

[Translation: Please note that the following purports to be an excerpt translation from the Japanese original Notice of the 30th Ordinary General Meeting of Shareholders of AVEX GROUP HOLDINGS INC. prepared for the convenience of shareholders outside Japan with voting rights. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

Securities Code: 7860

June 6, 2017

To Our Shareholders:

**AVEX GROUP HOLDINGS INC.**

**NOTICE OF THE 30TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the 30th Ordinary General Meeting of Shareholders of AVEX GROUP HOLDINGS INC. (the “Company”) will be held as described below. You are cordially invited to attend the meeting.

If you are unable to attend the meeting, you may exercise your voting rights using the Voting Rights Exercise Form enclosed herewith or via the Internet. Please review the Reference Document for the Ordinary General Meeting of Shareholders below and exercise your voting rights by 6 p.m. (during normal business hours) on Thursday, June 22, 2017.

As for the method of exercising your voting rights, please refer to the “Information on the Exercise of Voting Rights” shown on pages 4-5 hereof.

Yours very truly,

Masato Matsuura,  
Representative Director, CEO  
AVEX GROUP HOLDINGS INC.  
1-6-1 Roppongi, Minato-ku, Tokyo

## Details

**1. Date and Time:** 10:00 a.m., June 23, 2017 (Friday)

**2. Place:** 1-3-61, Koraku, Bunkyo-ku, Tokyo  
Tokyo Dome City Hall

**3. Agenda of the meeting:**

***Matters to be reported:***

1. Business Reports, Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Accounting Auditor and the Board of Statutory Auditors for the 30th fiscal year (April 1, 2016 through March 31, 2017)
2. Non-consolidated Financial Statements for the 30th fiscal year (April 1, 2016 through March 31, 2017)

***Matters to be resolved:***

- Proposal No. 1: Appropriation of Surplus
- Proposal No. 2: Partial Amendments to the Articles of Incorporation
- Proposal No. 3: Appointment of Six (6) Directors
- Proposal No. 4: Appointment of Four (4) Statutory Auditors
- Proposal No. 5: Determination of the Amount of Compensation for Granting Stock Compensation to Executive Directors
- Proposal No. 6: Entrusting the Board of Directors with the Determination of Subscription-Related Items for the Stock Acquisition Rights as Stock Options to Certain Employees of Subsidiaries of the Company

**4. Others**

- (1) The following materials are not included in the Attachments to this NOTICE as they are posted on the Company's Web site (<http://www.avex.co.jp/>) in accordance with the relevant laws and regulations and Article 15 of the Articles of Incorporation.

- 1) Consolidated Statements of Changes in Shareholders' Equity
- 2) Non-Consolidated Statements of Changes in Shareholders' Equity
- 3) "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements
- 4) "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements

The Attachments to the Ordinary General Meeting of Shareholders are a portion of the Consolidated and Non-consolidated Financial Statements, which were audited by independent auditors accompanied by an Independent Auditors' Report.

- (2) Changes, if any, to the Reference Material for the Ordinary General Meeting of Shareholders, the Business Report or the Consolidated and Non-consolidated Financial Statements will be posted on the Company's Web site stated above.

- End -

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- The venue will open at 9:00 a.m. on the day of the Meeting.
  - This notice of the meeting would not be distributed at the Meeting. Shareholders who will be attending the Meeting in person are requested to bring this notice to the Meeting.

## How to exercise your voting rights via the Internet

Voting rights must be exercised by no later than 6:00 p.m., Thursday, June 22, 2017.

### 1 Access the designated Web site (<http://www.evotep.jp/>)

- 1) Click on the “Next page” button

If you use a smartphone or a mobile phone with the QR Code Reader function, you can scan the QR Code to access the Web site.

### 2 Login

- 2) Enter the login ID and the temporary password indicated at the bottom right of the enclosed Voting Rights Exercise Form.

(Every time an ordinary general meeting of shareholders is convened, a new login ID and a new temporary password will be provided.)

- 3) Click on the “Login” button

### 3 Register your password

- 4) Enter your new password into the boxes “New password” and “Confirm password.”  
Please memorize the new password.

- 5) Click on the “Send” button.

**From this step onward, please follow the guidelines on the screen.**

#### ● Web site for the exercise of voting rights

- (1) The exercise of voting rights is available only on the Web site at <http://www.evotep.jp/>, which is accessible from a personal computer, a smartphone or a mobile phone (However, service is suspended from 2:00 a.m. to 5:00 a.m. every day.)
- (2) Certain personal computers, smartphones or mobile phones, or Internet providers’ services or types of communication devices may not be able to run the Web site or offer the Internet voting service due to the Internet environment. For more information or inquiries, **please contact the Help Desk detailed below.**

#### ● Costs incurred for accessing the designated Web site

Certain costs, such as internet connection fees and telecommunication charges, incurred by accessing the designated Web site by using a personal computer, a smartphone or a mobile phone shall be borne by the shareholder.

#### ● Handling of the redundant exercise of voting rights

- (1) If you have exercised your voting rights by both Internet and post, only the exercise of voting rights via the Internet shall be deemed effective.
- (2) If you have exercised your voting rights several times via the Internet, only the final execution shall be deemed as your effective exercise of voting rights.

For Inquiries with Respect to Systems  
Corporate Agency Division (Help Desk)  
Mitsubishi UFJ Trust and Banking Corporation  
Toll-free service phone number in Japan: 0120-173-027  
Operating hours: 9:00 a.m.–9:00 p.m.

## Information on the Exercise of Voting Rights

### ► Shareholders attending the Ordinary General Meeting of Shareholders

Date and Time:

**10:00 a.m., Friday, June 23, 2017 [Entry is to commence at 9:00 a.m.]**

If shareholders are going to attend the Meeting, such shareholders are kindly requested (including shareholders acting as proxy on behalf of other shareholders) to attend in person and submit the attached Voting Rights Exercise Form at the reception desk.

If a person acting as a proxy on behalf of other shareholders is going to attend the Meeting, please submit a written power of attorney along with the Voting Rights Exercise Form at the reception desk (persons allowed to act as a proxy on behalf of other shareholders are restricted to other shareholders of the Company under the Articles of Incorporation).

If you fail to bring the Voting Rights Exercise Form to the Meeting, it may take considerable time before you will be allowed to enter the Forum.

### ► Exercising voting rights by post

Deadline for Exercise of Voting Rights:

**Voting Rights Exercise Form must arrive by no later than 6:00 p.m., Thursday, June 22, 2017.**

Please indicate your approval or disapproval of each item of business on the attached Voting Rights Exercise Form and return it by the postal service so that it will arrive at the Company no later than deadline of exercise.

### ► Exercising voting rights via the Internet

Deadline for Exercise of Voting Rights:

**Voting rights must be exercised by no later than 6:00 p.m., Thursday, June 22, 2017.**

Please access the designated Web site for the exercise of voting rights (<http://www.evot.jp/>) and enter your votes by the deadline of the Internet voting period.

For the detailed procedure to exercise your voting rights via the Internet, please read the instructions on the following page.

#### **Message to Institutional Investors**

In addition to the above method to exercise voting rights via the Internet, institutional investors can exercise their rights using an electronic voting platform provided by ICJ, Inc. Please note that this service is only available for those who requested it in advance.

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## **Reference Document for the General Meeting of Shareholders**

### **Agenda and Reference Information**

#### **Proposal No. 1: Appropriation of Surplus**

The Company proposes to make an appropriation of surplus as stated below:

##### **Matters related to the year-end dividend**

The Company views the long-term and comprehensive distribution of profits to shareholders as one of its most important management policies. In determining the amount of dividends, it takes into consideration comprehensive management conditions, such as changes in business performance, cash flows and future capital requirements, setting a target level of performance-based dividends as measured by the payout ratio of 35% or more, with the minimum amount of annual dividend at ¥50 per share.

In accordance with these basic policies, the Company proposes to pay a year-end dividend as follows:

(1) Type of dividends: Cash

(2) Allocation and total amount of dividends to be distributed to shareholders:

We propose to pay ¥25 per common stock of the Company. The total amounts of dividends will be ¥1,077,688,800.

With the interim dividend of ¥25 per share already paid, the total annual dividend per share for the fiscal year will be ¥50 per share.

(3) Effective date of dividend payment:

June 26, 2017

**Proposal No. 2: Partial Amendments to the Articles of Incorporation**

The Company proposes to make partial amendments to the Articles of Incorporation as illustrated in the following comparison table.

1. Reasons for the proposal

Approaching the 30th anniversary of its founding in April 2018, the Group formulated the “avex group growth strategy 2020 – towards an innovative future of entertainment” and implemented structural reforms, as well as redefined our “tagline (corporate principles)” and “manifesto” in April 2017.

As part of such initiative, the Company has decided to change its trade name. Accordingly, the Company intends to make an amendment to Article 1 (Trade Name) of the current Articles of Incorporation.

In addition, it is proposed to establish a supplementary provision concerning the effective date of the change in the trade name.

2. Detail of the amendments

Detail of the amendments is as follows.

(Underlined parts denote amendments.)

Current Articles of Incorporation	Proposed Amendments
<p>(Trade Name)</p> <p>Article 1. The name of the company shall be “<u>Avex Group Holdings</u> Kabushiki Kaisha” and in English, “<u>AVEX GROUP HOLDINGS INC.</u>”</p> <p>[Newly established]</p>	<p>(Trade Name)</p> <p>Article 1. The name of the company shall be “<u>Avex</u> Kabushiki Kaisha” and in English, “<u>Avex Inc.</u>”</p> <p><u>Supplementary Provision</u></p> <p><u>The change to Article 1 (Trade Name) shall become effective on the date determined at a meeting of the Board of Directors to be held by October 31, 2017.</u></p> <p><u>This supplementary provision shall be deleted after the lapse of the effective date of Article 1.</u></p>

**Proposal No. 3: Appointment of Six (6) Directors**

As the term of office of all six (6) Directors of the Company will expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes the appointment of six (6) Directors.

The nominees for Directors are as follows:

No.	Name	Position and Assignments	Attendance at Board of Directors' Meetings
1	Masato Matsuura (Reappointment)	Representative Director, CEO, in charge of President's Office	14 out of 14 (100%)
2	Shinji Hayashi (Reappointment)	Director, COO; Chairperson of the Compliance Committee, Member of the Compensation Committee; responsible for Compliance and Risk Management	14 out of 14 (100%)
3	Richard Blackstone (Reappointment)	Director	9 out of 11 (81.8%)
4	Toru Kenjo (Reappointment)	Director (part-time)	12 out of 14 (85.7%)
5	Hiroyuki Ando (Reappointment) (Outside)	Outside Director	9 out of 11 (81.8%)
6	Keiichi Okubo (New appointment) (Outside)	—	—

No.	Name (Date of Birth)	Brief Personal History, Position, Assignments and Significant Posts Concurrently Held	Number of the Company's Shares Held
1	(Reappointment)  Masato Matsuura (Oct. 1, 1964)	<p>Apr. 1988 Established the Company, Director  Mar. 1991 Senior Executive Director of the Company  Mar. 1996 Chief of Product Business Headquarters of the Company  Jun. 2000 Corporate Executive of the Company  Aug. 2002 Chief of Production and Promotions Headquarters of the Company  Aug. 2004 Resigned as Senior Executive Director and Director / Member of the Board of the Company  Aug. 2004 Corporate Executive of the Company  Sep. 2004 Representative Director and President of the Company  Apr. 2005 President of Avex Entertainment Inc. (currently Avex Digital Inc.)  Apr. 2009 Chairman of the Board of Avex Broadcasting &amp; Communications Inc.  Apr. 2010 Representative Director, CEO, in charge of President's Office of the Company (to present)  Jul. 2013 Director of Avex International Holdings Singapore Pte. Ltd. (currently Avex Asia Pte. Ltd.) (to present)  Oct. 2013 Chairman of the Board of Avex Management Inc.  Dec. 2014 Chairman of the Board of AWA Co. Ltd. (to present)  Nov. 2016 President of Avex Ventures Inc. (to present)</p> <p>(Significant posts concurrently held)  President of Avex Ventures Inc.  Chairman of the Board of AWA Co. Ltd.</p>	857,924
<p>Reason for directorial candidacy</p> <p>Since founding our company in 1988, Masato Matsuura has contributed to the development of our corporate group by creating and deciding on management strategies, and by fulfilling a central role in contracts with important clients and affiliated artists.</p> <p>Continuing forward, in order for our corporate group to grow, we think that his insight and industry experience will improve company performance and will contribute to the creation of continued company value, which is why he has been nominated for directorial candidacy.</p>			



No.	Name (Date of Birth)	Brief Personal History, Position, Assignments and Significant Posts Concurrently Held	Number of the Company's Shares Held
2	(Reappointment)  Shinji Hayashi (Jun. 8, 1964)	May 1990    Joined the Company Apr. 1993    Director of the Company Jun. 1996    Executive Director of the Company Jun. 2000    Corporate Executive of the Company Aug. 2002    Chief of Compiling Headquarters of the Company Jan. 2009    Director of Avex Management Inc. Feb. 2009    Executive Director of Avex Entertainment Inc. (currently Avex Digital Inc.) Apr. 2009    Director of Avex Broadcasting & Communications Inc. (to present) Apr. 2010    Representative Director, CBO of the Company Apr. 2010    Responsible for Compliance of the Company (to present) Apr. 2010    President of Avex Marketing Inc. (currently Avex Entertainment Inc.) Jun. 2014    Representative Director, CMO of the Company Jun. 2016    Director, Corporate Executive, COO of the Company Jun. 2016    Chairperson of the Compliance Committee, Member of the Compensation Committee; responsible for Risk Management of the Company (to present) Jan. 2017    Director, COO of the Company (to present) Apr. 2017    Director of Avex Entertainment Inc. (to present)  (Significant posts concurrently held) None applicable.	629,450
Reason for directorial candidacy Shinji Hayashi entered the corporate group in 1990 and has contributed to its development through positions primarily in sales and marketing. Continuing forward, in order for our corporate group to grow, we think that his insight and industry experience will contribute to the improvement of company performance and to the creation of continued company value, which is why he has been nominated for directorial candidacy.			

No.	Name (Date of Birth)	Brief Personal History, Position, Assignments and Significant Posts Concurrently Held	Number of the Company's Shares Held
3	(Reappointment)  Richard Blackstone (Apr. 1, 1960)	<p>Jun. 1987 Attorney-at-law of Marshall, Morris &amp; Wattenberg</p> <p>Aug. 1989 Director of Business Affairs, Zomba Enterprises</p> <p>Jun. 1997 Head of Creative &amp; Head of Business Affairs, Zomba Enterprises</p> <p>Aug. 2003 President of Zomba/BMG, North America</p> <p>May 2005 Worldwide Chairman/CEO of Warner Chappell Music Publishing</p> <p>Sep. 2010 Chief Creative Officer of BMG Rights Management (US)</p> <p>Feb. 2012 Executive Vice President of Creative &amp; Business Development, BMG (US)</p> <p>Jan. 2015 CEO of Blackstone Entertainment (to present)</p> <p>Feb. 2016 Corporate Executive of the Company</p> <p>Jun. 2016 Director of the Company (to present)</p> <p>Jun. 2016 Corporate Executive of the Company</p> <p>Jun. 2016 Director, President of Avex International Inc.</p> <p>Jun. 2016 Vice President of Avex International Holding Corporation</p> <p>Apr. 2017 Chairman, CEO of Avex International Inc. (to present)</p> <p>Apr. 2017 Chairman, CEO of Avex International Holding Corporation (to present)</p> <p>(Significant posts concurrently held)</p> <p>Chairman, CEO of Avex International Holding Corporation</p> <p>Chairman, CEO of Avex International Inc.</p> <p>CEO of Blackstone Entertainment</p>	—
<p>Reason for directorial candidacy</p> <p>Richard Blackstone has a wealth of insight and work experience in the American music industry. In promoting overseas business development, we think he will contribute to the improvement of company performance and to the creation of continued company value, which is why he has been nominated for directorial candidacy.</p>			

No.	Name (Date of Birth)	Brief Personal History, Position, Assignments and Significant Posts Concurrently Held	Number of the Company's Shares Held
4	(Reappointment)  Toru Kenjo (Dec. 29, 1950)	<p>Sep. 1991 Director and General Manager, Editing Department of Kadokawa Shoten Publishing Co., Ltd. (currently KADOKAWA CORPORATION)</p> <p>Nov. 1993 Established GENTOSHA INC., Representative Director and President (to present)</p> <p>Oct. 2005 Representative Director and President of Touchdown Co., Ltd. (to present)</p> <p>May 2009 Executive Advisor of Avex Broadcasting &amp; Communications Inc. (to present)</p> <p>Jun. 2009 President and Executive Officer of GENTOSHA INC. (to present)</p> <p>Jun. 2010 Director (part-time) of the Company (to present)</p> <p>Apr. 2011 Director Chairman of Brangista. inc (Outside) (to present)</p> <p>Mar. 2012 Representative Director and President of Kab, Inc. (to present)</p> <p>Nov. 2014 Outside Director of TETSUJIN Inc. (to present)</p> <p>(Significant posts concurrently held)</p> <p>Executive Advisor of Avex Broadcasting &amp; Communications Inc.</p> <p>Representative Director and President of GENTOSHA INC.</p> <p>Representative Director and President of Touchdown Co., Ltd.</p> <p>Representative Director and President of Kab, Inc.</p> <p>Outside Director of TETSUJIN Inc.</p> <p>Director Chairman of Brangista. inc (Outside)</p>	—
<p>Reason for directorial candidacy</p> <p>After becoming a Director (part-time) in 2010, Toru Kenjo has contributed to the corporate group by utilizing his abundant business management and entertainment industry experience and knowledge.</p> <p>Continuing forward, we think his advice and opinion from a neutral standpoint will contribute to the improvement of company performance and to the creation of continued company value, which is why he has been nominated for directorial candidacy.</p> <p>With the expectation that Outside Directors can fully implement their ability in their roles, the Company has entered into a liability limitation agreement with him based on Article 427, Paragraph 1 of the Companies Act, with the limit amount of liability set to be the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. If Toru Kenjo is reappointed as Director, the Company plans to continue the liability limitation agreement with him.</p>			

No.	Name (Date of Birth)	Brief Personal History, Position, Assignments and Significant Posts Concurrently Held	Number of the Company's Shares Held
5	(Reappointment: Nominee for Outside Director)  Hiroyuki Ando (Feb. 4, 1964)	<p>Apr. 1986    Joined HOYA Corporation</p> <p>Jan. 1992    Joined Sanno Institute of Management as a Researcher of Headquarters for Consulting and Training</p> <p>Apr. 2004    Concurrent faculty staff of Sanno Institute of Management</p> <p>Sep. 2005    Obtained Master of Science from University of Wales, United Kingdom</p> <p>Apr. 2006    Principal Researcher, Headquarters for Consulting and Training of Sanno Institute of Management</p> <p>Apr. 2008    Professor, Headquarters for Consulting and Training (MBA Course) of Graduate School of Sanno Institute of Management</p> <p>Nov. 2009    Senior Consultant of Keio Academic Enterprise. Co., Ltd. (Keio Marunouchi City Campus)</p> <p>May 2013    Retired from Keio Academic Enterprise. Co., Ltd. and was appointed as a full-time consultant of Keio Marunouchi City Campus (to present)</p> <p>Jun. 2016    Outside Director of the Company (to present)</p> <p>(Significant posts concurrently held) Full-time consultant of Keio Marunouchi City Campus</p>	—

**Reason for directorial candidacy**

As a business consultant, Hiroyuki Ando has gained a wealth of experience and knowledge in the fields of organization, human resources management, and strategic decision-making theory. He had been offering proposals and advice to strengthen our corporate group's management and governance ability, which is why he has been nominated for outside directorial candidacy.

The Company believes that his independence as Outside Director is considered unquestionable in light of the "Independence Standards for Outside Directors and Outside Auditors" established by the Company on the grounds that there is no transaction between him and the Company.

He is a nominee for Outside Director and if he is elected as Director, he will be designated as Independent Director stipulated by the Tokyo Stock Exchange and be registered to the Exchange.

With the expectation that Outside Directors can fully implement their ability in their roles, the Company has entered into a liability limitation agreement with him based on Article 427, Paragraph 1 of the Companies Act, with the limit amount of liability set to be the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. If Hiroyuki Ando is reappointed as Outside Director, the Company plans to continue the liability limitation agreement with him.

He will have served as Outside Director of the Company for one (1) year at the conclusion of this Ordinary General Meeting of Shareholders.

No.	Name (Date of Birth)	Brief Personal History, Position, Assignments and Significant Posts Concurrently Held	Number of the Company's Shares Held
6	(New appointment: Nominee for Outside Director)  Keiichi Okubo (Apr. 15, 1944)	<p>Apr. 1972 Prosecutor of Tokyo District Public Prosecutors Office</p> <p>Apr. 1991 Director of the Enforcement Division, Immigration Bureau, Ministry of Justice</p> <p>Apr. 1995 Director-General of the Criminal Affairs Department, Chiba District Public Prosecutors Office</p> <p>Oct. 1996 Director-General of the Public Security Department, Tokyo District Public Prosecutors Office</p> <p>Aug. 1997 Director-General of the Trial Department, Tokyo High Public Prosecutors Office</p> <p>Sep. 1999 Prosecutor of Supreme Public Prosecutors Office</p> <p>Sep. 2000 Chief Prosecutor of Kochi District Public Prosecutors Office</p> <p>Apr. 2002 Chief Prosecutor of Sapporo District Public Prosecutors Office</p> <p>Apr. 2004 Notary Public belonging to Tokyo Legal Affairs Bureau</p> <p>Jun. 2012 Outside Corporate Auditor of MITSUI-SOKO Co., Ltd. (currently Mitsui-Soko Holdings Co., Ltd.)</p> <p>Jun. 2016 Retired as Outside Corporate Auditor of Mitsui-Soko Holdings Co., Ltd.</p> <p>Oct. 2016 Attorney-at-law (to present)</p> <p>(Significant posts concurrently held) Attorney-at-law</p>	—

## Reason for directorial candidacy

Keiichi Okubo has been nominated for outside directorial candidacy, despite the fact that he has never been involved in corporate management, as we anticipate that he will provide appropriate advice and oversight over our corporate group's management utilizing his years of experience and insight in the field of justice.

The Company believes that his independence as Outside Director is considered unquestionable in light of the "Independence Standards for Outside Directors and Outside Auditors" established by the Company on the ground that there is no transaction between him and the Company.

He is a new nominee for Outside Director and if he is elected as Director, he will be designated as Independent Director stipulated by the Tokyo Stock Exchange and be registered to the Exchange.

With the expectation that Outside Directors can fully implement their ability in their roles, the Company has entered into a liability limitation agreement with Outside Directors based on Article 427, Paragraph 1 of the Companies Act, with the limit amount of liability set to be the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. If Keiichi Okubo assumes the office of Director, the Company plans to enter into said liability limitation agreement with him.

Keiichi Okubo is a new nominee for Outside Director.

- (Notes) 1. There are no special interests between the Company and the nominees for Directors.  
2. The number of the Company's shares held by each nominee for Director is as of March 31, 2017.

**Proposal No. 4: Appointment of Four (4) Statutory Auditors**

As the term of office of all four (4) Statutory Auditors will expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes the appointment of four (4) Statutory Auditors.

Please note that the Board of Statutory Auditors has previously given its approval.

The nominees for Statutory Auditors are as follows:

No.	Name		Position	Attendance at Board of Directors' Meetings	Attendance at Board of Statutory Auditors' Meetings
1	Shinkichi Iwata	(Reappointment) (Full-time)	Statutory Auditor	14 out of 14 (100%)	11 out of 11 (100%)
2	Nobuyuki Kobayashi	(Reappointment) (Full-time)	Statutory Auditor	14 out of 14 (100%)	11 out of 11 (100%)
3	Akihiro Tamaki	(Reappointment) (Outside)	Outside Auditor	13 out of 14 (92.9%)	11 out of 11 (100%)
4	Teruo Yamamoto	(New appointment) (Outside)	—	—	—

No.	Name (Date of Birth)	Brief Personal History, Position, Assignments and Significant Posts Concurrently Held	Number of the Company's Shares Held
1	(Reappointment: Nominee for Full-time Auditor)  Shinkichi Iwata (Nov. 3, 1947)	<p>Apr. 1993    Joined Avex D.D., Inc. (currently Avex Group Holdings Inc.), General Manager of Corporate Planning Office</p> <p>Mar. 1995    Director of Avex D.D., Inc.</p> <p>Apr. 1998    Director of the Company</p> <p>Jun. 2000    Director, Group Executive of the Company</p> <p>Apr. 2001    Director, Corporate Executive, General Manager of Chairman's Office of the Company</p> <p>Jun. 2002    Director, Group Executive of the Company</p> <p>Jun. 2002    Representative Director, President of Avex Network Inc. (currently Avex Entertainment Inc.)</p> <p>Apr. 2004    Chairman of the Board of Avex Network Inc.</p> <p>Jun. 2004    Director, Deputy Chief of Administration Headquarters and General Manager of General Affairs Department of the Company</p> <p>Oct. 2004    Director, General Manager of General Affairs Department, Group Administration Headquarters of the Company</p> <p>Jun. 2005    Full-time Auditor of the Company (to present)</p> <p>(Significant posts concurrently held) None applicable.</p>	48,086
<p>Reason for auditor candidacy</p> <p>Since joining the corporate group in 1993, he has accumulated experience of serving in managerial positions mainly in the administrative divisions as well as serving as a representative director of a group company, and is therefore well versed in our corporate group's businesses. Moreover, he has been serving as Full-time Auditor of the Company and as an auditor of a group company since June 2005, and has a wealth of insight regarding the Group's management. We anticipate that he will continue to fulfill his duties as Statutory Auditor effectively utilizing his experience and insight as described above, which is why he has been renamed for statutory auditor candidacy.</p>			

No.	Name (Date of Birth)	Brief Personal History, Position, Assignments and Significant Posts Concurrently Held	Number of the Company's Shares Held
2	(Reappointment: Nominee for Full-time Auditor)  Nobuyuki Kobayashi (Sep. 4, 1956)	<p>Oct. 1998    Joined Avex Distribution, Inc. (currently Avex Entertainment Inc.)</p> <p>Jul. 1999    Director of Avex Distribution, Inc.</p> <p>Apr. 2004    Executive Director of Avex Distribution, Inc.</p> <p>Apr. 2007    Director of Avex Marketing Inc. (currently Avex Entertainment Inc.)</p> <p>May 2010    Corporate Executive, Head of Sales &amp; Promotion 2 Division, Avex Marketing Inc.</p> <p>Jul. 2011    Corporate Executive, Head of Administration Division, Avex Marketing Inc.</p> <p>Jun. 2013    Full-time Auditor of the Company (to present)</p> <p>(Significant posts concurrently held) None applicable.</p>	1,700
<p>Reason for auditor candidacy</p> <p>Since joining the corporate group in 1998, he has accumulated experience of serving in managerial positions mainly in the marketing and sales promotion divisions, and is therefore well versed in our corporate group's businesses. Moreover, he has been serving as Full-time Auditor and an auditor of a group company since June 2013, and has a wealth of insight regarding the Group's management. We anticipate that he will continue to fulfill his duties as Statutory Auditor effectively utilizing his experience and insight as described above, which is why he has been renamed for statutory auditor candidacy.</p>			



No.	Name (Date of Birth)	Brief Personal History, Position, Assignments and Significant Posts Concurrently Held	Number of the Company's Shares Held
3	(Reappointment: Nominee for Outside Auditor)  Akihiro Tamaki (Oct. 25, 1966)	<p>Sep. 1994    Joined Price Waterhouse LLP (currently PricewaterhouseCoopers LLP), New York</p> <p>Sep. 1996    Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)</p> <p>Mar. 1998    Registered as a U.S. certified public accountant</p> <p>Dec. 1999    Retired from Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)</p> <p>Jan. 2000    Joined IntellAsset, Inc.</p> <p>Jul. 2001    Joined INNOVATION &amp; INITIATIVE Co., Ltd. (currently INVENIO Co., Ltd.)</p> <p>Jun. 2006    Established PSY-fa Co., Ltd., Representative Director (to present)</p> <p>Jun. 2008    Outside Auditor of the Company (to present)</p> <p>Jun. 2010    Outside Director of SBI Holdings, Inc. (to present)</p> <p>Jun. 2016    Member of the Compensation Committee of the Company (to present)</p> <p>(Significant posts concurrently held) U.S. certified public accountant Representative Director of PSY-fa Co., Ltd. Outside Director of SBI Holdings, Inc.</p>	—

#### Reason for auditor candidacy

Akihiro Tamaki holds a U.S. CPA certificate and has years of experience in accounting audit and consulting services. We anticipate that he will conduct audits appropriately based on his deep insights cultivated through the aforementioned experiences, which is why he has been named for outside auditor candidacy.

Although he was employed by Deloitte Touche Tohmatsu LLC (then Deloitte Touche Tohmatsu), which is the Accounting Auditor of the Company, the Company believes that he is fully independent from the management of the Company due to the following reasons:

- (i) He was not engaged in the audit of the Company while he was with Deloitte Touche Tohmatsu.
- (ii) It has been 17 years and 6 months since he left Deloitte Touche Tohmatsu, as of June this year.

He is a nominee for Outside Auditor and if he is elected as Statutory Auditor, he will be designated as Independent Auditor stipulated by the Tokyo Stock Exchange and be registered to the Exchange.

With the expectation that Outside Auditors can fully implement their ability in their roles, the Company has entered into a liability limitation agreement with Outside Auditors based on Article 427, Paragraph 1 of the Companies Act, with the limit amount of liability for damages stipulated in Article 423, Paragraph 1 of the same act, set to be the minimum amount stipulated in Article 425, Paragraph 1 of the same act. If Akihiro Tamaki is elected as Outside Auditor, the Company plans to enter into a similar liability limitation agreement with him.

He will have served as Outside Auditor of the Company for nine (9) years at the conclusion of this Ordinary General Meeting of Shareholders.

No.	Name (Date of Birth)	Brief Personal History, Position, Assignments and Significant Posts Concurrently Held	Number of the Company's Shares Held
4	(New appointment: Nominee for Outside Auditor)  Teruo Yamamoto (Aug. 28, 1951)	<p>Apr. 1974    Joined Kao Soap Co., Ltd. (currently Kao Corporation)</p> <p>May 1985    Obtained Master of Business Administration from the University of Illinois, U.S.A.</p> <p>Jun. 1988    Treasurer of Kao Corporation of America</p> <p>Feb. 1998    IR Director of Kao Corporation</p> <p>Feb. 1999    Financial Director of Kao Corporation</p> <p>Feb. 2006    Member of the Board, Senior Executive Officer; General Manager, Management Planning Office and in charge of Accounting and Finance Office of Kanebo Cosmetics Inc.</p> <p>Jun. 2009    Director of Kao Corporation</p> <p>Mar. 2011    Vice President assisting Senior Vice President, Accounting and Finance of Kao Corporation</p> <p>Dec. 2014    Retired from Kao Corporation</p> <p>May 2016    Advisory contract with the Company</p> <p>Mar. 2017    Completion of the advisory contract</p> <p>(Significant posts concurrently held) None applicable.</p>	3,000

## Reason for auditor candidacy

Teruo Yamamoto has considerable knowledge and working experience in the areas of finance and accounting, with his career spanning years in senior positions in finance, accounting, and investor relations (IR) divisions of Kao Soap Co., Ltd. (currently Kao Corporation). We anticipate that he will conduct audits appropriately based on his aforementioned experiences, which is why he has been named for outside auditor candidacy.

Although he concluded an advisory contract regarding accounting, finance and IR with the Company from May 2016 to March 2017, the amount of compensation paid under the contract during such period was less than 10 million yen. Accordingly, the Company has determined that his independence as Outside Auditor is secured in light of the "Independence Standards for Outside Directors and Outside Auditors" established by the Company.

He is a nominee for Outside Auditor and if he is elected as Statutory Auditor, he will be designated as Independent Auditor stipulated by the Tokyo Stock Exchange and be registered to the Exchange.

With the expectation that Outside Auditors can fully implement their ability in their roles, the Company has entered into a liability limitation agreement with Outside Auditors based on Article 427, Paragraph 1 of the Companies Act, with the limit amount of liability for damages stipulated in Article 423, Paragraph 1 of the same act, set to be the minimum amount stipulated in Article 425, Paragraph 1 of the same act. If Teruo Yamamoto is elected as Outside Auditor, the Company plans to enter into a similar liability limitation agreement with him.

Teruo Yamamoto is a new nominee for Outside Auditor.

- (Notes) 1. There are no special interests between the Company and the nominees for Statutory Auditors.
2. The number of the Company's shares held by each nominee for Statutory Auditor is as of March 31, 2017.

## [Reference] Independence Standards for Independent Outside Directors and Outside Auditors

The Company has established the “Independence Standards” as follows.

## [Independence Standards for Independent Outside Directors and Outside Auditors]

The Company deems that the outside officer (outside director and outside auditor) is independent if he/she does not meet any of the following criteria.

- a. Executive of the Company or its subsidiary (hereinafter the “Group”).
- b. Major client or supplier of the Group (client or supplier with annual total amount of transactions exceeding 1% of the Group’s consolidated net sales) or an executive thereof, or a party whose major client or supplier is the Group (a party with total amount of transactions exceeding 1% of their consolidated net sales) or an executive thereof.
- c. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property (annual total amount of transactions exceeding the higher amount of either 10 million yen or 1% of their consolidated net sales) from the Group besides compensation as director/auditor (or a person who belongs to such organization and is directly in charge of the Group if the entity receiving the assets is an organization such as a legal entity or an association).
- d. The major shareholder of the Company (\*1) (or an executive of the said major shareholder if the shareholder is a legal entity).
- e. An executive of the Group’s major lender (\*2)
- f. Those that correspond to any of the items through a. to e. in recent times.
- g. Relatives (spouse or relatives within the second degree of kinship) of those who correspond to any of the items through a. to f. (excluding insignificant persons).

\*1: A major shareholder is a shareholder who possesses more than 10% of the voting rights held by all shareholders, under his/her name or other’s name.

\*2: A major lender is a group of financial institution from which the Group receives loans (those related to the consolidated group to which the actual lender belongs to), where the total amount of loan made by the Group to the said group of financial institution as of the end of the previous fiscal year exceeds 5% of the Group’s total consolidated assets.

**Proposal No. 5:** Determination of the Amount of Compensation for Granting Stock Compensation to Executive Directors

The Company has introduced a stock option plan for granting compensation, etc. to Directors with the aim of motivating them to manage the Company with a stronger awareness of its performance and stock price not only from a single-year perspective but also from a medium- to long-term perspective, with an emphasis on facilitating mutual profit awareness between Directors and shareholders.

As set out in the Practical Guidelines for Corporate Governance System formulated by the Ministry of Economy, Trade and Industry in March 2017, with the aim of providing incentives to increase corporate value from medium- to long-term perspectives and contributing to the sharing of value between senior management and shareholders, the Company intends to introduce a new executive compensation plan, which is designed to further increase the motivation of Executive Directors to contribute to stock price growth and increased corporate value by achieving medium-term strategic goals of the Company, by having them further share the benefits and risks associated with stock price fluctuations with shareholders.

The current executive compensation is composed of fixed basic compensation, a variable annual bonus, and stock options. Under the new executive compensation plan for Executive Directors, the amount of basic compensation shall remain the same as the current level and the amount of annual bonus shall be reduced. Meanwhile, a new stock compensation plan (hereinafter collectively the "Plan"), which comprises the below mentioned restricted stock compensation plan and the performance share unit plan (paid in the form of the Company's common stock and money to secure funds for tax payment), shall be introduced in place of the stock acquisition rights as stock options. As a result, stock compensation will account for a larger portion of the executive compensation, which will in turn contribute to the strengthening of the functions for sharing interests and reflecting strategies.

Apart from the amount of compensation, etc. for Directors of the Company approved at the 19th Ordinary General Meeting of Shareholders of the Company held on June 25, 2006, the amount of compensation, etc. paid to the Company's Directors (excluding part-time Directors and Outside Directors) as stock acquisition rights as stock options shall be no more than 300 million yen per year, as approved at the 24th Ordinary General Meeting of Shareholders of the Company held on June 26, 2011.

In addition, the total amount of basic compensation for Directors shall be no more than 800 million yen per year (of which the maximum amount for Outside Directors is 20 million yen per year; excluding employee salaries for Directors concurrently serving as employees) and performance-linked compensation for Executive Directors shall be within 10% of consolidated net income for the corresponding fiscal year, as approved at the 26th Ordinary General Meeting of Shareholders of the Company held on June 18, 2013.

Accordingly, the Company proposes to abolish the provision regarding the amount of compensation, etc. related to stock acquisition rights as stock options. Also, upon comprehensive consideration of various factors including Directors' contribution to the Company, it is proposed to set, apart from the amount of compensation, etc. for Directors approved at the 26th Ordinary General Meeting of

Shareholders of the Company, the total maximum amount of monetary compensation receivables paid as compensation, etc. related to the restricted stock compensation plan for Executive Directors to 120 million yen per year. In addition, the Company proposes to set the maximum amount of monetary compensation receivables and money to secure funds for tax payment, which will be paid as compensation, etc. related to the performance share unit plan, to an amount obtained by multiplying 700,000 shares by the below mentioned stock price at the time of delivery.

The payment of compensation, etc. based on the Plan has been determined upon comprehensive consideration of various factors including Directors' contribution in the Company, and the content is therefore deemed to be appropriate. The submission of this proposal to this General Meeting of Shareholders has been resolved at the Board of Directors based on the report of the voluntary Compensation Committee, chaired by an Independent Outside Director and the majority of which comprises Independent Outside Directors and Auditors.

Currently, the number of Directors is six (6) (including two (2) Executive Directors), and the number will remain the same if Proposal No.3 is approved.

## Outline of the Plan

### I. Restricted stock compensation plan (hereinafter the "Plan I")

Outline of the Plan I is as follows:

#### 1) Allocation of restricted stock and payment

By a resolution of the Board of Directors, the Company shall provide monetary compensation receivables within the aforementioned annual limit as compensation for granting restricted stock, to eligible Executive Directors under the Plan I, and each Executive Director shall be allocated restricted stock in return for the in-kind contribution of all monetary compensation receivables.

The amount to be paid for restricted stock shall be determined by the Board of Directors of the Company, based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (or the closing price on the transaction day immediately prior thereto, if no transaction is made on such business day), to the extent that such amount is not especially advantageous to each Executive Director subscribing for the restricted stock.

The above monetary compensation receivables shall be provided, on condition that each Executive Director agrees to receive in-kind contribution as mentioned above, and has concluded a restricted stock allocation agreement which includes the provisions as described in 3) below.

#### 2) Total number of restricted stock

The total number of restricted stock to be allocated to Executive Directors in each fiscal year shall not exceed 120,000 shares.

However, in the event of a share split (including gratis allotment of the Company's common stock) or a share consolidation of the Company's common stock, or other similar circumstance which requires adjustment to the total number of restricted stock to be allocated, on or after the date of the resolution of this proposal, the total number of restricted stock may be adjusted reasonably.

### 3) Details of the restricted stock allocation agreement

The restricted stock allocation agreement to be concluded between the Company and each Executive Director who will be allocated restricted stock by a resolution of the Board of Directors of the Company, upon the allocation of restricted stock, shall comprise the following provisions.

#### (i) Description of the transfer restriction

Executive Directors having been allocated restricted stock shall not transfer, create a pledge on, create a transfer security interest on, offer advancement, bequeath or otherwise dispose of the restricted stock for the benefit of a third party during a time period set out by the Board of Directors of the Company (hereinafter the "Transfer Restriction Period"), which shall be between three (3) and ten (10) years.

#### (ii) Gratis acquisition of restricted stock

In the event of retirement of an Executive Director having been allocated restricted stock from his/her position of Director, Corporate Executive, or an employee of the Company or its subsidiaries prior to the expiry of the Transfer Restriction Period, the Company shall rightfully acquire the restricted stock allocated to the Executive Director (hereinafter the "Allocated Shares") without payment, unless such retirement is due to a reason deemed justifiable by the Board of Directors of the Company.

Also the Company shall rightfully acquire without payment the Allocated Shares from which the transfer restriction is yet to be removed, pursuant to the provisions for the removal of the transfer restriction in (iii) below as at the expiry of the Transfer Restriction Period described in (i) above.

#### (iii) Removal of the transfer restriction

The Company shall remove the transfer restriction with respect to all of the Allocated Shares at the expiry of the Transfer Restriction Period, on condition that the Executive Director having been allocated restricted stock has served as Director, Corporate Executive, or an employee of the Company or its subsidiaries continuously during the Transfer Restriction Period.

However, if the Executive Director retires from his/her position of Director, Corporate Executive, or an employee of the Company or its subsidiaries prior to the expiry of the Transfer Restriction Period for reasons deemed justifiable by the Board of Directors of the Company, the number of the Allocated Shares for which the transfer restriction is removed, as well as the timing of such removal, shall be reasonably adjusted as appropriate.

#### (iv) Treatment of the Allocated Shares in the event of organizational restructuring, etc.

If a proposal concerning the organizational restructuring, etc. of the Company, such as a merger agreement, according to which the Company will cease to exist, or a share exchange agreement or share transfer plan, according to which the Company becomes a wholly owned subsidiary of another company, is approved at a general meeting of shareholders of the Company (or by the Board of Directors of the Company if such organizational restructuring, etc. does not require an approval of a general meeting of shareholders of the Company) during the Transfer Restriction Period, the Company shall, based on the resolution of the Board of Directors of the Company, remove the transfer restriction of the Allocated Shares at a date prior to the effective date of such organizational restructuring, etc. The number of such Allocated Shares shall be reasonably

determined in consideration of the time period from the date of the beginning of the Transfer Restriction Period to the date of the approval of such organizational restructuring, etc.

In this case, the Company shall rightfully acquire without payment the Allocated Shares for which the transfer restriction is yet to be removed at the point of time immediately after the removal of the transfer restriction pursuant to the provisions in (iii) above.

## II. Performance share unit plan (hereinafter the “Plan II”)

### (1) Outline of the Plan II

The Plan II is a performance-linked compensation plan under which the Company, by determination of its Board of Directors, presets numerical targets for its performance, etc. for the target period of the Company’s Medium Term Management Plan (hereinafter the “Target Period”; the initial Target Period shall be from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2021, and the Company plans to renew the Plan II upon formulation of each Medium Term Management Plan after the expiry of the initial Target Period within the scope of limits approved by this General Meeting of Shareholders) and delivers the Company’s common stock according to the achievement rates, etc. of said numerical targets and money to secure funds for tax payment to Executive Directors eligible for the Plan II as compensation, etc. for the Target Period. Therefore, whether such delivery to each Executive Director will take place, the number of shares to be delivered (hereinafter the “Number of Shares Deliverable”), and the amount of money to be paid are yet to be determined at the time of introduction of the Plan II.

### (2) Scheme of the Plan II

The specific scheme of the Plan II is as follows:

- 1) The Company shall determine indicators, etc. necessary for calculating the actual Number of Shares Deliverable, including numerical targets (to be set according to operating income, net sales, etc.) and the performance-linked coefficient used under the Plan II, by the Board of Directors of the Company.
- 2) After the expiry of the Target Period, the Company shall determine the number of the Company’s common stock allocated to each Executive Director according to achievement rates, etc. of the numerical targets, such as the Company’s performance, during the Target Period.
- 3) The Company shall provide monetary compensation receivables to each Executive Director as compensation, etc. related to the performance share unit plan within the limit of the annual amount as mentioned above according to the number of shares allocated to each Executive Director as determined in 2) above, based on the resolution of the Board of Directors of the Company. Each Executive Director shall be allocated said number of the Company’s common stock by making in-kind contribution of all monetary compensation receivables. The amount to be paid for the Company’s common stock shall be determined by the Board of Directors of the Company, based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of

Directors regarding the allocation in above 2) (or the closing price on the transaction day immediately prior thereto, if no transaction is made on such business day), to the extent that such amount is not especially advantageous to each Executive Director subscribing for the Company's common stock.

- 4) As tax expenses payable by each Executive Director are incurred in association with the allocation of the Company's common stock in 3) above, the Company shall pay to each Executive Director an amount of money to secure funds for tax payment in consideration of the amount of tax expenses to be borne by each Executive Director as a result of receipt of the allocation of the Company's common stock in 3) above, on top of the monetary compensation receivables in 3) above.

- (3) Calculation method of the number of shares of the Company to be delivered and the amount of money to be paid to Executive Directors under the Plan II

The Company shall calculate the number of shares of the Company to be delivered to each Executive Director using the formula in 1) below (any fraction less than one (1) share shall be truncated), and the amount of money to be paid to each Executive Director using the formula in 2) below.

- 1) Number of the Company's common stock deliverable to each Executive Director

$$\begin{array}{l} \text{Basic number of share unit} \\ (*1) \end{array} \times \text{Delivery ratio } (*2) \times 50\%$$

- 2) Amount of money to be paid to each Executive Director

$$\begin{array}{l} \text{Basic number of share unit} \\ (*1) \end{array} \times \text{Delivery ratio } (*2) \times 50\% \times \begin{array}{l} \text{Stock price at the} \\ \text{time of delivery } (*3) \end{array}$$

- \*1 The basic number of share unit shall be determined by the Company's Board of Directors in consideration of the position of each Executive Director.
- \*2 The delivery ratio shall be calculated within the range of 0% to 150% according to the achievement rates of the numerical targets from operating income, net sales, etc. during the Target Period based on the method determined by the Company's Board of Directors.
- \*3 The stock price at the time of delivery shall be determined by the Company's Board of Directors, based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors of the Company regarding the allocation of its common stock under the Plan II (or the closing price on the transaction day immediately prior thereto, if no transaction is made on such business day) after the expiry of the Target Period, to the extent that such amount is not especially advantageous to each Executive Director subscribing for the Company's common stock.

The total maximum amount of monetary compensation receivable as described in (2) 3) above and money to secure funds for tax payment as described in (2) 4) above shall be the amount obtained by multiplying 700,000 shares by the stock price at the time of delivery. The total number of the



Company's common stock to be allocated to Executive Directors under the Plan II shall not exceed 350,000 shares during the Target Period; provided, however, that in the event of a share split (including gratis allotment of the Company's common stock) or share consolidation of the Company's common stock on or after the date of resolution of this proposal, the number of shares used as the basis of calculation of the aforementioned total amount (700,000 shares) and the total number of shares to be allocated to Executive Directors shall be reasonably adjusted according to the ratio of such share consolidation or share split.

Furthermore, if there arises the likelihood that allocation of the number of the Company's common stock as specified in (3) 1) above is not to be made within the total number of the Company's common stock to be allocated to Executive Directors as mentioned above, the number of shares to be allocated to each Executive Director shall be reduced by a reasonable method determined by the Company's Board of Directors, such as on a prorated basis, within the extent capped by such total number.

(4) Conditions for delivery of the Company's stock to Executive Directors

Under the Plan II, after the expiry of the Target Period and on condition that the requirements described below are satisfied, the Company shall deliver its common stock to each Executive Director. The allocation of the Company's common stock shall be made by way of issuance of shares or disposal of treasury stock by the Company, and specific Executive Directors to whom the Company's common stock are delivered and the Number of Shares Deliverable shall be determined at a meeting of the Company's Board of Directors to be held after the expiry of the Target Period according to the following requirements for delivery of the shares and the calculation method as mentioned in (3) above.

- 1) The person has served as Director during the Target Period.
- 2) The person has not engaged in any of the certain types of improper conduct specified by the Company's Board of Directors.
- 3) The person meets other conditions specified by the Company's Board of Directors that are deemed necessary to achieve the purpose of the stock compensation plan.

\* Executive Directors who retire from office during the Target Period shall be delivered the number of the Company's common stock prorated based on the reasonable method determined by the Board of Directors, according to the period of service as Director up to the time of retirement during the Target Period. In addition, Executive Directors who are newly appointed during the Target Period shall be delivered the number of the Company's common stock prorated according to the period of service.

**Proposal No. 6:** Entrusting the Board of Directors with the Determination of Subscription-Related Items for the Stock Acquisition Rights as Stock Options to Certain Employees of Subsidiaries of the Company

Pursuant to the provisions of Article 236, 238 and 239 of the Companies Act, the Company hereby proposes for approval of the shareholders to entrust the Company's Board of Directors with the determination of the subscription-related items for the stock acquisition rights as stock options, which will be issued to certain employees of the Company's subsidiaries in the following manner.

1. Reason for necessity of soliciting subscriptions for the stock acquisition rights at especially advantageous conditions

The Company will issue the stock acquisition rights to certain employees of the Company's subsidiaries for the purpose of increasing their motivation and morale without charge.

2. Terms and conditions for the issuance of the Stock Acquisition Rights for which items for subscription may be determined under a decision of this Ordinary General Meeting of Shareholders and the upper limit thereof

(1) Upper limit of the stock acquisition rights for which subscription-related items may be decided according to the entrustment

The upper limit of stock acquisition rights of which details are outlined in (3) below shall be 1,000 units.

The upper limit of the number of shares that may be issued by exercising the stock acquisition rights shall be 100,000. In case the Number of Granted Shares (defined hereunder) is adjusted according to the procedure (3) 1) below, the upper limit of shares shall be the product of (i) the Number of Granted Shares after adjustment and (ii) the upper limit of the stock acquisition rights described above.

(2) No payment of money is necessary in exchange for the stock acquisition rights for which the Board of Directors can decide the subscription-related items according to the entrustment.

(3) Description of the stock acquisition rights for which the Board of Directors can decide the subscription-related items according to the entrustment

1) Type and number of shares under the stock acquisition rights

The type of shares under the stock acquisition rights shall be the Company's shares of common stock, and the number of shares under each stock acquisition right (the "Number of Granted Shares") shall be 100.

In case the Company splits its shares (including the allotment of shares without contribution; hereinafter the same shall apply concerning the description of a stock split) or consolidates its shares of common stock after the date when the stock acquisition rights are allotted (the "Allotment Date"), the Number of Granted Shares shall be adjusted according to the following formula.

$$\text{Number of Granted Shares after adjustment} = \text{Number of Granted Shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition to the cases above, if it is deemed appropriate to adjust the Number of Granted Shares after the Allotment Date, the Company may adjust the Number of Granted Shares to a reasonable extent.

Any resulting fraction less than one share arising from the adjustment shall be truncated.

## 2) Value of the assets to be invested upon the exercise of the stock acquisition rights

The value of the assets to be invested upon the exercise of each stock acquisition right shall be the amount that is equal to the product of (i) the paid-in value per share to be determined in the following manner (the “Exercise Price”) and (ii) the Number of Granted Shares.

The Exercise Price shall be the price that is equal to either the average of the daily closing prices (excluding days on which transactions are not established; the “Closing Price”) of the common stock of the Company in regular transactions at the Tokyo Stock Exchange during the calendar month immediately prior to the month in which the Allotment Date belongs, multiplied by 1.05 (with a fraction less than one (1) yen resulting therefrom to be rounded up to the nearest yen), or the Closing Price of the common stock of the Company at the same exchange on the Allotment Date (the Closing Price on the nearest day prior on which regular transactions are established if regular transactions are not established on the Closing Date), whichever is higher. The Exercise Price shall be subject to adjustment in accordance with the following formula.

- i) In case the Company splits or consolidates its shares of common stock, the Exercise Price shall be adjusted in accordance with the following formula and any fraction less than one (1) yen resulting from such adjustment shall be rounded up to the nearest yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

- ii) In case the Company issues new shares or disposes its treasury stock at a price below the market price (excluding cases such as the sales of treasury stock under Article 194 of the Companies Act (Demand for the Sales of Shares Less than One Unit by Holder of Shares Less than One Unit), the conversion of securities that are converted or may be convertible to the Company’s common stock or due to the exercise of stock acquisition rights (including those attached to bonds with stock acquisition rights) for which the grant of the Company’s common stock may be requested), the Exercise Price shall be adjusted in accordance with the following formula and any fraction less than one (1) yen resulting from such adjustment shall be rounded up to the nearest yen.

$$\begin{array}{rcl}
 \text{Exercise Price after adjustment} & = & \frac{\text{Exercise Price before adjustment} \times \left( \frac{\text{Number of newly issued shares}}{\text{Number of shares outstanding} + \text{Number of newly issued shares}} \right) \times \text{Paid-in value per share}}{\text{Market price per share}}
 \end{array}$$

In the formula above, the “Number of shares outstanding” shall mean the number of issued shares of the Company’s common stock less the number of shares of treasury stock relative to common stock, and in case of disposal of the shares of treasury stock, “newly issued shares” shall be read as “shares of treasury stock to be disposed of.”

iii) Furthermore, in addition to the cases above, in case the Company conducts an allocation without charge to common shareholders for stocks of other classes, distributes dividends to common shareholders of other companies’ shares or if the Exercise Price needs to be adjusted otherwise according to the cases above after the Allotment Date, the Company shall appropriately adjust the Exercise Price to a reasonable extent with due consideration to the conditions of such an allocation or distribution of dividends.

### 3) The period during which the stock acquisition rights may be exercised

The period during which the stock acquisition rights may be exercised shall be two (2) years from the day on which three (3) years have elapsed after the Allocation Date.

### 4) Matters regarding increases in capital stock and legal capital surplus in case of the issuance of shares through the exercise of stock acquisition rights

- (i) The amount of capital stock to be increased in case of the issuance of shares through the exercise of the stock acquisition rights shall be one-half (1/2) of the maximum increasable amount of capital stock, etc., calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules, and any fraction less than one (1) yen arising from the calculation shall be rounded up to the nearest yen.
- (ii) The amount of legal capital surplus to be increased in case of the issuance of shares through the exercise of the stock acquisition rights shall be the maximum increasable amount of capital stock, etc., in Paragraph (i) above less the amount of capital stock to be increased provided in (i) above.

5) Restriction on the acquisition of the stock acquisition rights by assignment

Approval of the Board of Directors shall be required for the acquisition of the stock acquisition rights by assignment.

6) Acquisition clauses for the stock acquisition rights

If a proposal that falls under any of the following i), ii), iii), iv) or v) is approved by a general meeting of shareholders of the Company (or in case a resolution of the Board of Directors is adopted if a resolution by the general meeting of shareholders is unnecessary), the Company may acquire the stock acquisition rights without contribution on a day otherwise determined by the Board of Directors.

- i) Proposal on approval of a merger agreement, according to which the Company will cease to exist;
- ii) Proposal on approval of a company split agreement or a company split plan, according to which the Company becomes a split company;
- iii) Proposal on approval of a share exchange agreement or share transfer plan, according to which the Company becomes a wholly owned subsidiary of another company;
- iv) Proposal on approval of a change to the Articles of Incorporation to set a provision that stipulates the necessity of the Company's approval on the acquisition of the shares by assignment as a requirement of all the shares issued by the Company; or
- v) Proposal on approval of any change to the Articles of Incorporation to set provisions that stipulate the necessity of the Company's approval on the acquisition of such type of shares by assignment, or the acquisition of all such type of shares by the Company in accordance with a resolution of a general meeting of shareholders as a requirement of the type of shares under the stock acquisition rights.

7) Decision policy regarding details of the issuance of the stock acquisition rights of the Restructuring Target Company in organizational restructuring

In case the Company conducts a merger (limited to the case in which the Company is to be extinguished due to a merger); an absorption-type company split (*kyushu bunkatsu*) or an incorporation-type company split (*shinsetsu bunkatsu*; limited to the case in which the Company becomes a split company in both); or a share exchange or a share transfer (limited to the case in which the Company becomes a wholly owned subsidiary of another company; collectively an "Organizational Restructuring Action"), the Company shall issue the stock acquisition rights of the joint-stock company (the "Restructuring Target Company"), which falls under any of Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act, to those who hold the stock acquisition rights remaining (the "Remaining Stock Acquisition Rights") just before the effective date of the Organizational Restructuring Action (the day on which the merger comes into effect in case of an absorption-type merger; the day on which a new company is incorporated in case of a merger by

new incorporation (*shinsetsu gappei*); the day on which the split comes into effect in case of an absorption-type split; the day on which a new company is incorporated in case of an incorporation-type company split; the day on which the share exchange comes into effect in case of a share exchange; and the day on which a wholly owning parent company is established in case of a share exchange), in every case, in accordance with the following conditions. Provided, however, that this treatment of the stock options shall apply to cases in which the issuance of stock acquisition rights of the Restructuring Target Company in accordance with the following conditions is clearly stipulated for each case in the agreement of a merger, the agreement of a merger by new incorporation, the agreement of an absorption-type company split, the plan on an incorporation-type company split, the agreement of a share exchange or a plan on a share transfer.

- i) Number of the stock acquisition rights of the Restructuring Target Company to be issued  
The stock acquisition rights of the Restructuring Target Company, which equals to the number of the Remaining Stock Acquisition Rights held by those to whom the stock acquisition rights are allotted shall be issued, in every case.
- ii) Type of the shares of the Restructuring Target Company under the stock acquisition rights  
Shares of the common stock of the Restructuring Target Company
- iii) Number of the shares of the Restructuring Target Company under the stock acquisition rights  
The corresponding number shall be decided according to Paragraph 1) above in light of the conditions of the Organizational Restructuring Action concerned.
- iv) Value of the assets to be invested upon the exercise of the stock acquisition rights  
The value of the assets to be invested upon the exercise of the stock acquisition rights issued shall be the amount that is equal to the product of (i) the paid-in value to be adjusted after restructuring in light of the conditions for the Organizational Restructuring Action such as the Exercise Price determined in Paragraph 2), and (ii) the number of shares under the stock acquisition rights concerned, which is determined according to Paragraph iii) above.
- v) The period during which the stock acquisition rights may be exercised  
The period during which the stock acquisition rights may be exercised shall be from the start date of the period during which the stock acquisition rights set forth in Paragraph 3) above may be exercised or the effective date of the Organizational Restructuring Action, whichever is later, to the maturity of the period during which the stock acquisition rights set forth in Paragraph 3) above may be exercised.
- vi) Matters regarding increases in capital stock and legal capital surplus in case of the issuance of shares through the exercise of stock acquisition rights  
Such matters shall be determined according to Paragraph 4) above.
- vii) Restriction on the acquisition of the stock acquisition rights by assignment  
Approval of the Restructuring Target Company shall be required for the acquisition of the stock acquisition rights by assignment.
- viii) Acquisition clauses for the stock acquisition rights

Such clauses shall be determined according to Paragraph 6) above.

ix) Other conditions for the exercise of the stock acquisition rights

Such conditions shall be determined according to Paragraph 9) below.

8) Treatment of fractions resulting from the exercise of the stock acquisition rights

Any fraction less than one (1) share with regard to the shares to be issued to those to whom the stock acquisition rights are allotted upon the exercise of the stock acquisition rights shall be truncated.

9) Other conditions for the exercise of the stock acquisition rights

If a person to whom the stock acquisition rights are allotted waives his/her stock acquisition rights, he/she can no longer exercise his/her stock acquisition rights.

-End of Reference Document for the General Meeting of Shareholders-