareholders.

Also, as stated in 2. (3) (ii) B. above, in the prescribed cases, prior to the triggering of the countermeasures, the Board of Directors may convene a Shareholders’ Meeting to Confirm Shareholders’ Intention to confirm the shareholders’ intention regarding whether to trigger the countermeasures, and to ask the shareholders present at such shareholders’ meeting to decide whether to trigger countermeasures against the Large-Scale Purchaser.

Further, as stated in 2. (3) (iii) above, the effective term of the Plan shall be until the closing of the Company’s 42nd annual general meeting of shareholders to be held in June 2020. Even before the expiration of such effective term, (a) if the shareholders’ meeting approves a proposal to abolish or modify the Plan, or (b) the Board of Directors resolves to abolish the Plan, the Plan will be abolished or modified at the time of such approval or resolution. The continuation of the Plan shall be regularly discussed by the Board of Directors.

(4) Establishment of Reasonable and Objective Conditions for Triggering Countermeasures

As stated in 2. (2) above, the Plan is established in such a way that the countermeasures will not be triggered unless reasonable and objective conditions have been satisfied, and therefore, the Plan ensures a structure that will prevent the Board of Directors from arbitrarily triggering any countermeasure.

(5) Establishment of Special Committee

As stated in 2. (3) (i) above, to secure the reasonableness and the fairness of the decision of the Board of Directors on whether to trigger the countermeasures, and whether to maintain the triggered countermeasures, and to otherwise secure the reasonableness and the fairness of the Plan, the Company will establish a Special Committee as an organization independent from the Board of Directors.

Therefore, a structure exists that will prevent the Board of Directors from arbitrarily administering the Plan or triggering the countermeasures.

(6) No Dead-Hand Takeover Defense Measures

As stated in 2. (3) (iii) above, the effective term of the Plan shall be until the closing of the Company's 42nd annual general meeting of shareholders to be held in June 2020, and even before the expiration of such effective term, the Plan may be abolished at any time by the Board of Directors constituted by the directors appointed at the Company's shareholders' meeting. Therefore, the Plan is not a "dead-hand" takeover defense measure (a takeover defense measure that cannot prevent the triggering of countermeasures even after a majority of the members of the board of directors are replaced). Further, the term of office of the directors of the Company is one year. Therefore, as all the members of the Board of Directors can be replaced at once, the Plan is not deemed as a takeover defense measure that requires time to prevent the triggering of countermeasures.

4. Impact on Shareholders and Investors

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

At the time the Plan is introduced, the allotment of Share Options without contribution will not be conducted. Accordingly, there will be no direct, concrete impact on the legal rights and economic interests of the shareholders and investors when the Plan is introduced.

(2) Impact on Shareholders and Investors upon Allotment of Share Options Without Contribution

In the case where the Board of Directors decides to trigger countermeasures, and makes a resolution on the allotment of Share Options without contribution, a Share Option will be allotted without contribution for each share held to the shareholders recorded in the final shareholder registry as of the allotment date. Given the structure of these countermeasures, the per share economic value of the Company shares held by the shareholders and investors is expected to be diluted at the allotment of the Share Options without contribution, but because the economic value of the shares of the Company, as a whole, held by each shareholder will not be diluted, and nor will the voting rights per Company share be diluted, it is not anticipated that this will have any direct, concrete impact on the legal rights and economic interests of the Company shares, as a whole, held by the shareholders and investors.

However, even if the Board of Directors resolves to conduct allotment of Share Options without contribution, if the Board of Directors determines to discontinue or withdraw triggered countermeasures in accordance with the procedures stated in 2. (3) (i) C. above, the per share economic value of the Company shares held by the shareholders and investors will not be diluted. Therefore, investors who have traded the Company shares in the expectation of dilution of the per share economic value of the Company may suffer damage due to fluctuation of stock price. However, even if the Board of Directors resolves to conduct allotment of Share Options without contribution, as stated in 2. (3) (i) C. above, the Company may discontinue or withdraw the allotment of Share Options without contribution until two business days prior to the Ex-rights Date, due to reasons such as the withdrawal of the Large-Scale Purchase by the Large-Scale Purchaser, provided, however, that on and after one business day prior to the Ex-rights Date, the allotment of Share Options without contribution will not be discontinued or withdrawn.

Further, because discriminatory terms and conditions are planned to be determined for the exercise or acquisition of the Share Options, it is anticipated that the dilution will occur to, among other rights, the legal rights of the Large-Scale Purchaser in regards to such exercise or acquisition. However, in such case, it is not anticipated that this will have any direct, concrete impact on the legal rights and economic interests of the Company shares, as a whole, held by the shareholders and investors other than the Large-Scale Purchaser.

(3) Procedures Required with Respect to the Shareholders in Accordance with the Allotment of Share Options Without Contribution

Regarding the procedure for the allotment of the Share Options, the Share Options will, as a matter of course, be granted on the effective date of the allotment of Share Options without contribution to shareholders recorded in the shareholders registry as of the allotment date. Therefore, a procedure for application is unnecessary.

Also, the shareholders may have to exercise the Share Option within a certain period to acquire new shares (monetary payment will be required therefor). In such case, the Company will disclose the details of the procedure in a timely and appropriate manner, in accordance with the applicable laws and regulations and rules of the Financial Instruments Exchange.

5. Others

This Plan was determined in the Board of Directors meeting held on May 23, 2017, with the approval of all directors, including three outside directors. Four company auditors of the Company, including three outside company auditors, attended the Board of Directors meeting, and all company auditors stated that they agree to the Plan, on the condition that the specific practice of the Plan is to be conducted appropriately.

The Board of Directors will continue to look carefully at circumstances, including the movement hereinafter of judicial decisions, and the responses of the Financial Instruments Exchange and other public institutions, as well as the amendment of the Companies Act, Financial Instruments and Exchange Act, listing rules of each Financial Instruments Exchange or other laws and regulations, and the establishment, revision or abolition of other laws and regulations, and will take appropriate measures from time to time from the viewpoint of securing or enhancing the Shareholders' Common Interests, including revision of the Plan as necessary, or the introduction of a different defense measure as a substitute for the Plan.

End

- (Note 1) This refers to the share certificates, etc. set forth in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act, hereinafter the same, unless otherwise provided. In the event that the laws and regulations quoted in this Plan are amended (including changes in the names of the laws and regulations and the enactment of new laws and regulations that supersede the previous laws and regulations), each provision and terms of the laws and regulations quoted in this Plan shall be replaced with the provisions and terms of the laws and regulations that substantially supersede the provisions and terms of the prior laws and regulations, as amended, except as otherwise provided by the Board of Directors of the Company.
- (Note 2) This refers to a holder set forth in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act, and includes persons who are included in the holder pursuant to paragraph 3, hereinafter the same, unless otherwise provided.
- (Note 3) This refers to “holding ratio of share certificates, etc.” set forth in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act, hereinafter the same, unless otherwise provided. For the purpose of calculating the holding ratio of share certificates, etc., the most recently submitted among the annual securities report, quarterly securities report, or a report on repurchase may be used for the total number of issued shares (the total number is issued shares set forth in the same paragraph, hereinafter the same unless otherwise provided.).
- (Note 4) This refers to the share certificates, etc. set forth in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply for (b) below.
- (Note 5) This refers to the tender offer set forth in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Act, hereinafter the same, unless otherwise provided.
- (Note 6) This refers to “share certificates, etc. holding rate” set forth in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act, hereinafter the same, unless otherwise provided. For the purpose of calculating the share certificates, etc. holding rate, the most recently submitted among the annual securities report, quarterly securities report, or a report on repurchase may be used for the total number of the Company’s voting rights (the total number of voting rights set forth in the same paragraph, hereinafter the same, unless otherwise provided.).
- (Note 7) This refers to the specially related party set forth in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act. However, the persons set forth in item 1 of the same paragraph excludes persons set forth in Article 3, paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other Than the Issuer, hereinafter the same, unless otherwise provided.
- (Note 8) This refers to an act of making an important suggestion, etc. as defined in Article 27-26, paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, paragraph 1 of the Order for Enforcement of the said Act, and Article 16 of the Cabinet Office Ordinance on Disclosure of Large Volume Share Certificate, etc. Holding Status. Hereinafter the same, unless otherwise provided.
- (Note 9) The term “business day(s)” means the day(s) other than the days enumerated in each item of Article 1, paragraph 1 of the Act on Holidays of Administrative Organs. Hereinafter the same, unless otherwise provided.

(Exhibit 1) Types of Large-Scale Purchases Clearly Deemed to Materially Damage Shareholders’
Common Interests

1. Where the Large-Scale Purchaser is found to be a person who does not have a bona fide intention to participate in the management of the Company, but is acquiring or attempting to acquire the Company’s share certificates, etc., for the sole purpose of making parties related to the Company buy back the Company’s share certificates, etc., at an inflated stock price (a so-called “green mailer”);
2. Where the Large-Scale Purchaser is found to be acquiring the Company’s share certificates, etc., for the purpose of temporarily controlling the management of the Company to cause it to transfer to the Large-Scale Purchaser, its group companies, or other related parties, the Company’s or its group companies’ assets, such as intellectual property rights, know-how, trade secrets, major business partners, or customers, which are essential to the Company’s or its group companies’ business operations;
3. Where the Large-Scale Purchaser is found to be acquiring the Company’s share certificates, etc., for the purpose of utilizing the Company’s or its group companies’ assets as collateral or funds for the repayment of the obligations of such Large-Scale Purchaser, its group companies, or other related parties, after taking control over the management of the Company;
4. Where the Large-Scale Purchaser is found to be acquiring the Company’s share certificates, etc., for the purpose of temporarily controlling the management of the Company to cause it to sell or otherwise dispose of real property, securities, or other high value assets, which are irrelevant to the Company’s or its group companies’ business for the time being, and then cause it to distribute high dividends temporarily with gains from such disposition, or sell the Company’s share certificates, etc., at a high price, seizing the opportunity presented by a sharp rise in the stock price caused by such temporary high dividend payments;
5. Where the conditions for purchasing the Company’s share certificates, etc., proposed by the Large-Scale Purchaser (including, but not limited to, the type and amount of consideration for the purchase, the calculation basis of the amount, specific details of other conditions (including timing and method of such purchase), potential illegality, feasibility) are found to be significantly inadequate or inappropriate in light of the Company’s corporate value;
6. Where the method of purchasing the Company’s share certificates, etc., proposed by the Large-Scale Purchaser is found to have the possibility of restricting the shareholders’ opportunity for assessment or freedom of choice and virtually forcing the shareholders to sell the Company’s share certificates, etc., as exemplified by a so-called coercive two-step acquisition (meaning a purchase, including a tender offer, of share certificates, etc., in a manner wherein a purchaser does not solicit all of the Company’s share certificates, etc., during the first-stage of acquisition and sets unfavorable conditions, or does not set clear conditions, for the second purchase of remaining share certificates, etc. after the initial purchase);
7. Where the Large-Scale Purchaser’s acquisition of control is found to materially damage or harm the interests of the Company’s shareholders, as well as those of customers, employees, and other stakeholders, which results in materially eroding the security or impeding the enhancement of the Shareholders’ Common Interests;
8. Where the Company’s corporate value in the event that the Large-Scale Purchaser acquires control is found to be materially lower compared to the Company’s corporate value in the event that the Large-Scale Purchaser does not acquire control, in terms of the mid- to long-term corporate value in the future;
9. Where the Large-Scale Purchaser is found to be significantly inappropriate as a controlling shareholder of the Company from a public policy perspective; or
10. In other cases equivalent to any of 1. through 9. above, and where the Large-Scale Purchase is found to materially damage the Shareholders’ Common Interests.

End

(Exhibit 2) Outline of Share Options

1. Total Number of Share Options to Be Allotted

The total number of the Share Options to be allotted shall be equal to the latest total number of the issued common shares of the Company as of a certain date separately designated by the Board of Directors of the Company (the “Allotment Date”) when adopting a resolution of the Board of Directors for the allotment of Share Options without contribution (a “Resolution for Allotment of Share Options Without Contribution”) (however, the number of the Company’s common shares held by the Company at that time shall be excluded).

2. Shareholders to Whom Allotment May Be Made

The Share Options shall be allotted without contribution to the shareholders recorded in the latest shareholders registry on the Allotment Date at the ratio of one Share Option per one common share of the Company held by these shareholders (however, the Company’s common shares held by the Company at that time shall be excluded).

3. Effective Date of Allotment of Share Options Without Contribution

The Board of Directors of the Company will separately designate the effective date when adopting a Resolution for Allotment of Share Options Without Contribution.

4. Type and Number of Shares Underlying Share Options

The type of shares underlying the Share Options will be the Company’s common shares, and the number of shares underlying one Share Option (the “Number of Underlying Shares”) shall be one share; however, if the Company effects, among other acts, a share split or consolidation of shares, the necessary adjustment shall be made.

5. Substance and Value of Assets to Be Contributed upon Exercise of Share Options

The form of contribution to be made upon the exercise of the Share Options shall be cash, and the amount of assets to be contributed upon the exercise of the Share Options shall be not less than one yen per one common share of the Company and an amount separately determined by the Board of Directors of the Company when adopting a Resolution for Allotment of Share Options Without Contribution.

6. Restriction on Transfer of Share Options

Any transfer of the Share Options shall require the approval of the Board of Directors of the Company.

7. Conditions for Exercise of Share Options

A (i) specified large-volume holder (Note 10), (ii) joint holder (Note 11) of a specified large-volume holder, (iii) specified large-volume purchaser (Note 12), (iv) special interested party of a specified large-volume purchaser, (v) assignee or transferee of the Share Options from any of those set forth in (i) through (iv) without obtaining approval from the Board of Directors of the Company, or (vi) relevant person (Note 13) to any of those set forth in (i) through (v) (collectively, the “Ineligible Party”) shall not exercise the Share Options. The detailed conditions for the exercise of the Share Options shall be separately determined when adopting a Resolution for Allotment of Share Options Without Contribution.

8. Acquisition by the Company of Share Options

The Company may acquire the Share Options owned by a person other than the Ineligible Party on a day separately designated by the Board of Directors of the Company, and may deliver the Company’s common shares in the Number of Underlying Shares per Share Option in exchange for such acquisition. The detailed conditions for the acquisition of the Share Options shall be separately determined when adopting a Resolution for Allotment of Share Options Without Contribution.

9. Exercise Period for Share Options and Other Matters

The exercise period for the Share Options and other necessary matters shall be separately determined by the Board of Directors of the Company when adopting a Resolution for Allotment of Share Options Without Contribution.

End

- (Note 10) A “specified large-volume holder” means a holder of share certificates, etc., issued by the Company whose holding ratio of share certificates, etc., for these share certificates, etc., is 20% or more or whom the Board of Directors of the Company deems will become equivalent thereto; however, a person whose acquisition or holding of the Company’s share certificates, etc., is not deemed by the Board of Directors of the Company to conflict with Shareholders’ Common Interests, and any other person separately designated by the Board of Directors of the Company when adopting a Resolution for Allotment of Share Options Without Contribution shall not fall under this definition.
- (Note 11) A “joint holder” means a joint holder as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act and includes a person who is deemed to be a joint holder pursuant to Paragraph 6 of the same Article.
- (Note 12) A “specified large-volume purchaser” means a person who has provided public notice to the effect that they will make a purchase, etc. (meaning a purchase, etc., as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; hereinafter the same) of share certificates, etc. (meaning share certificates, etc., as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; hereinafter the same in this footnote) issued by the Company by a tender offer, the total of whose and whose special interested party’s share certificates, etc. holding rate after the purchase, etc., is 20% or more, or whom the Board of Directors of the Company deems will become equivalent thereto; however, a person whose acquisition or holding of the Company’s share certificates, etc., is not deemed by the Board of Directors of the Company to conflict with Shareholders’ Common Interests, and any other person separately designated by the Board of Directors of the Company when adopting a Resolution for Allotment of Share Options Without Contribution shall not fall under this definition.
- (Note 13) A “relevant person” to a person means a person who substantially controls the person, is controlled by the person, or is under common control with the person (including a person whom the Board of Directors of the Company deems equivalent thereto), or whom the Board of Directors of the Company deems to be a person acting in coordination with the person. “Control” means “where a person controls decisions on the financial and business policies” of another company or entity (as defined in Article 3, Paragraph 3 of the Ordinance for Enforcement of the Companies Act).

(Exhibit 3) Outline of Special Committee Rules

1. The Special Committee shall be established based on a resolution of the Board of Directors of the Company.
2. The Special Committee shall be comprised of three or more members (the “Special Committee Members”), and shall consist of highly External Directors, External Auditors, attorneys, certified tax accountants, certified public accountants, physicians, academic experts, persons familiar with investment banking business, and external persons, such as those who have experience as a director or an executive officer of another company, by a resolution of the Board of Directors.
3. The term of office of a Special Committee Member shall commence when the Board of Directors of the Company appoints the person as a Special Committee Member and the person accepts such appointment or when the introduction of the Plan becomes effective, whichever comes later, and shall continue until the conclusion of the annual shareholders’ meeting for the last fiscal year which ends within a three-year period after the commencement of the term of office or at the time separately agreed by the member and the Company; however, this shall not apply in extraordinary circumstances.
4. A meeting of the Special Committee shall be convened by the Representative Director, President and Chief Executive Officer of the Company or any of the Special Committee Members.
5. The chair of the Special Committee shall be appointed by a mutual vote of the Special Committee Members.
6. The adoption of a resolution of the Special Committee shall require the attendance of all Special Committee Members (including those who attend the meeting via a telephone conference system or a video-conference telephone; hereinafter the same) as a general rule and the assent of the majority of those present; however, if any of the Special Committee Members is unable to so act or there is any other unavoidable circumstance, the majority of the Special Committee Members shall attend the meeting and the majority of those present shall adopt a resolution. A Special Committee Member who has a special interest in a resolution of the Special Committee shall not vote on the resolution.
7. The Special Committee shall provide advice, with a summary of the reasons therefor, in regard to the matters set forth in the following items (the “Consultation Matters”) based on the resolution made by the Special Committee. The Board of Directors of the Company shall respect the Special Committee’s advice to the maximum extent (however, if a shareholders’ meeting is held to confirm the shareholders’ intention on whether to trigger the countermeasures, the Board of Directors of the Company shall follow the resolution of the shareholders’ meeting):
 - (1) whether to trigger the countermeasures;
 - (2) whether to maintain the triggered countermeasures; and
 - (3) among the other matters to be decided by the Board of Directors of the Company, matters on which the Board of Directors of the Company consults the Special Committee.
8. The Special Committee may be provided by the Board of Directors of the Company with all materials and information used or examined by the Board of Directors of the Company in the course of the procedures under the Large-Scale Purchase Rules and when examining the Consultation Matters.
9. The Special Committee may collect materials and information necessary to examine the Consultation Matters at the Company’s expense, or may request that the Board of Directors of the Company collect them. In addition, the Special Committee may have directors, auditors, employees, or other persons whom it deems necessary attend a meeting of the Special Committee and request that they explain necessary matters.
10. The Special Committee Members are required to faithfully perform their duties with the duty of care of a prudent manager, and shall not conduct any act that may cause doubt regarding the objectivity and neutrality of their performance of their duties as the Special Committee Members.
11. The Special Committee may obtain advice from the External Experts as necessary in order to examine the Consultation Matters in respect of which the Board of Directors of the Company has consulted the Special Committee. The expenses required for obtaining such advice shall be fully borne by the Company, as a general rule.

End

(Exhibit 4) Career Summary of Special Committee Members

1. Kiyotaka Watanabe

| | |
|------------|---|
| April 1971 | Joined Mitsui & Co., Ltd. |
| July 1997 | General Manager, Flat Steel Products Division I, Iron & Steel Products Business Unit, Mitsui & Co., Ltd. |
| April 2001 | General Manager, Flat Steel Products Division, Iron & Steel Products Business Unit, Mitsui & Co., Ltd. |
| March 2002 | President & CEO, Mitsui & Co. (Canada) Ltd. |
| April 2005 | Managing Officer and Chief Operating Officer, Iron & Steel Products Business Unit, Mitsui & Co., Ltd. |
| April 2007 | Executive Managing Officer and Chief Operating Officer, Iron & Steel Products Business Unit, Mitsui & Co., Ltd. |
| April 2008 | Executive Managing Officer and General Manager, Kyushu Office, Mitsui & Co., Ltd. |
| April 2010 | Advisor of Kyushu Electric Power Co., Inc. |
| June 2013 | Auditor of the Company |
| April 2014 | Chairman of Mizoe Kensetsu Corporation (to present) |
| June 2015 | Director of the Company (to present) |

2. Eiichi Seki

| | |
|----------------|---|
| April 1971 | Joined The Industrial Bank of Japan, Ltd. |
| September 2000 | Executive Officer of The Industrial Bank of Japan, Ltd. and General Manager of Fukuoka Branch |
| April 2002 | Managing Executive Officer of Mizuho Bank, Ltd. |
| June 2005 | Representative Director and President of Kokunai Shinpan Co., Ltd. |
| June 2008 | Representative Director and Chairman of Rakuten KC Co., Ltd. |
| May 2011 | Special Advisor of Polaris Capital Group Co., Ltd. (to present) |
| July 2011 | Advisor of the Company |
| March 2013 | Auditor of Innova, Inc. (to present) |
| May 2016 | Director and Chairman of CLEAN SURFACE TECHNOLOGY CO. |
| June 2016 | Director of the Company (to present) |
| April 2017 | Director and Chairman, Yodogawa Transformer Co., Ltd. (to present) |

3. Naomasa Mitsukado

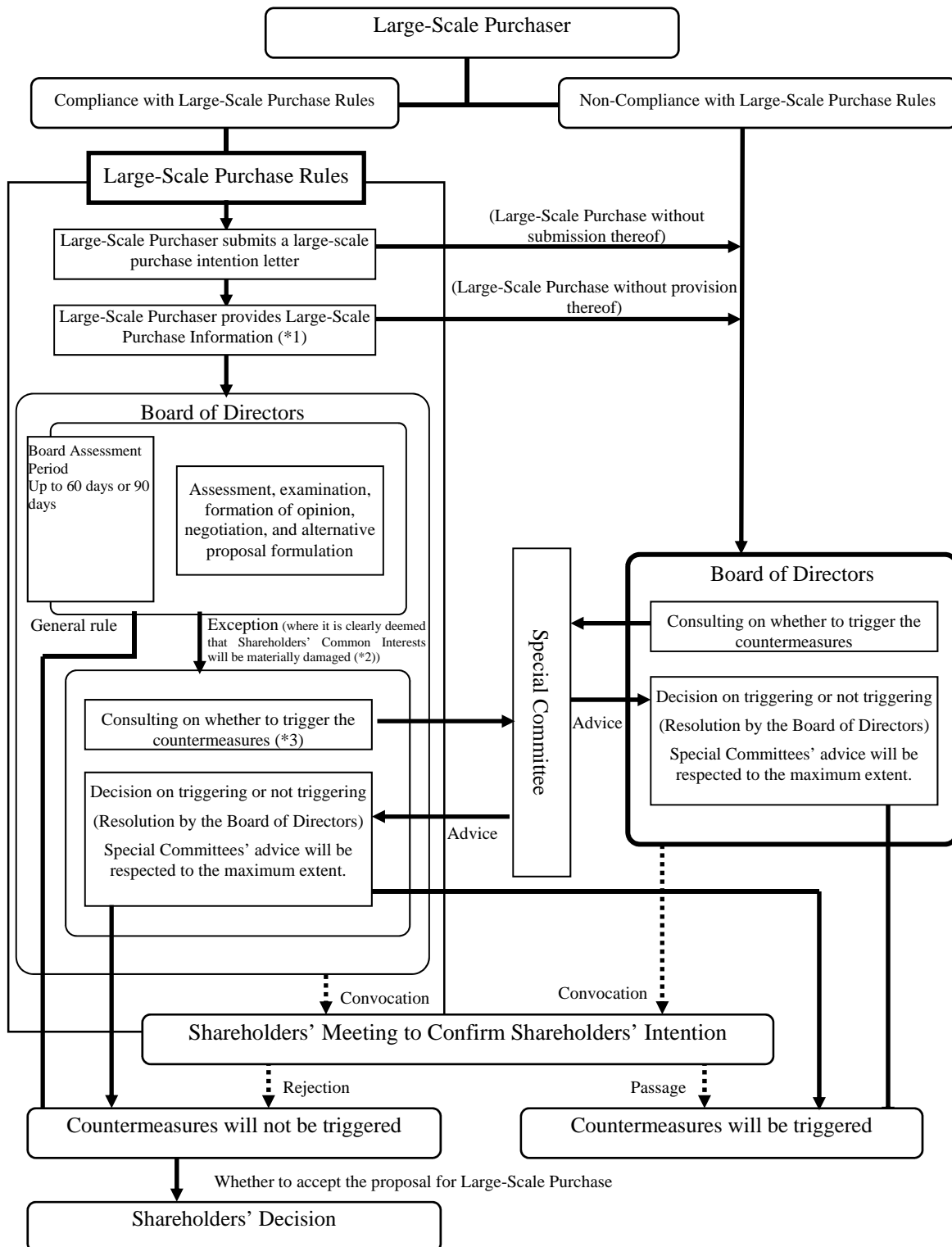
| | |
|------------|--|
| April 1980 | Joined Matsumoto Law Office |
| April 1988 | The Legal Training and Research Institute of Japan |
| April 1990 | Registered as an attorney-at-law with the Fukuoka Bar Association |
| | Joined Mori Law Office |
| April 1995 | Established Mitsukado Law Office |
| | Head of Mitsukado Law Office (to present) |
| April 2004 | Adjunct Lecturer of Institute for Legal Practice, Fukuoka University |
| April 2010 | Visiting Professor (in charge of medical safety) of Fukuoka University Hospital (to present) |
| June 2014 | Auditor of the Company (to present) |

The Company has registered the three persons above as independent directors/auditors of the Company with Tokyo Stock Exchange, Inc.

End

(Reference)

Outline of Procedural Flow under the Plan



*1 The Special Committee may be voluntarily consulted in making decisions on the content of the Large-Scale Purchase Information List, on whether to request additional information, and on whether the provision of Large-Scale Purchase Information has been completed. In such cases, the Special Committee's advice will be respected to the maximum extent.

*2 See Exhibit 1

*3 The Special Committee may be consulted on whether to trigger the countermeasures during the Board Assessment Period.

This flow chart was prepared for reference only for the purpose of explaining the outline of the Plan in an easy-to-understand manner. For details of the Plan, see the body of this document.