

Securities Code: 5208

June 13, 2017

To our shareholders:

Yuta Arisawa
President and Representative Director
Arisawa Mfg. Co., Ltd.
5-5 Minami-honcho 1-chome, Joetsu-shi, Niigata

Notice of the 69th Annual General Meeting of Shareholders

You are cordially invited to attend the 69th Annual General Meeting of Shareholders of Arisawa Mfg. Co., Ltd. (the “Company”), which will be held as stated below.

If you are unable to attend the meeting, you may exercise your voting rights in writing. Please consider the Reference Documents for General Meeting of Shareholders below and indicate your vote of approval or disapproval of each proposal on the enclosed voting form, and return it so that it arrives at the Company no later than 5:00 p.m. on Tuesday, June 27, 2017 (JST).

1. Date and Time: Wednesday, June 28, 2017 at 10:00 a.m. (Reception will open at 9:00 a.m.) (JST)

2. Venue: Conference Room, Head Office of the Company
5-5 Minami-honcho 1-chome, Joetsu-shi, Niigata

3. Purpose of the Meeting

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 69th Fiscal Year (April 1, 2016 to March 31, 2017) and Audit Reports of Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-consolidated Financial Statements for the 69th Fiscal Year (April 1, 2016 to March 31, 2017)

Matters to be resolved:

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| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Election of Seven Directors |
| Proposal No. 3 | Election of Two Substitute Corporate Auditors |
| Proposal No. 4 | Issuance of Subscription Rights to Shares for Employees, etc. as Stock Options |
| Proposal No. 5 | Continuation of Countermeasures Against Large-Scale Purchases of the Company’s Shares (Takeover Defense Measures) |

4. Arrangements Concerning Convocation of the Meeting

If you exercise your voting rights by proxy, another shareholder with a voting right may attend General Meeting of Shareholders as your proxy. In this case, please note that the proxy is requested to submit a written document certifying the authority of proxy.

When attending on the day of the meeting, please submit the enclosed voting form to reception.

Any changes in the Reference Documents for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Company’s website (<http://www.arisawa.co.jp/>).

Reference Documents for General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

With regard to the appropriation of surplus, the Company deems the return of earnings to shareholders an important management issue in line with the basic policy of maintaining stable dividends while considering the strengthening of its corporate structure and the development of future business. The proposed year-end dividend and other appropriation of surplus are as follows:

1. Year-end dividends
 - (1) Type of dividend property
Cash
 - (2) Allotment of dividend property and their aggregate amount
The Company proposes to pay a dividend of ¥20 per common share of the Company.
Total amount: ¥713,461,760
 - (3) Effective date of payment of surplus available for dividends
June 29, 2017
2. Other appropriation of surplus
 - (1) Item of surplus to be increased and amount of increase
General reserve: ¥3,000,000,000
 - (2) Item of surplus to be decreased and amount of decrease
Retained earnings brought forward: ¥3,000,000,000

Proposal No. 2 Election of Seven Directors

At the conclusion of the Annual General Meeting of Shareholders, the terms of office of all Directors will expire. Therefore, the Company proposes the election of seven Directors.

The candidates for Director are as follows, and their carrier summaries, etc. are those as of June 1, 2017:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Sanji Arisawa (July 7, 1942)	<p>Apr. 1986 Joined the Company as General Manager, Development Dept.</p> <p>July 1987 Director</p> <p>June 1989 Managing Director</p> <p>June 1992 Senior Managing Director</p> <p>June 1995 President and Representative Director</p> <p>June 2003 Chief Executive Officer (CEO) (current position)</p> <p>June 2014 Chairman and Representative Director (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>President and Representative Director, Protec International Holdings Co., Ltd.</p> <p>Director and Chairman, Protec Arisawa Europe, S.A.</p> <p>Director, NIPPON SEIKI CO., LTD.</p>	469,531 shares
2	Yuta Arisawa (July 25, 1969)	<p>Apr. 1992 Joined Mitsubishi Electric Corporation</p> <p>Feb. 2002 Joined JPMorgan Securities Japan Co., Ltd.</p> <p>Aug. 2003 Joined the Company</p> <p>Apr. 2007 Assistant General Manager, Manufacturing Dept.</p> <p>Apr. 2009 Operating Officer</p> <p>June 2010 Director and Senior Operating Officer</p> <p>June 2011 Director and Senior Managing Operating Officer</p> <p>June 2014 President and Representative Director (current position)</p> <p>June 2015 Chief Operating Officer (COO) (current position)</p>	69,709 shares
3	Yoshihiko Toda (January 24, 1958)	<p>Mar. 1981 Joined the Company</p> <p>July 1996 General Manager, Tokyo Branch</p> <p>June 2008 Operating Officer</p> <p>June 2014 Director and Senior Operating Officer</p> <p>Division Chief, Electrical Insulating & Composite Materials Business Division; in charge of Electrical Insulating & Composite Materials Sales Dept. (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>President and Representative Director, Arisawa Fiber Glass Co., Ltd.</p> <p>President and Representative Director, Arisawa Jushi Kogyo Co., Ltd.</p> <p>President and Representative Director, NB Optic, Co., Ltd.</p>	18,466 shares

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	Osamu Nakajima (June 5, 1965)	<p>Apr. 1989 Joined Mitsui & Co., Ltd.</p> <p>May 2011 Department Manager, Solar Business Div., Functional Chemicals Business Unit</p> <p>Apr. 2013 Department Manager, Advanced Materials Div., Functional Chemicals Business Unit</p> <p>July 2014 Department Manager, Business Development Div., Basic Chemicals Business Unit</p> <p>Oct. 2015 Joined the Company as General Manager, Electronic Materials Sales Dept.</p> <p>Oct. 2015 Operating Officer in charge of Electronic Materials Sales Dept.</p> <p>June 2016 Director and Senior Operating Officer, Division Chief, Electronic Materials Business Division; in charge of Electronic Materials Sales Dept. (current position)</p>	1,114 shares
5	* Hidetaka Nonami (May 30, 1958)	<p>Apr. 1983 Joined Toshiba Corporation</p> <p>Apr. 2000 Vice President, Toshiba America Business Solutions, Inc.</p> <p>Apr. 2003 General Manager, MFP Business Division, Document Processing & Telecommunication Systems Company, TOSHIBA TEC CORPORATION</p> <p>Apr. 2011 General Manager, Emerging Countries Division, Global Solutions Business Group</p> <p>June 2012 Vice President, Chief Marketing Executive, Global Solutions Business Group</p> <p>Apr. 2015 Vice President, Deputy Managing Director, Printing Solutions Business Group</p> <p>July 2016 Audit & Supervisory Board Member</p> <p>Sept. 2016 Joined the Company as Assistant Division Chief, Administration Division</p> <p>Sept. 2016 Operating Officer; Deputy Division Chief, Administration Division; in charge of General Affairs Dept., Manufacturing Engineering Dept., and Quality Assurance Dept. (current position)</p>	176 shares
6	Katsuchika Goto (November 20, 1944)	<p>June 1972 Joined GA Saxton & Co., New York</p> <p>Apr. 1987 Senior Analyst, SG Warburg Securities, Inc (Tokyo)</p> <p>Apr. 1994 Managing Director and General Manager (Research Dept.), Smith Barney, Inc.</p> <p>Dec. 1998 Senior Adviser, Government of Singapore Investment Corporation Private Limited</p> <p>Mar. 2004 Representative Director, Unipulse Corporation</p> <p>June 2010 Director, the Company (current position)</p>	17,000 shares

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7	* Yutaka Tsukahara (December 21, 1945)	<p>Apr. 1968 Joined Fuji Heavy Industries Ltd. (presently Subaru Corporation)</p> <p>June 1999 Vice President and Senior General Manager, Japan Sales & Marketing Div.</p> <p>June 2001 Senior Vice President and Chief General Manager, Japan Region, Subaru Sales & Marketing Div.</p> <p>June 2003 Senior Vice President and Chief General Manager, Subaru Product & Portfolio Planning Div.</p> <p>May 2005 President and Representative Director, Tokyo Subaru Inc.</p> <p>June 2010 Retired as President and Representative Director</p>	1,000 shares

- Notes:
1. New candidates for Director are indicated by an asterisk (*).
 2. There is no special interest between any of the candidates for Director and the Company.
 3. The number of the Company's shares owned is based on the shareholder register as of March 31, 2017.
 4. The number of the Company's shares owned by each candidate for Director includes those acquired through the stock ownership schemes.
 5. Among the candidates for Director, Katsuchika Goto and Yutaka Tsukahara are candidates for outside Director. Katsuchika Goto was nominated as a candidate for outside Director in the expectation that his viewpoint, based on wide-ranging and highly developed knowledge as a manager and long years of extensive experience, would act as a valuable oversight and checking function. At the conclusion of this Annual General Meeting of Shareholders, his tenure as outside Director of the Company will have been seven years. Yutaka Tsukahara was nominated as a candidate for outside Director in the expectation that his viewpoint, based on wide-ranging and highly developed knowledge as a manager and his long years of extensive experience cultivated through his involvement in the management of Subaru Corporation and Tokyo Subaru Inc., would act as a valuable oversight and checking function.
 6. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Katsuchika Goto has currently been designated as an independent officer.
 7. Yutaka Tsukahara is a candidate to be appointed as independent officer as provided for by Tokyo Stock Exchange, Inc.
 8. The Company has concluded a limited liability agreement with outside Director candidate Katsuchika Goto and intends to extend this agreement if Katsuchika Goto is reelected. If the election of Yutaka Tsukahara is approved, the Company intends to enter into a limited liability agreement with him pursuant to the provisions of Article 427, paragraph 1 of the Companies Act. The outline of the details of the limited liability agreements with both Katsuchika Goto and Yutaka Tsukahara is as follows:
 - If liable to the Company for failing to perform duties as an outside Director, the maximum amount of liability for compensation for damage to the Company shall be the Minimum Liability Amount provided in Article 425, paragraph 1 of the Companies Act.
 - The said limited liability agreement shall be effective as long as the outside Director had acted in good faith and without gross negligence in performing their duties that caused the damage.

Proposal No. 3 Election of Two Substitute Corporate Auditors

The Company proposes the election of two substitute Corporate Auditors in advance to be ready to fill vacant positions should the number of Corporate Auditors fall below the number required by laws and regulations. The consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidates for substitute Corporate Auditor are as follows: Yukio Takashima is to be elected as a substitute for Corporate Auditor Koji Ohta, and Hideyuki Baba is to be elected as a substitute for outside Corporate Auditors Hiroshi Miyashita and Nobuya Tanaka.

The Company shall reserve the right to nullify the validity of their election by resolution of the Board of Directors as long as the consent of the Board of Corporate Auditors is obtained; provided, however, that it is only in a time before they assume office.

The candidates for substitute Corporate Auditor are as follows, and their carrier summaries, etc. are those as of June 1, 2017.

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Yukio Takashima (October 30, 1949)	Mar. 1972 Joined the Company July 1996 General Manager, Manufacturing Dept. 1 June 1998 Director June 2001 Managing Director June 2003 Managing Director and Senior Operating Officer June 2003 President and Representative Director, Arisawa Fiber Glass Co., Ltd. June 2005 Director and Senior Operating Officer, the Company June 2014 Director and Senior Managing Operating Officer May 2017 Retired as President and Representative Director, Arisawa Fiber Glass Co., Ltd. (Significant concurrent positions outside the Company) Director, Polatechno Co., Ltd.	54,887 shares
2	Hideyuki Baba (March 29, 1964)	Apr. 1998 Registered at Niigata Bar Association Apr. 2003 Representative, Hideyuki Baba Law Office (current position)	- shares

- Notes:
- There is no special interest between any of the candidates for substitute outside Corporate Auditor and the Company other than the monthly payment of advisory fees of ¥35,000 to Hideyuki Baba for legal advisory.
 - The number of the Company's shares owned is based on the shareholder register as of March 31, 2017.
 - Hideyuki Baba is a candidate for substitute outside Corporate Auditor.
He was nominated as a candidate for substitute outside Corporate Auditor in the expectation that he would use his advanced professional knowledge as an attorney at law for the Company's compliance. He has never been directly involved in the management of a company in the past. However, the Company judges he will appropriately fulfill his duties as an outside Corporate Auditor based on the above reasons.
 - If Hideyuki Baba is elected as outside Corporate Auditor, the Company intends to conclude a limited liability agreement pursuant to Article 427, paragraph 1 of the Companies Act, and the outline of the limited liability agreement is as follows:
 - If liable to the Company for failing to perform duties as an outside Corporate Auditor, the maximum amount of liability for compensation for damage to the Company shall be the Minimum Liability Amount provided in Article 425, paragraph 1 of the Companies Act.
 - The said limited liability agreement shall be effective as long as the person had acted in good faith and without gross negligence in performing his duties that caused the damage.

Proposal No. 4 Issuance of Subscription Rights to Shares for Employees, etc. as Stock Options

The Company proposes to delegate to the Company's Board of Directors determining the terms and conditions for allocating subscription rights to shares issued as stock options for the employees of the Company, etc. pursuant to Article 236, Article 238 and Article 239 of the Companies Act.

1. Reason for the need for offering subscription rights to shares under particularly favorable terms
The purpose of issuing subscription rights to shares in gratis as stock options to employees and advisors of the Company and Directors and employees of wholly owned subsidiaries is to further increase motivation and morale concerning the performance of the Company group (the "Group") and to secure talented personnel.
2. Content of the subscription rights to shares

- (1) Eligible persons for subscription rights to shares to be allocated

Employees and advisors of the Company and Directors and employees of wholly owned subsidiaries who are approved by the Company's Board of Directors

- (2) Number of subscription rights to shares to be issued

Up to 2,353 (100 shares per subscription right to shares)

- (3) Number of shares underlying the subscription rights to shares

Up to a total of 235,300 shares

- (4) Amount of payment for the subscription rights to shares, method of calculation thereof, and need for payment

Issued in gratis, no need for payment.

- (5) Total amount payable upon exercise of subscription rights to shares and method of calculation

The amount to be paid when exercising subscription rights to shares is the amount obtained by multiplying the amount to be paid per share determined on the day of allotment of subscription rights to shares ("payment amount") by the number of shares underlying each subscription right to shares. The payment amount shall be the amount obtained by multiplying the simple average of the closing price of the Company's shares in regular trading on the Tokyo Stock Exchange on the day of allotment of subscription rights to shares and the six days immediately preceding that date (or the seven days immediately preceding that date if there is no closing price on that date) by 1.05. Any amount less than one yen shall be rounded up to the nearest yen. However, if that amount is less than the closing price on the day of allotment of the subscription rights to shares (or the immediately preceding closing price if there is no closing price on the day of allotment), the closing price of the day of allotment of subscription rights to shares shall be used.

The following equation shall be used to adjust the payment amount if the Company performs a share split or share consolidation after issuing the subscription rights to shares. Any amount adjusted shall be rounded up to the nearest yen.

$$\text{Adjusted payment amount} = \text{Payment amount before adjustment} \times \frac{1}{\text{Ratio of share split or consolidation}}$$

Furthermore, the following equation shall be used to adjust the payment amount if the Company issues new shares at an amount less than market value (excluding the issuance of new shares due to the exercise of stock options) or disposes of treasury shares. Any amount adjusted shall be rounded up to the nearest yen.

$$\text{Adjusted payment amount} = \text{Payment amount before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{Payment amount per share}}{\text{Market value per share}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

"Number of shares newly issued" shall be replaced by "Number of treasury shares disposed of" when disposing of treasury shares.

- (6) Exercise period

From July 1, 2019 until June 30, 2022

- (7) Conditions for the exercise of subscription rights to shares

- (i) A person who has received allotment of subscription rights to shares shall have the status of Director, advisor or employee of the Company or Director, advisor or employee of a subsidiary of the Company when exercising the rights.
 - (ii) The rights shall not be assigned, pledged, otherwise disposed of or inherited.
- (8) Matters related to the increase in capital stock and legal capital surplus when issuing shares due to the exercise of subscription rights to shares
 - (i) If shares are issued due to the exercise of stock options, common stock shall increase by half the limit for increase in common stock calculated pursuant to Article 17, paragraph 1 of the Ordinance on Accounting of Companies. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) If shares are issued due to the exercise of stock options, additional paid-in capital shall increase by the amount remaining after deducting the increase in common stock prescribed in (i) from the limit for increase in common stock in (i).
- (9) Provisions for the acquisition of subscription rights to shares

The Company may acquire free of charge subscription rights to shares in respect of items below if approved by General Meeting of Shareholders unless the obligation of granting subscription rights to shares is succeeded by the surviving company (in case of (i)) or the Company's wholly owning parent company (in case of (ii)): (i) Proposal for approval of a merger agreement under which the Company is to be dissolved; (ii) Proposal for approval of a share exchange agreement or share transfer plan under which the Company is to become a wholly owned subsidiary.
- (10) Restrictions applicable to the acquisition of subscription rights to shares by transfer

Approval is required by resolution of the Board of Directors for the acquisition of subscription rights to shares by transfer of ownership.
- (11) Other matters pertaining to offering subscription rights to shares shall be determined in meetings of the Board of Directors separately held.

Proposal No. 5 Continuation of Countermeasures Against Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)

The Company has continued the "Countermeasures Against Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)" based on the resolution at the 67th Annual General Meeting of Shareholders, but as these countermeasures have a so-called sunset clause with an effective period of around two years, and as its expiration is approaching, the Company proposes a continuation based on the Company's Articles of Incorporation.

In addition, for the continuation of these countermeasures some formal revisions such as the wording were made, but the requirements and procedures follow the content previously approved. The main aims are to prevent the disorderly purchases, to present rules and procedures, which require persons carrying out purchases or proposing such purchases to disclose necessary and sufficient information, and to secure time for validation and consideration of such proposals. Meanwhile, through asking the opinion of shareholders directly at a general meeting of shareholders or other occasions when invoking countermeasures against purchases, arbitrary judgments by Directors of the Company has been precluded. Moreover, with regard to the so-called sunset clause with an effective period of around two years, this has been treated in the same way, with the details being as follows.

1. Purpose of the introduction of countermeasures

The Company, since its founding in 1909, has been working on technological innovations and product development to build up unique technologies that integrate the "weaving, coating and molding" elements of its expertise while consistently fulfilling customer needs, thereby increasing its corporate value under favorable labor-management climate. The Company's Board of Directors believes that the Company is obligated to adhere to such time-honored principle of nurturing technological accumulation and also to understand, foster and enhance the said corporate value in the long run.

However, in recent years the stock market has seen examples of third parties forcibly carrying out large-scale purchases of shares without going through sufficient explanatory or consultative procedures with the shareholders or managements of the target companies, which in many cases has been an approach undermining the common interest of the shareholders such as a loss of corporate value or forced selling of shares.

The Board of Directors believes that, given the context that the shares are listed on the stock market to allow the unhindered buying and selling of the Company's shares, even in situations involving large-scale purchases of shares that go against the will of the Board of Directors or proposals to purchase shares that involve a transfer of the Company's management control, the Board of Directors should not reject cases in which the outcome is an increase in corporate value that profits all shareholders, but rather that ultimately any response should be based on the judgment of all the shareholders of the Company. The Board of Directors believes that, in the event of such a large-scale purchase of the Company's shares, or similar actions, or proposals for such actions (hereinafter collectively referred to as "Purchase"), the optimum policy is that, in order that the shareholders are able to form an appropriate judgment, the party carrying out such Purchase or the proposer of such Purchase (hereinafter collectively referred to as "Purchaser") shall be required to submit detailed information so that sufficient information can be disclosed to all shareholders and the Board of Directors shall express its opinion, and the shareholders make a direct declaration of intent at a general meeting of shareholders, etc. regarding which of the arguments will be more likely to lead to corporate value and common interests of shareholders being secured and enhanced. To achieve this, the Company judges it necessary to present rules and procedures that must be complied with by the Purchaser in order to ensure the disclosure of sufficient and necessary information, and to secure a sufficient period of time to examine and consider the Purchase proposal, and has accordingly formulated Countermeasures Against Large-Scale Purchases of the Company's Shares (hereinafter the "Rules").

In the event that the exercise of the countermeasures is approved by a general meeting of shareholders to confirm the shareholders' intention, etc., or in cases where the Purchaser fails to comply with the Rules or where it is clear that the Purchase would harm the corporate value of the Company, the countermeasures shall be invoked in accordance with the Rules.

Also, in the event that the exercise of the countermeasures is rejected by a general meeting of shareholders to confirm the shareholders' intention, etc., or if as a result of the proposal of the Purchaser being examined and negotiations being conducted with the Purchaser in accordance with the Rules, the Board of Directors of the Company deems that the proposal of the Purchaser would lead to an enhancement of corporate value that

profits all shareholders, an announcement to that effect shall be made promptly and the countermeasures shall not be invoked.

2. Details of the Rules

(1) Details of countermeasures

In the event that a Purchaser appears and, after complying with the procedures prescribed by the Rules, it is concluded that the countermeasures should be invoked, the Purchaser's ownership ratio of the Company's share certificates etc. shall be reduced by the allotment of subscription rights to shares (hereinafter the "Subscription Rights to Shares") without contribution with the following conditions.

- (i) It shall be a condition that the exercise of rights by the Purchaser shall not be permitted.
- (ii) A clause concerning acquisition shall be attached to the effect that the Company may acquire the Subscription Rights to Shares from persons other than the Purchaser in exchange for shares of the Company

(2) Procedure when invoking countermeasures

(i) Purchases subject to the Rules

Excluding those cases that the Board of Directors of the Company has deemed to not run counter to corporate value and conflict with the common interest of shareholders, the Rules shall be applied to the following Purchases. The terms and concepts used in a. and b. conform to the definitions shown in Chapter II-3 of the Financial Instruments and Exchange Act "Disclosure of the Status of Large-Volume Holdings in Share Certificates, etc."

- a. A Purchase resulting in the ownership ratio of share certificates, etc. of the holder becoming 20% or more of the share certificates, etc. issued by the Company.
- b. A tender offer resulting in the sum of the ownership ratio of shares certificates, etc. involved in the tender offer and of the ownership ratio of shares certificates, etc. of specially related parties with the Purchaser becoming 20% or more of share certificates, etc. issued by the Company.

(ii) Obligations by and request to the Purchaser for the submission of information

A Purchaser carrying out a Purchase as prescribed in "(i) Purchases subject to the Rules" shall, before carrying out said Purchase, submit all of the information necessary to consider the content of the Purchaser's Purchase (hereinafter the "Necessary Information") as prescribed below, in writing, in the Japanese language (hereinafter the "Explanatory Statement"), and in the format specified by the Company, including a statement pledging to comply with the procedures laid out in the Rules for the occasion of such Purchases.

In the event that the Board of Directors of the Company considers the Necessary Information contained in the Explanatory Statement to be insufficient, it may, having set an appropriate deadline for a response, request that the Purchaser submit additional information. In such cases, the Purchaser is under the obligation to submit the requested information before the deadline.

In addition, the Rules stipulate that the Purchaser shall refrain from carrying out a Purchase until the Board of Directors of the Company passes a resolution relating to the suspension of the allotment of the Subscription Rights to Shares without contribution.

In the event that the Purchaser is recognized to have failed to abide by the obligations of the Rules and to have begun a purchase, the countermeasures shall be invoked at the discretion of the Board of Directors of the Company.

- a. Details (including specific name, capital structure and description of financial conditions, etc.) of the Purchaser and its groups (including joint holders, specially related parties and, in the case of a fund, partners and other members)
- b. Purpose, method and details of the Purchase (including the type and amount of the consideration of Purchase, the timing of the Purchase, the structure of any related transactions, the legality of the method of Purchase and the feasibility of the Purchase)
- c. Basis for the calculation of Purchase price (including the facts underpinning the calculation assumptions, the method of calculation, the numerical data used in the calculation, and the estimated effects arising from the series of transactions related to the Purchase and the basis for said calculation with the estimated effects proportioned to minority interests and the basis for that calculation, etc., thereof)

- d. Sources of the funding of the Purchase (including specific names of the fund providers (including the substantial providers), financing method, and the details of related transactions)
 - e. Management policy, business plan, capital policy, and dividend policy of the Company and the Group after the Purchase
 - f. The policy regarding the treatment of employees, business partners, customers and local communities of the Company and the Group, and other stakeholders of the Company after the Purchase
 - g. Specific measures to avoid any conflict of interest with other shareholders of the Company in the event that it arises
 - h. Any other information that the Board of Directors of the Company may reasonably considers necessary
- (iii) Examination of the Explanatory Statement and Purchaser's obligation to negotiate
- The Board of Directors of the Company shall, upon receipt of an Explanatory Statement containing the Necessary Information prescribed in the above-mentioned "(ii) Obligations and request of the Purchaser for the submission of information" (hereinafter "Appropriate Explanatory Statement"), immediately make an announcement to that effect, begin examining the Necessary Information and commence negotiations with the Purchaser. The Purchaser is obligated to respond promptly to requests from the Board of Directors of the Company for discussion or negotiation, or for submission of materials for consideration.
- (iv) Determining the record date for extraordinary confirmation of the shareholder register
- At the stage that the Board of Directors of the Company determines that it is necessary to invoke the countermeasures, it shall, as part of the procedure to confirm the intent of shareholders, fix a record date for the extraordinary confirmation of the shareholder register (hereinafter "Register Record Date"), and make a public announcement to that effect no later than two weeks before the Register Record Date.
- (v) Opinion of the Board of Directors and creation of alternative proposal
- In order for shareholders to precisely determine whether the Purchase proposal contributes to the enhancement of corporate value and the common interests of shareholders, the Board of Directors of the Company shall, after taking receipt of the Appropriate Explanatory Statement, and within the time determined by the Board of Directors of the Company as being necessary to examine the Purchase proposal (60 calendar days in the case of a Purchase of all the Company's shares through a tender offer for cash consideration only (yen value) and 90 days in the case of other large-scale purchases; hereinafter "Examination Period"), make notification of the opinion of the Board of Directors of the Company with regard to the Purchase proposal, and as necessary clearly specify the Company's alternative proposal for a comparison with the Purchase proposal.
- Furthermore, when the Board of Directors of the Company forms its opinion and creates the alternative proposal, it will make efforts to exclude any arbitrary judgments of Directors of the Company from its evaluation and the alternative proposal of the Purchase proposal, for example, by taking advice from external specialists as necessary.
- Also, if as a result of the proposal of the Purchaser being examined and negotiations being conducted with the Purchaser in accordance with the Rules, the Board of Directors of the Company deems that the proposal of the Purchaser would lead to an enhancement of corporate value that profits all shareholders, an announcement to that effect shall be made promptly and the countermeasures shall not be invoked.
- (vi) Procedures for confirming the shareholders' intention
- Under the Rules, the Company shall confirm the shareholders' intention whether or not to approve the issuance of the Subscription Rights to Shares for the purpose of invoking the countermeasures, after consideration of the Purchase proposal and the opinion and alternative proposal by the Board of Directors of the Company, at an annual or extraordinary General Meeting of Shareholders (hereinafter "General Meeting to Confirm Shareholders' Intention").
- a. General Meeting to Confirm Shareholders' Intentions
- The General Meeting to Confirm Shareholders' Intention shall be held within 45 days of the Board of Directors of the Company expressing its opinion in principle. However, if for procedural reasons it cannot be held within the said period, it shall be held on the soonest

possible date, with the convening procedures and methods for exercising voting rights at the said meeting complying with those of annual general meeting of shareholders prescribed in laws and regulations and the Company's Articles of Incorporation.

- b. Shareholders who may exercise voting rights
Shareholders who may exercise voting rights at the General Meeting to Confirm Shareholders' Intention shall be those shareholders registered or recorded in the final shareholder register on the Register Record Date fixed by the Board of Directors of the Company.
- c. Method for passing resolutions
At the General Meeting to Confirm Shareholders' Intention, in accordance with the provisions of Article 17, paragraph 1 of the Company's Articles of Incorporation, resolutions shall be carried by a majority of the voting rights of the shareholders present who are able to exercise their votes, including those exercising their vote in writing.
- d. Changes to the Register Record Date or postponement of General Meeting to Confirm Shareholders' Intention
In the event of important changes arising in the information, etc. used by shareholders to form a judgment at the General Meeting to Confirm Shareholders' Intention, the Board of Directors of the Company may change the Register Record Date, or postpone or cancel the General Meeting to Confirm Shareholders' Intention.
- e. Reporting the outcome of the General Meeting to Confirm Shareholders' Intention
As soon as the outcome of confirming the shareholders' intention has been made clear, it shall be disclosed.

(vii) Resolution of the Board of Directors

In the event that the Purchaser does not withdraw their Purchase, the Board of Directors of the Company shall, in accordance with the result of the procedure to confirm shareholders' intention, promptly pass a resolution relating to whether or not to implement the allotment of the Subscription Rights to Shares without contribution and additionally disclose the details of the resolution.

The Rules stipulate that the Purchaser shall refrain from carrying out a Purchase until the Board of Directors of the Company passes a resolution relating to the suspension of the allotment of the Subscription Rights to Shares without contribution.

Moreover, in the event that after the Board of Directors of the Company passes a resolution for the allotment of the Subscription Rights to Shares without contribution and either situation a. or situation b. below arises, the Board of Directors of the Company may i) pass a resolution to the effect that it may suspend the allotment of the Subscription Rights to Shares without contribution before the exercise period of the Subscription Rights to Shares starts, ii) pass a resolution to the effect that it may purchase these Subscription Rights to Shares without contribution after the effective date of the allotment of the Subscription Rights to Shares without contribution.

In addition, in the event that such a resolution is passed, the details of the resolution and other related matters shall be disclosed promptly.

- a. Cases where the Purchaser withdraws their Purchase after the resolution to make an allotment without contribution has been passed, or other situations in which the Purchase itself ceases to exist
- b. Cases where changes arise in the relevant facts of the situation leading up to the resolution approving the allotment of the Subscription Rights to Shares without contribution, and the Purchase by the Purchaser does not fall under any of the requirements provided for in "(3) Requirements when invoking countermeasures based on the judgment of the Board of Directors" below, or cases that are inappropriate to implement or exercise the allotment of the Subscription Rights to Shares without contribution even if the Purchase has come under said requirements

(3) Requirements when invoking countermeasures based on the judgment of the Board of Directors

When the Board of Directors of the Company judges that the Purchase of the Purchaser falls under any of the following, it shall promptly invoke the countermeasures (allotment of the Subscription Rights to Shares without contribution), having made clear the basis for its judgment.

- (i) In cases where the Purchase has not complied with the procedures prescribed in the Rules

- (ii) The following Purchases that risk severely infringing the common interest of shareholders and the corporate value of the Company
 - a. Buying share certificates, etc. and demanding that the Company buy those shares back at a high price
 - b. Managing the Company for the profit of the Purchaser to the detriment of the Company itself, such as by gaining temporary control of the management of the Company and using it to acquire important assets of the Company at a low price
 - c. Diverting the assets of the Company to secure or repay debts of the Purchaser or its group company
 - d. Gaining temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Company's business and paying temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity from the sudden rise in share prices created by the temporarily high dividends
 - (iii) Certain Purchases that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning purchases of shares, including tender offers, in which no offer is made to purchase all shares in the initial purchase, and purchase terms for the second stage are set that are unfavorable or unclear)
- (4) Outline of the allotment of the Subscription Rights to Shares without contribution
- The outline of the allotment of the Subscription Rights to Shares without contribution is as follows.
- (i) Number of the Subscription Rights to Shares

The number of the Subscription Rights to Shares allotted shall be the same as the final total number of issued shares of the Company as of a certain date specified by the Board of Directors of the Company (hereinafter, the "Allotment Date") (excluding the number of shares of the Company held by the Company as of the said date), as determined by the resolution made by the Board of Directors of the Company with regard to the allocation of the Subscription Rights to Shares without contribution (hereinafter, the "Resolution Approving the Allotment of the Subscription Rights to Shares").
 - (ii) Shareholders eligible for allotment

The Subscription Rights to Shares shall be allotted without contribution to shareholders, other than the Company and excluding the Purchaser, etc., who are registered or recorded in the final shareholder register of the Company as of the Allotment Date, at the ratio of one Subscription Right to Shares per share held by the said shareholders.
 - (iii) Effective date of the allotment of the Subscription Rights to Shares without contribution

The effective date shall be the day separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Subscription Rights to Shares without contribution.
 - (iv) Number of shares subject to the Subscription Rights to Shares

The number of common shares of the Company subject to one Subscription Rights to Shares (hereinafter, "Target Number of Shares") shall be one share.
 - (v) Value of assets to be contributed upon exercise of the Subscription Rights to Shares

The type of assets to be contributed upon the exercise of the Subscription Rights to Shares shall be money and the amount of assets to be contributed upon the exercise of the Subscription Rights to Shares per common of the Company's share shall be the amount to be decided by the Board of Directors of the Company within a range of at least one yen and at most the equivalent of 50% of the market price of the Company's common share.

The market price shall mean the average of the closing price of the common share of the Company at the Tokyo Stock Exchange for the 90 days preceding the Resolution Approving the Allotment of the Subscription Rights to Shares (excluding days on which there were no transactions), with amounts less than one yen being rounded up to the nearest yen.
 - (vi) Exercise period of the Subscription Rights to Shares

The first day of the exercise period of the Subscription Rights to Shares shall be the effective date of the allotment without contribution (however, if the Board of Directors of the Company specified a different date instead of this, that date shall be used) and the period shall last for between one and

two months, as determined by the Board of Directors of the Company in the Resolution Approving the Allotment of the Subscription Rights to Shares.

However, in cases when the Company acquires the Subscription Rights to Shares in accordance with the provisions of “(ix) Acquisition of the Subscription Rights to Shares by the Company” below, the exercise period of the Subscription Rights to Shares thus acquired shall be up to the day immediately prior to the date of acquisition. Also, if the final day of the exercise period falls on a holiday of the entity handling the monetary payment to be made upon exercise, the previous business day shall be the final day.

(vii) Exercise conditions of the Subscription Rights to Shares

The following persons (hereinafter collectively referred to as “non-qualified persons”) shall not be able to exercise the Subscription Rights to Shares in principle.

- i) Specified large volume holders
- ii) Joint holders of specified large volume holders
- iii) Specified large volume purchasers
- iv) Specially related party of specified large volume purchasers
- v) Person who has received or succeeded the Subscription Rights to Shares from any of the above without obtaining the approval of the Board of Directors of the Company
- vi) Those associated with any of the above persons

In addition, a written undertaking in the format specified by the Company and including representations, warranties and undertakings, etc. regarding matters such as the fact that the person satisfies the exercise conditions of the Subscription Rights to Shares may be requested to submit to exercise the rights.

Further, the terms used above are defined as follows.

- a. “Specified large volume holder” shall mean a holder (including any party who falls under a holder under Article 27-23, paragraph 3 of the Financial Instruments and Exchange Act) of shares certificates, etc. (as defined in Article 27-23, paragraph 1 of the same Act; hereinafter unless otherwise provided for the same shall apply) issued by the Company whose shareholding ratio (as defined in Article 27-23, paragraph 4 of the same Act) in relation to the Company’s share certificates, etc. is 20% or more (including any party who is deemed to fall under this category by the Board of Directors of the Company).
- b. “Joint holder” shall mean a joint holder as defined in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Act and includes parties who are deemed as joint holders pursuant to the provisions of Article 27-23, paragraph 6 of the same Act (including any party who is deemed to fall under the above by the Board of Directors of the Company).
- c. “Specified large volume purchaser” shall mean a party who has given a public notice to the effect that it will carry out a purchase, etc. (as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; hereinafter the same shall apply in item c.) of share certificates, etc. (as defined in Article 27-2, paragraph 1 of the same Act; hereinafter the same shall apply in item c.) issued by the Company through a tender offer (as defined in Article 27-2, paragraph 6 of the same Act) and the aggregate sum of whose ownership ratio of share certificates, etc. (as defined in Article 27-2, paragraph 8 of the same Act; hereinafter the same shall apply in item c.) pertaining to its ownership after the said purchase, etc. (including similar ownership as prescribed in Article 7, paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act) as combined with the ownership ratio of share certificates, etc. of its specially related party is 20% or more.

However, such a party shall not fall under the category of specified large volume purchaser if the Board of Directors of the Company has determined that the purchasing or holding of share certificates, etc. of the Company by the party does not run counter to the corporate value of the Company or conflict with the common interest of shareholders (the Board of Directors of the Company may make such determination at any time. The Board of Directors of the Company determines that, under certain conditions, it does not run counter to the corporate value of the Company or conflict with the common interests of shareholders; provided, however, that this shall be limited to such conditions being fulfilled), or if the said party is a

party separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Subscription Rights to Shares.

- d. “Specially related party” shall mean a party as defined under Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act (including any party who is deemed to fall under this category by the Board of Directors of the Company).

However, the party set forth in item 1 of that paragraph shall exclude those who are prescribed in Article 3, paragraph 1 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer.

- e. “Related party” who is regarded as a non-qualified person shall mean a party who substantially controls, or is controlled by, or is under common control along with, the other party, including a party who is deemed by the Board of Directors of the Company to fall under this category, or a party who is determined by the Board of Directors of the Company to be acting in cooperation with the other party. “Control” shall mean “cases where a party controls decisions on financial and business policies” of other companies, etc. (as defined in Article 3 of the Ordinance for Enforcement of the Companies Act).

(viii) Restrictions on the transfer of the Subscription Rights to Shares

Any transfer of the Subscription Rights to Shares shall be subject to the approval of the Board of Directors of the Company.

(ix) Acquisition of the Subscription Rights to Shares by the Company

- a. At any time during the period until the day immediately prior to the day on which the exercise period of the Subscription Rights to Shares starts, if the acquisition of the Subscription Rights to Shares by the Company is deemed appropriate by the Board of Directors of the Company, on the date prescribed by the Board of Directors of the Company, the Company may acquire, without contribution, all of the Subscription Rights to Shares.

- b. On a day prescribed by the Board of Directors of the Company, from among the Subscription Rights to Shares held by persons other than those stipulated in “(vii) Exercise conditions of the Subscription Rights to Shares” as not being able to exercise the Subscription Rights to Shares, the Company may acquire all the Subscription Rights to Shares that have not been exercised until the day immediately prior to a date prescribed by the Board of Directors of the Company, and, in exchange, deliver one common share of the Company per Subscription Rights to Shares, up to the Target Number of Shares.

In addition, after the day on which the above acquisitions take place, if the existence of persons other than those stipulated in “(vii) Exercise conditions of the Subscription Rights to Shares” as not being able to exercise Subscription Rights to Shares is recognized by the Board of Directors of the Company, the Company may, on a day falling on a date determined by the Board of Directors of the Company after the date upon which the above-mentioned acquisition by the Company takes place, acquire all of the Subscription Rights to Shares held by those persons that have not been exercised until the day immediately prior to a date prescribed by the Board of Directors of the Company, and, in exchange, deliver one common share of the Company per Subscription Rights to Shares, up to the Target Number of Shares, and the same shall apply hereinafter.

(x) Issuance of the Subscription Rights to Shares certificates

Certificates representing the Subscription Rights to Shares will not be issued.

(xi) Revisions due to amendments in laws and regulations

The provisions of laws and regulations referred to the above are subject to the prevailing provisions as of June 1, 2017. If it becomes necessary after such date to amend the terms and conditions or definitions of terms set out in the paragraphs above due to the enactment, amendment or abolishment of laws and regulations, the Board of Directors of the Company may read the terms and conditions or definitions of terms set out in the paragraphs above accordingly as required to a reasonable extent, taking into consideration the purposes of such enactment, amendment or abolishment.

(5) Effective period, abolition, and changes of the Rules

The effective period of the Rules will expire at the Annual General Meeting of Shareholders of the Company to be held in 2019. However, even before the effective period expires, in the event that a

resolution to the effect that the Rules shall be abolished is passed at a general meeting of shareholders of the Company or at a meeting of the Board of Directors, the Rules shall be deemed abolished as of that time.

Also, in the event that a resolution to revise or change the Rules is passed before the expiration of the effective period at a general meeting of shareholders of the Company or at a meeting of the Board of Directors, the details of revisions, changes and other matters shall be disclosed promptly.

3. Rationale of the Rules

(1) Satisfying the requirements of the guidelines on takeover defense measures

The Rules satisfy all three principles prescribed in the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interest” jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 and are also congruent with the “Takeover Defense Measures in Light of Recent Environmental Changes” published by the Corporate Value Study Group on June 30, 2008.

(2) Shareholders’ direct judgment by resolution

As described in “1. Purpose of the introduction of countermeasures,” the Rules exist in order to confirm acceptance or otherwise of the Purchase proposal of the Purchaser with shareholders directly. During the course of the procedure to confirm shareholders’ intentions, it is almost impossible for Directors to make individual inducements and the like aimed at protecting their own position, and there is no room for the arbitrary intentions of Directors to intrude.

Also, as the opinion of the Board of Directors of the Company towards the Purchase proposal of the Purchaser is presented at the same time so that a comparative examination can be made, we believe that an appropriate judgment can be made by all the shareholders.

(3) Restrictions on invoking countermeasures based on the judgment of the Board of Directors

As described in “(3) Requirements when invoking countermeasures based on the judgment of the Board of Directors” as part of “2. Details of the Rules,” occasions on which the Board of Directors of the Company can invoke the countermeasures without confirming intentions of shareholders are restricted to cases in which it is clear that the Rules are being infringed or that corporate value and the common interests of shareholders are being damaged.

Furthermore, a so-called sunset clause has been attached limiting the effective period to around two years.

4. Impact on shareholders

(1) Impact of the Rule on shareholders when introduced

At the point in time at which the Rules are introduced, the allotment of the Subscription Rights to Shares will not be carried out, for which reason there shall be no direct and specific impact on shareholders or investors.

(2) Impact of the Rules on shareholders when invoked

At the point in time at which the Rules are invoked, the Subscription Rights to Shares will be allotted without contribution to shareholders as of the Allotment Date separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Subscription Rights to Shares at the rate of one Subscription Rights to Shares per share held by the said shareholders. Under this procedure, as shareholders will naturally receive Subscription Rights to Shares on the day on which the allotment without contribution comes into effect, no application procedure is necessary.

However, in the event that shareholders do not carry out the monetary payment or the other procedures described below in relation to the exercise of the Subscription Rights to Shares within the rights exercise period, their holdings of the shares of the Company will be diluted by other shareholders exercising their subscription rights.

In addition, based on the decision of the Board of Directors of the Company, by means of “(ii) Procedures for the acquisition of the Subscription Rights to Shares by the Company” in “(3) Procedures to be followed by shareholders in conjunction with the allotment of the Subscription Rights to Shares without contribution,” the Company may acquire the Subscription Rights to Shares from shareholders other than non-qualified persons and, in exchange, deliver shares of the Company.

In cases where the Company takes the acquisition procedure, shareholders other than non-qualified persons may receive shares of the company without exercising the Subscription Rights to Shares or without making monetary payment equivalent to the exercise value, and so, in principle, there will be no dilution in their holdings of the shares of the Company.

After the ex-rights date on which the shareholders who should receive the allotment of the Subscription Rights to Shares without contribution has been settled, as described in “(vii) Resolution of the Board of Directors” within “(2) Procedure when invoking countermeasures” in “2. Details of the Rules,” and in “(ix) Acquisition of the Subscription Rights to Shares by the Company” within “(4) Outline of the allotment of the Subscription Rights to Shares without contribution,” the Company may suspend the allotment of the Subscription Rights to Shares by or on the day immediately prior to a date the exercise of the Subscription Rights to Shares begins or acquire the Subscription Rights to Shares without contribution after the effective date of the allotment without contribution. In such cases the value of each share will not be diluted, so investors who have traded shares of the Company on the assumption that dilution of the value per share would occur may be exposed to a loss due to share price fluctuation.

(3) Procedures to be followed by shareholders in conjunction with the allotment of the Subscription Rights to Shares without contribution

(i) Exercise procedures for the Subscription Rights to Shares

When implementing the allotment for the Subscription Rights to Shares without contribution, the Board of Directors of the Company will publicly announce the Allotment Date for the Subscription Rights to Shares, and make an allotment of the Subscription Rights to Shares without contribution to shareholders registered or recorded in the final shareholder register as of the Allotment Date, and will send a document requesting the exercise of the Subscription Rights to Shares in the format specified by the Company and other documents necessary for the exercise of the Subscription Rights to Shares.

After the allotment of the Subscription Rights to Shares without contribution, shareholders are requested to submit these documents within the exercise period and then to make a payment of the exercise price within a range of at least one yen and at most the equivalent of 50% of the market price of a share of the Company per Subscription Rights to Shares, as determined by the Board of Directors of the Company in the Resolution Approving the Allotment of the Subscription Rights to Shares, into the bank handling the transactions in order to receive the issuance of one share of the Company per Subscription Rights to Shares.

(ii) Procedures for the acquisition of the Subscription Rights to Shares by the Company

In the event that the Board of Directors of the Company passes a resolution to acquire the Subscription Rights to Shares, the Company may acquire the Subscription Rights to Shares on the day separately specified by the Board of Directors of the Company in accordance with legal procedures. If this decision is taken, shareholders will not be required to make a monetary payment equivalent to the exercise value, and as consideration for acquisition of the Subscription Rights to Shares by the Company, in principle, shall come to receive one common share of the Company per Subscription Rights to Shares. In this situation, shareholders may separately be required to submit a written undertaking in the format specified by the Company which contains representations and warranties, including representation that they are not themselves non-qualified persons, indemnification clauses and other covenants.

In addition to the above, with regard to the method of allotment, method of exercise and method by which the Company would acquire shares, these details will be disclosed to shareholders after the Board of Directors of the Company has passed the resolution related to the Subscription Rights to Shares.