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(Securities Code: 8008)

May 10, 2022

Dear Shareholders:

Hidetoshi Masuda
President and Representative Director
YONDOSHI HOLDINGS INC.
2-19-10, Kami-Osaki, Shinagawa-ku, Tokyo

Notice of the Convocation of the 72nd Annual General Meeting of Shareholders

We hereby notify you that the 72nd Annual General Meeting of Shareholders of YONDOSHI HOLDINGS INC. (the “Company”) will be held as described below.

From the perspective of preventing the infection of COVID19, we strongly ask all shareholders to exercise voting rights in advance in writing or via the Internet, and refrain from attending the meeting. Please review the Reference Documents for the General Meeting of Shareholders in the following pages and exercise your voting rights by 6 p.m., Wednesday, May 25, 2022.

1. Date: Thursday, May 26, 2022 at 10:00 a.m. (Reception starts at 9:30 a.m.)
2. Venue: Osaki Bright Core Hall, 3F, Osaki Bright Core
5-5-15, Kita-shinagawa, Shinagawa-ku, Tokyo, Japan
3. Agenda of the Meeting:
Matters to be reported
 1. The Business Report and the Consolidated Financial Statements for the 72nd fiscal year (from March 1, 2021 to February 28, 2022)
 2. Audit reports of the Corporate Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements for the 72nd fiscal yearMatters to be resolved
 - Proposal No.1: Appropriation of Surplus
 - Proposal No.2: Partial Amendments to the Articles of Incorporation
 - Proposal No.3: Election of Five (5) Directors who are not Audit & Supervisory Board Members
 - Proposal No.4: Election of Three (3) Directors who are Audit & Supervisory Board Members
 - Proposal No.5: Election of One (1) Corporate Auditor
 - Proposal No.6: Continuation of Measures to Combat the Large-scale Purchase of Shares of the Company (Anti-Takeover Measures)

Notes

1. If you are attending the General Meeting of Shareholders, please submit the Voting Rights Exercise Form at the meeting venue reception desk.
2. For convocation of the General Meeting of Shareholders, as provided for in the applicable Ordinance of the Ministry of Justice and in Article 16 of the Article of Incorporation, the following documents are disclosed via the Company’s website (<http://yondoshi.co.jp>) and not indicated on this Notice of Convocation:
 - ① Matters on Stock Acquisition Rights
 - ② Consolidated Statements of Shareholders' Equity
 - ③ Notes to Consolidated Financial Statements
 - ④ Non-Consolidated Statements of Shareholders' Equity
 - ⑤ Notes to Non-Consolidated Financial StatementsTherefore, this Notice of Convocation does not include all of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Board and the Corporate Auditor in accordance with preparation of the Audit Report and the Accounting Audit Report.
3. In the event of any modification, it will be announced on the Company’s website (<https://www.yondoshi.co.jp>).

Reference Materials for the General Meeting of Shareholders

Proposal No.1: Appropriation of Surplus

The Company considers that returning the profit to shareholders is one of the important management priorities. Our basic policy is to maintain a stable level of dividends continuously, while strengthening our business operation based on a long-term perspective. Accordingly, the Company proposes to pay a year-end dividend as follows:

Matters related to the end-year dividend:

1. Type of the dividend property
Cash
2. Matters related to allocation of the dividend property to shareholders and the total amount:
41.50 yen per share of common stock of the Company
Total amount: 892,970,440 yen
3. Effective date of distribution of the dividend
May 27, 2022

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

1. Reasons for proposal

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No.70 of 2019) will be enforced on September 1, 2022. Therefore, the Company proposes partial amendments to the Article of Incorporation in order to prepare for the introduction of a system for electronic provision of materials for the General Meetings of Shareholders.

- ① Paragraph 1, Article 16 of the proposed amendment shall be established, as it is required to stipulate in the Article of Incorporation that the Company shall provide the information in the Reference Documents, etc. for the General Meeting of Shareholders electronically.
- ② Paragraph 2, Article 16 of the proposed amendment shall be established to allow the Company to limit the scope of matters described in the document issued to the shareholders who requested the issuance of the document in writing for the General Meeting of Shareholders that are to be provided electronically.
- ③ Article 16 of the current Article of Incorporation shall be deleted, as the introduction of the electronic provision system of the Reference Documents, etc. for the General Meetings will render such provision unnecessary.
- ④ The supplementary provision shall be established in connection with the effectiveness of the established and deleted provisions stated above.

2. Details of the amendments

Details of the amendments are as follows.

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Disclosure of Reference Documents etc. for General Meeting of Shareholders on the Internet and Deemed Disclosure)</u></p> <p><u>Article 16 For convocation of the General Meeting of Shareholders, as provided for in the applicable Ordinance of the Ministry of Justice, the Company may disclose on the Internet the information that should be described or indicated in the Reference Documents for General Meeting of Shareholders, Business Reports, Financial Statements and Consolidated Financial Statements, which shall be deemed as offered to shareholders.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
(Newly Established)	<p>(Electronic Provision System, etc.)</p> <p><u>Article 16 For convocation of the General Meeting of Shareholders, the Company shall provide the information contained the Reference Documents for General Meeting of Shareholders, etc. electronically.</u></p> <p><u>(2) Among the matters to be provided electronically, the Company may exclude all or part of the matters stipulated in the Ordinance of the Ministry of Justice, from the document that will be issued to the shareholders who have requested the issuance of such document in writing by the record date of voting rights.</u></p>
(Newly Established)	<p>Supplementary Provisions (Transitional Measures regarding the Electronic Provision of Reference Document etc. for the General Meeting of Shareholders)</p> <ol style="list-style-type: none"> <li data-bbox="815 913 1359 1227">1. <u>The deletion of Article 16 of the existing Articles of Incorporation (Disclosure of General Meeting of Shareholders Materials on the Internet and Deemed Disclosure) and the establishment of the proposed Article 16 (Electronic Provision System, etc.) shall come into effect on the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Company Act (Act No.70 of 2019) (hereinafter referred to as the “Effective Date”).</u> <li data-bbox="815 1263 1359 1413">2. <u>Notwithstanding the provision preceding paragraph, Article 16 of the current Articles of Incorporation shall remain in force with respect to the General Meeting of Shareholders to be held within six months from the Effective Date.</u> <li data-bbox="815 1449 1359 1579">3. <u>These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the General Meeting of Shareholders, whichever is later.</u>

Proposal No.3: Election of Five (5) Directors who are not Audit & Supervisory Board Members

All five (5) Directors (excluding Directors and Audit & Supervisory Board Members) will complete their terms at the end of this General Meeting of Shareholders. Therefore, the Company proposes the election of five (5) Directors, based on the decision of the Audit & Supervisory Board.

If the candidates for Directors in this proposal are elected as proposed, and the candidates for Directors in proposal No.4 are elected as proposed, the Board of Directors will have nine (9) Directors including Directors and Audit & Supervisory Board Members, and four (4) Outside Directors.

The candidates for Directors (excluding Directors and Audit & Supervisory Board Members) are as follows:

No	Name		Positions and Responsibility in the Company
1	Hidetoshi Masuda	Renomination	President and Representative Director
2	Ichiro Okafuji	Renomination	Representative Senior Managing Director and Senior Managing Executive Officer (Administration)
3	Masahiko Nishimura	Renomination	Managing Director and Managing Executive Officer (Finance)
4	Saishi Kimura	Renomination	Director
5	Mitsutaka Sato	Renomination / Outside / Independent	Outside Director

Note: Positions and Responsibility in the Company are described if the candidates are elected as proposal.

No.	Name (Date of Birth)	Brief History, Position and Responsibility in the Company, and Significant Position Concurrently held	Number of Company shares owned
1	Hidetoshi Masuda (Sep 27, 1963) (Renomination)	<p>May 2003 Joined and Managing Director, age CO., LTD. Mar 2015 Director and Managing Executive Officer, age CO., LTD. Mar 2017 Executive Officer, (in charge of age CO., LTD.), the Company Mar 2017 President and Representative Director, age CO., LTD. Mar 2020 Director, F.D.C.Products Inc. Mar 2021 Managing Executive Officer (Chief Executive Secretary to President), the Company Mar 2021 Chairman and Representative Director, age CO., LTD. (incumbent) May 2021 President, Representative Director and COO, the Company May 2021 Chairman and Representative Director, F.D.C.Friends Inc. Mar 2022 President and Representative Director, the Company (incumbent) Mar 2022 Chairman and Representative Director, F.D.C.Products Inc. (incumbent)</p> <p>Significant Position Concurrently held: Chairman and Representative Director, F.D.C.Products Inc. Chairman and Representative Director, age CO., LTD.</p>	10,200
<p>Reasons for nomination as a candidate for Director: The candidate has extensive experience and achievement in significant positions such as President of retail companies in YONDOSHI HOLDINGS Group (the "Group"), and was appointed to President, Representative Director and COO of the Company in 2021. Based on his broad knowledge and experience in corporate management, he has contributed to enhancing the Group's corporate value with his advanced management skill and outstanding leadership. The Company has renominated him as a candidate for Director because it expects him to contribute to further enhancing the Group's corporate value.</p>			

No.	Name (Date of Birth)	Brief History, Position and Responsibility in the Company, and Significant Position Concurrently held	Number of Company shares owned
2	Ichiro Okafuji (Sep12, 1964) (Renomination)	<p>Apr 1987 Joined the Company</p> <p>Mar 2008 President and Representative Director, Yoshitake Inc. (currently ASCOT INC.)</p> <p>May 2011 President and Representative Director, Misuzu Inc.</p> <p>Mar 2015 Executive Officer (in charge of Misuzu Inc.), the Company</p> <p>Mar 2016 President and Representative Director, AS'TY INC.</p> <p>Mar 2018 Director and Managing Executive Officer, F.D.C.Products Inc.</p> <p>May 2018 Director and Executive Officer (in charge of F.D.C.Products Inc.), the Company</p> <p>Mar 2019 Director and Managing Executive Officer, (in charge of Div. 1, F.D.C.Products Inc.), the Company</p> <p>Mar 2019 Chairman and Representative Director, F.D.C.Friends Inc.</p> <p>Mar 2020 Director and Managing Executive Officer, (In charge of Administration), the Company</p> <p>Mar 2022 Representative Senior Managing Director and Senior Managing Executive Officer (in charge of Administration), the Company (incumbent)</p> <p>Mar 2022 Senior Managing Director and Senior Managing Executive Officer (Administration and Business Development), F.D.C.Products Inc. (incumbent)</p> <p>Significant Position Concurrently held: Senior Managing Director and Senior Managing Executive Officer (Administration and Business Development), F.D.C.Products Inc.</p>	20,000
<p>Reasons for nomination as a candidate for Director: The candidate has extensive experience and achievement in significant positions such as President of companies in the Group. Based on his broad knowledge and experience in corporate management, he has contributed to enhancing the Group's corporate value with his advanced management skill and outstanding leadership. The Company has renominated him as a candidate for Director because it expects him to contribute to further enhancing the Group's corporate value.</p>			
3	Masahiko Nishimura (May 11, 1962) (Renomination)	<p>Apr 1985 Joined the Company</p> <p>Mar 2005 General Manager (in charge of Finance), the Company</p> <p>May 2008 Director, the Company</p> <p>Mar 2015 Director and Executive Officer (in charge of Finance), the Company (incumbent)</p> <p>Mar 2015 Director and Executive Officer, F.D.C.Products Inc.</p> <p>May 2022 Managing Director and Executive Officer, F.D.C.Products Inc. (incumbent)</p> <p>Significant Position Concurrently held: Managing Director and Executive Officer, F.D.C.Products Inc.</p>	21,000
<p>Reasons for nomination as a candidate for Director: The candidate has extensive experience and achievement in significant positions such as General Manager mainly in finance and accounting. With his outstanding insight in financial improvement and advanced capital management, the Company has renominated him as a candidate for Director because it expects him to contribute to further enhancing the Group's corporate value.</p>			

No.	Name (Date of Birth)	Brief History, Position and Responsibility in the Company, and Significant Position Concurrently held	Number of Company shares owned
4	Saishi Kimura (Sept 11, 1951) (Renomination)	<p>Apr 1974 Joined the Company</p> <p>May 1992 Director, the Company</p> <p>Mar 2000 Representative Senior Managing Director, the Company</p> <p>May 2001 President and Representative Director, age CO., LTD.</p> <p>Mar 2004 Vice President and Representative Director, the Company</p> <p>Sep 2006 Vice President and Representative Director, AS'TY INC.</p> <p>Mar 2007 President and Representative Director, the Company</p> <p>Mar 2007 President and Representative Director, AS'TY INC.</p> <p>Mar 2007 Chairman and Representative Director, F.D.C.Products Inc.</p> <p>Mar 2013 Chairman and Representative Director, the Company</p> <p>Mar 2013 Chairman and Representative Director, AS'TY INC.</p> <p>Mar 2018 Chairman, Representative Director and CEO, the Company</p> <p>Mar 2018 Chairman, Representative Director and CEO, F.D.C.Products Inc.</p> <p>May 2020 Chairman and Representative Director, F.D.C.Products Inc.</p> <p>Mar 2022 Director, the Company (incumbent)</p>	46,400
<p>Reasons for nomination as a candidate for Director: The candidate has extensive experience and achievement in significant positions such as President of companies in the Group, and was appointed to President and Representative Director of the Company in 2007, followed by Chairman and Representative Director of the Company. Based on his broad knowledge and experience in corporate management, he has contributed to enhancing the Group's corporate value with his advanced management skill and outstanding leadership. The Company has renominated him as a candidate for Director because it expects him to contribute to further enhancing the Group's corporate value.</p>			
5	Mitsutaka Sato (Oct 3, 1948) (Renomination / Outside / Independent)	<p>Apr 1971 Joined The Mitsui Bank., Ltd. (currently Sumitomo Mitsui Banking Corporation)</p> <p>Oct 2000 General Manager (in charge of Kanda Corporate Sales Div.1), The Sakura Bank., Limited (currently Sumitomo Mitsui Banking Corporation)</p> <p>May 2001 General Manager (associate with Metropolitan Area Headquarter), Kyoritsu Maintenance Co., Ltd.</p> <p>Jun 2001 Director, Kyoritsu Maintenance Co., Ltd.</p> <p>Jun 2006 President and Representative Director, Kyoritsu Maintenance Co., Ltd.</p> <p>Apr 2017 Director and Corporate Adviser, Kyoritsu Maintenance Co., Ltd.</p> <p>Jun 2017 Corporate Adviser, Kyoritsu Maintenance Co., Ltd.</p> <p>May 2018 Outside Director, the Company (incumbent)</p>	-
<p>Reasons for nomination as a candidate for Director: The candidate has extensive experience in corporate management based on his many years of experience in his career. With his extensive experience and broad knowledge in corporate management, the Company has renominated him as a candidate for Director because it expects him to contribute to further enhancing the Company's governance by supervising other Directors from an independent standpoint of Outside Director, and to enhance decision making process and supervising function in Board of Directors.</p>			

Notes

- There are no particular relationships of interest with any of the other candidates and the Company.
- Mr. Mitsutaka Sato is a candidate for Outside Director. The Company has reported to the Tokyo Stock Exchange, Inc. that he is an Independent Director as set forth in the Regulation of the Tokyo Stock Exchange and in the Regulation of the Company.
The Company will continue the above report if he is elected and assumed office as Outside Director.
- Mr. Mitsutaka Sato is Outside Director incumbent and will complete his term at the end of this General Meeting of Shareholders. The term of his office will be 4 years at the end of this General Meeting of Shareholders.
- Pursuant to Article 427, Paragraph 1 of the Article of Incorporation, the Company has stipulated that it may enter into agreements for limitation of liability with Directors who are not Officers. The Directors shall be liable to the limit of minimum liability set forth in Article 425, Paragraph 1 of Article of Incorporation. The Company has entered into agreements with Mr. Saishi Kimura and Mr. Mitsutaka Sato and if they are reelected and assumed office as Director, the agreements shall remain in effect.

5. The Company shall enter into a directors and officers liability insurance contract with an insurance company, as provided for in Item 1, Paragraph 3, Article 430 of Article of Incorporation, to cover litigation cost and legal damages that may be incurred by the insured parties if they are liable for a result of their action or if they receive a claim for the liability of the result of their action.

The candidates will be included among the insured parties under the contract. Moreover, the contract will be renewed under the same terms at the time of the next renewal.

Proposal No.4: Election of Three (3) Directors and Audit & Supervisory Board Members

Three (3) Directors of Mr. Toyomasa Akiyama, Mr. Hideo Sakakibara and Ms. Nobuko Kitagawa, who are Audit & Supervisory Board Members will complete their terms at the end of this General Meeting of Shareholders. Therefore, the Company proposes the election of three (3) Directors.

In nominating Directors and Audit & Supervisory Board Members, the Company's Board of Directors has made the decision based on the report by the Nomination Advisory Board and Audit & Supervisory Board has agreed the Proposal. Furthermore, evaluated by Directors and Audit & Supervisory Board Members, any significant comment on the Proposal has not made.

The candidates for Directors and Audit & Supervisory Board Members are as follows:

No.	Name (Date of Birth)	Brief History, Position and Responsibility in the Company, and Significant Position Concurrently held	Number of Company shares owned
1	Toyomasa Akiyama (Feb 28, 1954) (Renomination / Outside / Independent)	Jul 1997 Senior Examiner (Large Enterprise Examination Department), Tokyo Regional Taxation Bureau, National Tax Agency	-
		Jul 2006 Chief Examiner (Corporation Taxation Group), Higashi-Murayama Tax Office, National Tax Agency	
Sep 2008 Certified Public Tax Accountant, Tax Master Tax Accountant Corporation			
Jun 2015 Auditor, Foundation for International Development/Relief (incumbent)			
May 2016 Outside Director and Audit & Supervisory Board Member, the Company(incumbent)			
May 2016 Audit & Supervisory Board Member, F.D.C.Products Inc. (incumbent)			
Sep 2017 Representative Partner, Tax Master Tax Accountant Corporation (incumbent)			
Reasons for nomination as a candidate for Director and Audit & Supervisory Board Members: Although the candidate has not been involved in corporate management other than as Outside Director, he has extensive knowledge and broad experience in tax and accounting as a Certified Public Tax Accountant. The Company has renominated him as a candidate for Director and Audit & Supervisory Board Member because it expects him to utilize his experience and knowledge in the supervision and auditing of the Company and to give advice and restraint in the execution of the duties.			
2	Nobuko Kitagawa (current surname: Nagafusa) (Jan 17, 1971) (Renomination / Outside / Independent)	Apr 1997 Registered as an Attorney	-
		Apr 1997 Attorney, Asuka Sogo Law Offices (currently Hayabusa Asuka Law Offices)	
Apr 2003 Fixed-Term Officer (Supervision Bureau), Financial Services Agency			
Oct 2014 Legal Counselor, Japan Security Dealers Association			
Jun 2015 Outside Director, The Bank of Kochi, Ltd. (incumbent)			
Apr 2016 Attorney, Komatsu Partners (currently Kotohira Partners)			
May 2020 Outside Director and Audit & Supervisory Board Member, the Company (incumbent)			
Jan 2021 Attorney, Nobuko Kitagawa Law Office			
Apr 2022 Attorney, Shimada Mirai Law Office (incumbent)			
Reasons for nomination as a candidate for Director and Audit & Supervisory Board Members: Although the candidate has not been involved in corporate management other than as Outside Director, she has extensive knowledge and broad experience in legal affairs as an Attorney. The Company has renominated her as a candidate for Director and Audit & Supervisory Board Member because it expects her to utilize her experience and knowledge in the supervision and auditing of the Company and to give advice and restraint in the execution of the duties, as well as the security of the diversity in the Company including promotion of women's participation and advancement in the workplace from the female's point of view.			

No.	Name (Date of Birth)	Brief History, Position and Responsibility in the Company, and Significant Position Concurrently held	Number of Company shares owned
3	Naoki Kodama (Feb 5, 1956) (New Nominee / Outside / Independent)	Apr 1978 Joined IBM Japan, Ltd. Apr 2002 Senior Managing Director, JBCC Corporation Aug 2007 Managing Director, NITORI Co., Ltd. Oct 2012 Managing Director, CAINZ CORPORATION Jun 2017 Representative, M&S Consulting (incumbent) Jun 2021 Outside Director, Softcreate Holdings Corporation (incumbent)	-
<p>Reasons for nomination as a candidate for Director and Audit & Supervisory Board Members: As the candidate has been involved in corporate management in various companies, he has extensive knowledge and broad experience in corporate management and finance, accounting etc. The Company has nominated him as a candidate for Director and Audit & Supervisory Board Member because it expects him to utilize his experience and knowledge in the supervision and auditing of the Company and to give advice and restraint in the execution of the duties.</p>			

Notes

- There are no particular relationships of interest with any of the other candidates and the Company.
- Mr. Toyomasa Akiyama, Ms. Nobuko Kitagawa and Mr. Naoki Kodama are candidates for Outside Directors.
- The Company has reported to the Tokyo Stock Exchange, Inc. that Mr. Toyomasa Akiyama and Ms. Nobuko Kitagawa are Independent Directors as set forth in the Regulation of the Tokyo Stock Exchange and in the Regulation of the Company. The Company will continue the above report if they are elected and assumed office as Outside Directors. Furthermore, Mr. Naoki Kodama will be independent as set forth in the Regulation of the Tokyo Stock Exchange and the Company will report if he is elected and assumed office as Outside Director.
- Although Ms. Nobuko Kitagawa has changed her surname to Nagafusa upon marriage, she keeps her maiden name, Kitagawa.
- Mr. Toyomasa Akiyama and Ms. Nobuko Kitagawa are Outside Directors and Audit & Supervisory Board Members incumbent and will complete their terms at the end of this General Meeting of Shareholders. The term of office of Mr. Toyomasa Akiyama will be 6 years and the term of office of Ms. Nobuko Kitagawa will be 2 years at the end of this General Meeting of Shareholders.
- Pursuant to Article 427, Paragraph 1 of the Article of Incorporation, the Company has stipulated that it may enter into agreements for limitation of liability with Directors who are not Officers. The Company has entered into agreements with Mr. Masahiro Dakeshita, Mr. Toyomasa Akiyama and Ms. Nobuko Kitagawa and if they are reelected and assumed office as Director, the agreements shall remain in effect. Furthermore, the company will enter into agreement with Mr. Naoki Kodama if he is elected and assumed office as Director. The Directors shall be liable to the limit of minimum liability set forth in Article 425, Paragraph 1 of Article of Incorporation.
- The Company shall enter into a directors and officers liability insurance contract with an insurance company, as provided for in Item 1, Paragraph 3, Article 430 of Article of Incorporation, to cover litigation cost and legal damages that may be incurred by the insured parties if they are liable for a result of their action or if they receive a claim for the liability of the result of their action. The candidates for Directors and Audit & Supervisory Board Members will be included among the insured parties under the contract. Moreover, the contract will be renewed under the same terms at the time of the next renewal.

<Reference> Independence Standards and Qualification for Outside Directors

Pursuant to Independence Standards set forth by Financial Instruments Exchange, Outside Directors or candidates for Outside Directors are considered as independent if none of the below applies to them. The Standards shall be amended or abolished by the resolution of the Board of Directors.

- ① A person executing business for the Company or a subsidiary of the Company (Note 1)
- ② A party for which the Company is a major client, or if the party is a company, a person who executes business for the company (Note 2)
- ③ A party that is a major client of the Company, or if the party is a company, a person who executes business for the company (Note 3)
- ④ A major shareholder of the Company, or if the shareholder is a company, a person who executes business for the company (holding either directly or indirectly 10% or more of the total number of the voting rights of the Company)
- ⑤ A company of which the Company is a major shareholder, holding either directly or indirectly 10% or more of the total number of the voting rights of the company, or a person who executes business for the company
- ⑥ A member of audit company who is the Company's Corporate Auditor
- ⑦ A legal specialist such as attorney, accounting specialist such as certified public accountant, certified public tax accountant, or a consultant, etc., who has received a significant amount of money or other assets from the Company other than remuneration
- ⑧ A member of organization including law office, audit firm, tax accounting firm, consulting firm, or union etc. which has received a significant amount of money or other assets from the Company (Note 4)
- ⑨ A person to whom any of the above ② to ⑧ have applied within the past three years
- ⑩ A spouse or a relative within the second degree of those who are in significant position, and to whom any of the above ① to ⑨ applies (Note 5)
- ⑪ A person possibly in conflict of interest to general shareholders even if none of the above ① to ⑩ are applied

Notes

1. "A person executing business" includes director, corporate officer, executive officer, officer executing the duties, commissioner, or equivalent position in companies or organizations, etc. and who has been a member of the Group even once.
2. "A party for which the Company is a major client" means the one who received from the Group the payment equivalent to 2% or more of its consolidated sales amount in most recent fiscal year.
3. "A party that is a major client of the Company" means the one who made to the Group the payment equivalent to 2% or more of the Company's consolidated sales amount in most recent fiscal year.
4. "A significant amount of money" shall be equivalent to 10 million yen or more annually as individual, or 2% or more of its consolidated sales amount as a company or other organization.
5. A person in "significant position" includes director (excluding outside director), auditor (excluding outside auditor), executive officer, general manager or higher. In terms of a member of law office, audit corporation, etc. a person in "significant position" includes including Attorney, Certified Public Tax Accountant, etc. with professional qualification.

<Reference> Skill Matrix

Name	Status in the Company	Skills and Experience expected by the Company								
		1 Corporate Management / Strategy Planning	2-1 Industry Experience (Brand)	2-2 Industry Experience (Global)	2-3 Industry Experience (Retail)	3 Legal Risk Management	4 Finance / Accounting / M&A	5 Human Resources Management	6 Digital / IT	7 CSR / ESG
Hidetoshi Masuda	President and Representative Director	<input type="radio"/>			<input type="radio"/>			<input type="radio"/>		
Ichiro Okafuji	Representative Senior Managing Director	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>			<input type="radio"/>		<input type="radio"/>
Masahiko Nishimura	Managing Director	<input type="radio"/>				<input type="radio"/>	<input type="radio"/>			
Saishi Kimura	Director	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>		
Mitsutaka Sato	Outside Director	<input type="radio"/>				<input type="radio"/>	<input type="radio"/>			
Masahiro Dakeshita	Directors and Audit & Supervisory Board Members					<input type="radio"/>	<input type="radio"/>			<input type="radio"/>
Toyomasa Akiyama	Outside Directors and Audit & Supervisory Board Members					<input type="radio"/>	<input type="radio"/>			
Nobuko Kitagawa	Outside Directors and Audit & Supervisory Board Members					<input type="radio"/>		<input type="radio"/>		
Naoki Kodama	Outside Directors and Audit & Supervisory Board Members	<input type="radio"/>			<input type="radio"/>		<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
Akihiro Takiguchi	Executive Officer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>					
Yasushi Yaguchi	Executive Officer	<input type="radio"/>		<input type="radio"/>				<input type="radio"/>		
Hisashi Nakano	Executive Officer	<input type="radio"/>			<input type="radio"/>				<input type="radio"/>	

Note: Positions and Responsibility in the Company are described if the candidates are elected as proposal.

Proposal No.5: Election of One (1) Corporate Auditor

Incumbent Corporate Auditor, Deloitte Touche Tohmatsu LLC, will complete its term at the end of this General Meeting of Shareholders. Therefore, the Company proposes the new election of Kanade Partnership based on the resolution of the Audit & Supervisory Board.

The Audit & Supervisory Board requests the new election of the candidate as a Corporate Auditor because of its expertise, independency, appropriateness and quality control management. Furthermore, due to long-term audit of incumbent auditor, the Company will expect the candidate to provide a new point of view in auditing.

The candidate is as follows:

as of April 1, 2022

Name		Kanade Partnership
Address of Main Office		Toyo Building, 1-2-10 Nihombashi, Chuo-ku, Tokyo
History		Oct 1, 2020 Established Kanade Partners
Summary	Capital in Investment	63 million yen
	Members	Partner (Certified Public Accountant) 7 Employee (Certified Public Accountant) 25 Employee (others) 13 Total 45

Proposal No.6: Continuation of measures to combat the large-scale purchase of shares of the Company (anti-takeover measures)

At the 69th Annual General Meeting of Shareholders held on May 16, 2019, the Company received approval from shareholders for measures to address large-scale purchases of the Company's shares (i.e., anti-takeover measures) (hereinafter "the Current Plan"), and the Company has continued implementation of the Current Plan. However, the Current Plan will expire at the end of this Annual General Meeting of Shareholders.

Taking into account changes in socioeconomic conditions, trends in anti-takeover measures, and the progress of varied discussions, the Company has continued its examination of the Current Plan, including the pros and cons of its continuation, as a means of ensuring and enhancing our corporate value and the common interests of shareholders. As a result, in light of basic policy concerning parties who control decisions on the Company's financial and business policies (referring to the provisions of Article 118, Item 3 of the Regulations for Enforcement of the Companies Act; hereinafter "Basic Policy"), at the Board of Directors meeting held on April 14, 2022, the Company made the decision to continue with the Current Plan, subject to approval by shareholders at the Annual General Meeting of Shareholders, as a measure to prevent decisions concerning the Company's finances and business from being controlled by inappropriate parties. (The plan following continuation is hereinafter referred to as "the Plan".)

This proposal requests the approval of shareholders for the Plan. If this proposal is approved by shareholders, the period of validity of the Plan will be extended until the conclusion of the Company's Annual General Meeting of Shareholders for the final business year that ends within three years from the conclusion of this Annual General Meeting of Shareholders. In the continuation of anti-takeover measures under the Plan, the Company has made revisions to wording, etc., including clarification of purpose, but the Plan does not substantially alter the content of the Current Plan.

In addition, if there have been revisions to the Companies Act, the Financial Instruments and Exchange Act, and rules related to these; to government ordinances, Cabinet Office and ministerial ordinances; and to the rules of financial instrument exchanges (including changes to the names of laws and regulations, and the enactment of new laws and regulations that succeed previous laws and regulations; the same shall apply hereinafter) (hereinafter collectively referred to as "laws, etc."), and if these are enforced, the provisions of laws, etc. cited in the Plan will be understood to be the respective provisions of laws, etc. that substantially inherit the pre-amendment provisions of the revised laws, etc. following amendment, unless otherwise specified by the Board of Directors of the Company.

The Plan is as described below.

1. About the Basic Policy

(1) Content of the Basic Policy

The Company is of the belief that our shareholders should be determined through free transactions in the market. Accordingly, we believe that decisions on whether to accept purchase proposals accompanied by transfer of control of a joint-stock corporation, too, should ultimately be made in line with the will of the shareholders of the Company.

However, some large-scale purchases of shares of the Company (defined in 2 (2) (a) below; the same shall apply hereinafter) can be expected to include (1) purchases that, in light of the purpose of acquisition, of management policy following acquisition, etc., could result in clear harm to corporate value or the common interests of the Company's shareholders; (2) purchases that could effectively force the Company's shareholders to sell their shares; (3) purchases that are performed without a reasonably necessary period of time for the Company to present an alternate proposal to the large-scale purchase; (4) purchases that are performed without provision of reasonably necessary information for the Company's shareholders to judge the details of the purchase; (5) purchases for which terms, etc. (amount and type of consideration, timing of purchase, legality of purchase method, feasibility of execution of purchase, etc.) are inadequate or inappropriate in light of the Company's intrinsic value; and (6) purchases that would destroy relationships with employees, business partners (including customers), communities where factories and production facilities are located, and other stakeholders that are essential to the sustainable growth of the Company's corporate value, and that would have

significant effects contrary to the common interests of the Company's shareholders. From the standpoint that the Company should maximize its corporate value and the common interests of its shareholders, the Company considers parties that engage in such large-scale purchases to be exceptionally inappropriate as parties that control decisions on the financial and business policies of the Company.

Accordingly, when there exists a risk of harm to the corporate value of the Company or to the common interests of shareholders due to the acquisition of controlling shares by a party or the group thereof (hereinafter "acquirer, etc.") which aims to acquire shares having 20% or more of the voting rights of the Company (hereinafter "controlling shares"), the Company will consider said acquirer, etc. to be inappropriate as a party that controls decisions concerning the Company's financial and business policies, and, to the extent permitted by laws, etc. and by the Articles of Incorporation, will set a basic policy of enacting appropriate measures to ensure and enhance its corporate value and the common interests of its shareholders.

(2) Background to maintenance of the Basic Policy

The Company, together with the subsidiaries and affiliates thereof (hereinafter "the Group"), values a corporate culture that continues to take on challenges without fear of change, based on basic principles of respect for people and of social contribution, which have been ceaselessly passed down since the Company's founding in 1950.

Through the practice of corporate activities grounded in the following management philosophy and corporate message, the Company is achieving sustainable growth and improvement of long-term corporate value by contributing to the enhancement of customers' lifestyle culture via a fashion business centered on jewelry and apparel. The management philosophy of the Company and the Group is founded on the following four points.

- ① We are committed to becoming a company that inspires trust and confidence among its customers.
- ② We are committed to fostering and fulfilling the dreams of our employees.
- ③ We are committed to contributing to the prosperity and well-being of society.
- ④ We are committed to realizing the expectations of shareholders.

In addition, in its Corporate Message, the Company and the Group have put forth this principle: "With the 4°C brand at the heart of its business activities, YONDOSHI HOLDINGS, INC. ("YONDOSHI HOLDINGS" or "the Company") is committed to becoming a company that is defined by its ability to create new trends in global fashion."

Based on the above Basic Principles, the Company and the Group boast a stable business foundation, a sound financial structure, and high-level management capabilities.

In terms of business, our strength is the high brand power of the 4°C jewelry handled by the Jewelry Business. The SPA Business, which holds functions spanning production to in-store retailing, has an outstanding business model that achieves customer satisfaction. Other business models, including apparel OEM and retail, are capable of supporting a wide range of markets. Moreover, the organizational structure, that of a holding company, functions effectively for the selection and concentration of management resources.

In the core Brand Business, the Company sets strong relationships of trust with business partners, and management that upholds customers' trust so as not to damage the brand, the central wellspring of corporate value, doing so through the maintenance of a sense of unity in all elements making up the brand, including design, quality, customer service, store spaces, advertising, and of course the products handled.

In the Retail Business, too, the Company aims to establish a store brand and to enhance highly accurate merchandising capabilities, buying capabilities, and store development and store management capabilities while capturing market trends. In addition, the functions of the Company as an apparel maker are also characterized by the ability to propose projects backed by quality and cost competitiveness based in our background of overseas production.

In terms of finances, the Company achieves stable profit growth centered on the highly profitable Jewelry Business. The Company further considers ROE a key management indicator and is working to

improve capital efficiency. The Company also maintain a high capital adequacy ratio and financial soundness.

In terms of organization, the Company views strengthening internal control functions as a key issue and is diligently addressing it. The Company has also introduced an executive officer structure to clarify management decision-making/supervisory functions and business execution functions, with the Board of Directors placed in charge of the former functions and Executive Officers placed in charge of the latter functions. In addition to these things, the Company has adopted the structure of a company with an audit and supervisory committee, and, utilizing the functions of Outside Directors who do not engage in business execution, is working to improve its corporate value over the medium to long term while strengthening internal control.

Furthermore, the Directors and Executive Officers of the holding company, YONDOSHI HOLDINGS INC., essentially serve as persons in charge of operating subsidiaries to enable decision-making from broad perspectives, enhance the density of communication among managers, and share information on issues across the Group to maintain the strength and stability of Group management capabilities.

However, the sources of corporate value in the Company and the Group are not things that can be created in a short period of time. The tangible and intangible assets that have been cultivated over the years since our founding and the strong bonds and relationships of trust forged with business partners and customers support our business, and are unquestionably necessary stepping stones to the establishment of a trusted corporate brand.

In this way, the Company and the Group will maintain these sources of corporate value, further evolve our management, and further enhance our corporate value, with the aim of becoming a distinctive corporate group that earns the trust of all stakeholders.

As noted above, every business of the Company and the Group is built upon human resources who possess experience and expertise pertaining to businesses that have grown and evolved together with customers since our establishment, and upon management resources such as the reputation we have built and the close relationships of trust built with business partners and other stakeholders on the basis of that reputation. These management resources possess know-how and a brand image cultivated over many years, and create further value through their functioning with one another. In recent years, however, against a background of new legal system developments, circumstances in capital markets, changes in corporate structure and culture, and so on, there are cases of one-sided purchases of large volumes of shares without approval from the management team of the target company. In some cases, these could even pose undeniable potential for hindering the enhancement of the Company's sustainable corporate value founded on the above-mentioned management resources.

In light of this situation, it is our belief that we must assume the ongoing appearance of acquirers, etc.

Against the above background, we have maintained the Basic Policy described in (1) above.

2. Content of the Plan (Initiatives in light of the Basic Policy to prevent decisions concerning the Company's financial and business policies from being controlled by inappropriate parties)

(1) Purpose of continuation of anti-takeover measures under the Plan

As noted in 1 above, the Company believes that the need could arise in some cases to enact measures against an acquirer, etc. However, to the extent that the Company is a listed company, determination of whether to sell shares to the acquirer, etc., and final decisions on the pros and cons of entrusting the management of the Company to the acquirer, etc. should be left to the will of individual shareholders, we believe.

However, we also consider that an appropriate understanding of the Company's corporate value and the source that creates said value, with adequate consideration of the noted unique business characteristics of the Company and the history of the Company and the Group, is necessary as a premise upon which shareholders can render appropriate decisions. To understand how acquisition of controlling shares of the Company by the acquirer, etc. may affect the Company's corporate value and the source of that value, situations can be readily assumed in which information provided by the

acquirer, etc. alone is inadequate. In this case, we believe that appropriate decisions by shareholders must be based on information provided by the Board of Directors, which fully understands the unique business characteristics of the Company; or on evaluations, opinions, and, in some cases, new proposals by the Board of Directors regarding the acquisition of controlling shares by the acquirer, etc.

Accordingly, we believe that it is vital to ensure adequate time for shareholders to analyze and consider these multifaceted items of information.

Based on the above points of view, in order to enable shareholders to make appropriate decisions on whether to comply with large-scale purchases by demanding that parties who seek to engage in or who are currently engaging in large-scale purchases (hereinafter "large-scale purchasers") provide required information on said large-scale purchases in advance and ensure a period for the evaluation and consideration of such, and in accordance with the Basic Policy, on April 14, 2022, the Board of Directors of the Company decided to continue the anti-takeover measures under the Plan. The Board of Directors does so as an initiative for presenting shareholders with opinions in favor of or against large-scale purchases, or with business plans, etc. as alternatives to the purchase proposals, business plans, etc. presented by major acquirers (hereinafter "alternate proposals"), and to enable negotiating, etc. with large-scale acquirers, etc. on behalf of shareholders, and in response to the recommendations of the Independent Committee (defined in (2) (e) below; the same shall apply hereinafter), in order to prevent decisions concerning the Company's financial and business policies from being controlled by inappropriate parties in light of the Basic Policy (specifically, parties that, based on the counsel of the Independent Committee, have been recognized by the Board of Directors of the Company as large-scale purchasers who are in violation of the Plan or large-scale purchasers that correspond to aggressive purchasers (defined in (2) (f) A) b below), co-owners of these, or specially related parties thereof, or parties that are effectively controlled by and that act jointly or in collaboration with the aforementioned parties; hereinafter collectively referred to as "parties with exceptional grounds").

As of the current date, the Company does not recognize any specific signs of large-scale purchases of the Company's stock certificates, etc.

The status of the major shareholders of the Company as of February 28 of the current year is as shown in **Appendix 1**, "Status of Major Shareholders".

(2) Content of the Plan

A flow chart summarizing procedures related to the Plan is as shown in **Appendix 2**. Specific content of the Plan is as follows.

(a) Definition of large-scale purchases subject to invoking of countermeasures

When acts (excluding acts that have been approved in advance by the Board of Directors of the Company) that fall or may fall under any of a to c below (hereinafter collectively referred to as "large-scale purchases") have been performed or are attempted, countermeasures based on the Plan may be invoked.

- ① Purchase or other acquisition (Note 3) of stock certificates, etc. issued by the Company (Note 1), by which the combined stock certificate, etc. holding ratio for a specified shareholder of the Company (Note 2) becomes 20% or more
- ② Purchase or other acquisition (Note 7) of stock certificates, etc. issued by the Company (Note 4), by which the combined stock certificates, etc. ownership ratios for a specified shareholder of the Company (Note 5) and for a specially related party thereof (Note 6) become 20% or more
- ③ Regardless of whether the acts specified in a or b above are carried out, acts including agreements that are carried out between a specified shareholder (or shareholders; the same shall apply to c below) of the Company who intends to perform an act specified in a or b above and another shareholder of the Company (limited, however, to other shareholders for which, for stock certificates, etc. issued by Company, the combined stock certificate, etc. holding ratios for the specified shareholder and the other shareholder become 20% or more), and by which said other shareholder becomes a joint owner with said specified shareholder, or an act which establishes a relationship (Note 9) between said specified

shareholder and said other shareholder by which one party comes to effectively control the other party or by which the parties act jointly or in collaboration (Note 8).

Note 1: Refers to stock certificates, etc. defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except where specified otherwise.

Note 2: Refers to the stock certificate, etc. holding ratio defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter; however, in the calculation of the stock certificate, etc. holding ratio, (i) specially related parties defined in Article 27-2, Paragraph 7 of the same Act, and (ii) investment banks, securities companies, and other financial institutions that have concluded financial advisory agreements with specified shareholders as well as tender offer agents and lead securities companies of the specified shareholders (hereinafter "contract financial institutions, etc.") will be deemed to be joint owners of the specified shareholders (meaning joint owners defined in Article 27-23, Paragraph 5 of the same Act, including those deemed to be joint owners pursuant to Paragraph 6 of the same Article (and including parties deemed to fall under such by the Board of Directors of the Company); the same applies hereinafter). When calculating the stock certificate, etc. holding ratio, the latest information published by the Company may be used to obtain the total number of issued shares of the Company.

Note 3: Includes the holding of the right to request delivery of stock certificates, etc. based on sales or other contracts, and the performance of transactions stipulated in Article 14-6 of the Order for Enforcement of the Financial Instruments and Exchange Act.

Note 4: Refers to stock certificates, etc. defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. This also applies for the following part of b.

Note 5: Refers to the stock certificate, etc. ownership ratio defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter. Note that when calculating the stock certificate, etc. ownership ratio, the latest information published by the Company may be used to obtain the total number of voting rights of the Company.

Note 6: Refers to a specially related party defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. However, for parties listed in item (i) of the same Paragraph, this excludes those specified in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers. Note that (i) joint holders and (ii) contract financial institutions, etc. shall be deemed to be specially related parties of the specified shareholder. The same shall apply hereinafter.

Note 7: Includes purchases and other paid transfers, and items similar to paid transfers stipulated in Article 6, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act.

Note 8: Determination of whether a "relationship between said specified shareholder and said other shareholder by which one party comes to effectively control the other party or by which the parties act jointly or in collaboration" has been established will be made on the basis of the formation of a new investment relationship, business alliance relationship, transaction or contract relationship, concurrent executive position relationship, funding relationship, credit provision relationship, etc., as well as on the direct and indirect effects that the large-scale purchaser and the other shareholders have on the Company, etc.

Note 9: Determination of whether the acts specified in c above have been carried out will be reasonably made by the Board of Directors of the Company. The Board of Directors of the Company may request the shareholders of the Company to provide information conforming to the information described in (c) below, to the extent deemed necessary to determine whether the requirements of (a) are met.

(b) Submission of statement of intent

Prior to the start of or the execution of a large-scale purchase, the large-scale purchaser will submit to the President and Representative Director of the Company, in a format specified separately by the Company, a document signed or stamped by the representative of the large-scale purchaser pledging that it will comply with procedures specified in the Plan (hereinafter "large-scale purchase rules") and a certificate of the qualifications of the representative who signed or stamped the document (hereinafter collectively referred to as "statement of intent"). Upon receipt of the above statement of intent, the President and Representative Director of the Company will immediately submit this to the Board of Directors of the Company and the Independent Committee.

In addition to the pledge to comply with the large-scale purchase rules, the statement of intent will include the name of the large-scale purchaser, the address of its head office, office, etc., the law governing its establishment, the name of its representative, contact information in Japan, and an outline, etc. of the planned large-scale purchase. The language used in the statement of intent will be limited to Japanese.

When a large-scale purchaser has provided a statement of intent, the Company will disclose to shareholders those matters deemed appropriate by the Board of Directors or the Independent Committee, in a timely and appropriate manner and in accordance with applicable laws and regulations.

(c) Requests to large-scale purchasers for provision of information

Within 10 business days from the date on which the Board of Directors and the Independent Committee received the statement of intent (not counting the first day), the large-scale purchaser will provide to the Board of Directors of the Company the information listed from a to k below (hereinafter collectively referred to as "large-scale purchase information"). Upon receipt of the large-scale purchase information, the Board of Directors of the Company will promptly provide this to the Independent Committee.

In the case that, based solely on the information initially provided by the large-scale purchaser, the Board of Directors of the Company or the Independent Committee has deemed it difficult for the shareholders of the Company to properly judge whether to comply with the large-scale purchase, or for the Board of Directors of the Company or the Independent Committee to form opinions on the pros and cons of the large-scale purchase (hereinafter "opinion formation") or formulate alternate proposals (hereinafter "alternate proposal drafting") for appropriate presentation to shareholders, the Board of Directors of the Company or the Independent Committee may, as the need arises, request that the large-scale purchaser provide additional information necessary for proper judgment by shareholders and opinion formation or alternate proposal drafting by the Board of Directors of the Company and the Independent Committee, by setting a reasonable deadline for submission and by disclosing to shareholders the reasons for requiring the specific period and reasonable period.

In addition, in the event that the Board of Directors of the Company or the Independent Committee has determined that the provision of large-scale purchase information has been completed, the Company will disclose this to shareholders in a timely and appropriate manner and in accordance with applicable laws and regulations. Moreover, in accordance with decisions of the Board of Directors of the Company or the Independent Committee, at an appropriate time after receipt of the large-scale purchase information, the Company will, in principle and in accordance with applicable laws and regulations, disclose to shareholders any large-scale purchase information deemed necessary for shareholders to properly judge whether the shareholders should comply with the large-scale purchase.

Overview (including specific name, capital structure, investment ratio, financial details, presence of past violations of laws and regulations (with an outline of these if any); and names, biographies, and presence of past violations of laws and regulations (with an outline of these if any) of officers) of the large-scale purchaser and its group companies, etc. (including major shareholders or investors (direct or indirect; the same shall apply hereinafter) and key subsidiaries/affiliates, and, if the large-scale purchaser is a fund or a business entity involved in investments thereof, information on key members, investors and other constituent members, as well as business execution union members and persons who provide ongoing counsel on investments)

- ① The status of holdings of the Company's stock certificates, etc. by the large-scale purchaser and its group companies, etc.; the status of contracts and status of holding of derivatives and other financial derivative products that have as underlying assets the Company's stock certificates, etc. or assets related to the business of the Company or the Group; and the status of stock lending and short selling of the Company's stock certificates, etc.

- ② The purpose, the method, and the details of the large-scale purchase (including type and number of stock certificates, etc. subject to the large-scale purchase, the type and value of consideration for the large-scale purchase, the timing of the large-scale purchase, related transaction mechanisms, the legality of the method of the large-scale purchase, the feasibility of the large-scale purchase and related transactions (with details of any specific certain conditions for the large-scale purchase), and, in the case of expectation that the Company's stock certificates, etc. will be delisted following the completion of the large-scale purchase, the fact of and reasons for this. Regarding the legality of the method of the large-scale purchase, a written opinion by a qualified attorney will also be submitted.)
- ③ The specific form and content of any communication of intent with a third party concerning the large-scale purchase (including communication of intent regarding material proposals, etc. made to the Company (meaning material proposals, etc. defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act); the same shall apply hereinafter)
- ④ The grounds for calculation of consideration for purchasing, etc. related to the large-scale purchase and the particulars of the calculation (including facts/assumptions underlying the calculation, calculation method, information on the organization performing calculation, numerical data used in calculation, and the amounts of synergies and dissynergies that are expected to arise due to the series of transactions pertaining to the large-scale purchase and the grounds for calculation of these)
- ⑤ Funds backing purchases, etc. related to the large-scale purchase (names of the providers of funds (substantial providers (direct or indirect)), procurement method, presence and details of conditions for provision of funds, presence and details of collateral or pledges after funding, and details of related specific transactions)
- ⑥ The management policies, business plans, financial plans, investment plans, capital policies, dividend policies, etc. intended for the Company and the Group following completion of the large-scale purchase (including plans for sale, provision as collateral, or other disposal of the Company's assets following the completion of the large-scale purchase), and policies for the handling of the Company's and the Group's officers, employees, business partners, customers, local public organizations in which factories/production facilities are located, and other parties with vested interest in the Company following completion of the large-scale purchase
- ⑦ The probability of obtaining approval, permission, etc. based on the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and other domestic and foreign laws and regulations that may apply to the large-scale purchase. (Regarding these matters, a written opinion by a qualified attorney will also be submitted.)
- ⑧ Presence of any relationships (direct or indirect) with antisocial influences or terrorism-related organizations, and details of any such relationships
- ⑨ Specific measures to avoid conflicts of interest with other shareholders of the Company
- ⑩ Other information that the Board of Directors of the Company or the Independent Committee has deemed to be reasonably necessary and has requested in writing from the large-scale purchaser

All of the above information is to be provided in Japanese.

(d) Setting of period for evaluation by the Board of Directors, etc.

The Board of Directors of the Company will set period a or b below (either of which will be calculated from the date on which the Company discloses that the Board of Directors of the Company or the Independent Committee has determined that the provision of large-scale purchase information has been completed) as a period for evaluation, examination, opinion formation, alternate proposal drafting, and negotiations with the large-scale purchaser by the Board of Directors of the Company (hereinafter "Board of Directors evaluation period"), in accordance with the content of the large-scale purchase disclosed by the large-scale purchaser. Unless otherwise stated in the Plan, large-scale purchases are to be initiated only after the Board of Directors evaluation period has elapsed. The Board of Directors evaluation period was set with

consideration of the difficulty of evaluating and examining the content of the business of the Company, the difficulty of opinion formation and alternate proposal drafting, etc.

- ① If purchase of all stock certificates, etc. of the Company (meaning stock certificates, etc. defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act) is to be carried out through a tender offer with cash (yen) as the sole consideration: Maximum 60 days (not including the first day)
- ② If a large-scale purchase excluding a above is to be carried out: Maximum 90 days (not including the first day)

During the Board of Directors evaluation period, the Board of Directors of the Company will conduct evaluation, consideration, opinion formation, alternate proposal drafting, and negotiations with the large-scale purchaser based on the large-scale purchase information provided by the large-scale purchaser, from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of shareholders. When the Board of Directors of the Company conducts evaluation, consideration, opinion formation, alternative proposal drafting, and negotiations with the large-scale purchaser, it will, as necessary, obtain the counsel of external experts (financial advisors, attorneys, certified accountants, tax accountants, etc.) who are in third-party positions independent of the Board of Directors of the Company. The Company will bear all costs incurred in obtaining said counsel, except in exceptional cases where deemed particularly unreasonable.

In the event of unavoidable circumstances by which the Board of Directors of the Company fails to reach a resolution on whether to invoke countermeasures within the Board of Directors evaluation period for reasons including the Independent Committee failing to make recommendations as described in (f) below during the Board of Directors evaluation period, the Board of Directors of the Company may, based on recommendations of the Independent Committee, extend the Board of Directors evaluation period, one time only, to the extent necessary up to a maximum of 30 days (not including the first day). In the event that the Board of Directors of the Company has resolved to extend the Board of Directors evaluation period, it will disclose to shareholders the specific period that was resolved and the reasons why the specific period is needed, in a timely and appropriate manner and in accordance with applicable laws and regulations.

(e) Establishment of the Independent Committee

In the Current Plan, to eliminate arbitrary judgments by the Board of Directors of the Company concerning invoking, etc., the Company has established an independent committee consisting of three or more Outside Directors of the Company (including substitutes for these) and outside experts (hereinafter "Independent Committee") who are independent of the management team that engages in execution of the Company's business. This will also be maintained under the Plan.

The Independent Committee, as necessary, may obtain the counsel of external experts (financial advisors, attorneys, certified accountants, tax accountants, etc.) who are in third-party positions independent of the Board of Directors of the Company and the Independent Committee. The Company will bear all costs incurred in obtaining said counsel, except in exceptional cases where deemed particularly unreasonable.

The names and backgrounds of the members of the Independent Committee as of the start of the continuation of the anti-takeover measures under the Plan are as shown in **Appendix 3**.

In principle, resolutions of the Independent Committee will be passed by a majority of Committee members, with all Committee members in attendance. However, in the event that an accident or other unavoidable circumstance has befallen a member of the Independent Committee, resolutions will be passed by a majority of those members present, with a majority of Independent Committee members in attendance.

(f) Recommendation procedures of the Independent Committee and resolutions by the Board of Directors of the Company

A. Recommendations by the Independent Committee

During the Board of Directors evaluation period (including any period of extension), the Independent Committee will make recommendations to the Board of Directors of the Company regarding large-scale purchases, in accordance with the provisions of a to c below.

① Cases in which the large-scale purchase rules were not observed

In the case that a large-scale purchaser has violated the large-scale purchase rules in key respects (including cases in which the large-scale purchaser does not provide necessary additional information within a reasonable period set by the Board of Directors of the Company, or cases in which the large-scale purchaser does not comply with discussions and negotiations with the Board of Directors of the Company), and if said violation has not been rectified within five business days (not including the first day) after the Board of Directors of the Company has issued a request in writing that the large-scale purchaser rectify the matter, the Independent Committee will, in principle, recommend that the Board of Directors of the Company invoke countermeasures against the large-scale purchase, except in cases in which there is a clear need not to invoke said countermeasures in order to ensure or enhance the corporate value of the Company or the common interests of shareholders, or in which other special circumstances are present. When such a recommendation has been made, the Company will disclose to shareholders the opinions of the Independent Committee, the grounds for said opinions, and other information deemed appropriate, in a timely and appropriate manner and in accordance with applicable laws and regulations.

In the event that, after the Independent Committee has issued to the Board of Directors of the Company a recommendation to invoke countermeasures, the large-scale purchase is withdrawn or ceases to exist, or if other changes occur in factual relationships, etc. upon which the recommendation decision was grounded, the Independent Committee may issue a recommendation to discontinue the invoking of measures, or other recommendations, to the Board of Directors of the Company. When such re-recommendation has been made, the Company will disclose to shareholders the opinions of the Independent Committee, the grounds for said opinions, and other information deemed appropriate, in a timely and appropriate manner and in accordance with applicable laws and regulations.

② Cases in which the large-scale purchase rules were observed

If the large-scale purchaser has complied with the large-scale purchase rules, the Independent Committee will, in principle, recommend that the Board of Directors of the Company not invoke countermeasures against the large-scale purchase. However, even if the large-scale purchase rules have been observed, if the large-scale purchaser has been recognized as a party to which any of the circumstances (A) to (K) below apply (hereinafter collectively referred to as "aggressive purchaser"), the Independent Committee will recommend that the Board of Directors of the Company invoke countermeasures against the large-scale purchase.

- (A) The party is conducting acquisition of the stock certificates, etc. of the Company for the purpose of inflating the stock price and having the Company-related parties take back the shares at a high price despite a lack of intent to participate substantially in the management of the Company (i.e., is a "greenmailer") or the objective of the acquiring stock certificates, etc. of the Company is primarily the capture of short-term profit margins
- (B) The party's objective for participation in the management of the Company is primarily to temporarily control the management of the Company and to transfer intellectual property rights, know-how, trade secrets, major business partners, customers, etc. necessary for the management of the Company to the large-scale purchaser, its group companies, etc.
- (C) The party is conducting acquisition of the stock certificates, etc. of the Company with the plan to improperly divert the assets of the Company for use as collateral

- for debts of the large-scale purchaser or its group companies or as funds for repayment after controlling the management of the Company
- (D) The party's objective for participation in the management of the Company is primarily to temporarily control the management of the Company, dispose of high-value assets such as real estate and securities that are not involved in the business of the Company at the time, and use the gain from disposal to temporarily inflate dividends or seek opportunities for a sharp rise in stock price due to the temporary high dividend in order to sell off stock at a high price
 - (E) The party indicates no particular interest in and is not particularly involved in the management of the Company, and, after acquisition of the shares of the Company, solely seeks to capture short- to medium-term profits on sale of the shares of the Company by selling to the Company or to a third party, and ultimately seeks only to pursue its own profit even through disposal of the assets of the Company
 - (F) The conditions of acquisition of the Company's stock certificates, etc. proposed by the large-scale purchaser (including but not limited to the type, value, and grounds for calculation of the consideration for purchase, as well as content, timing, method, legality, and feasibility) are judged on the basis of reasonable grounds to be inadequate or inappropriate in light of the corporate value of the Company
 - (G) The acquisition method proposed by the large-scale purchaser is acquisition by a coercive method that structurally restricts the opportunities or the freedoms for judgment of shareholders, typified by a two-tier takeover (by which, when not all of the stock certificates, etc. of the Company can be acquired in a single-tier takeover, conditions for a two-tier takeover are disadvantageously set, and acquisition of the stock certificates, etc. of the Company is carried out in a non-explicit manner or in a manner that raises concerns about future liquidity of the stock certificates, etc. of the Company due to delisting, etc., effectively forcing shareholders to comply with the acquisition), or by a partial tender offer (a tender offer for only a portion, not all, of the stock certificates, etc. of the Company), etc.
 - (H) There is expectation of significant harm to the corporate value of the Company, including to the interests of shareholders, customers, employees, and other stakeholders of the Company, due to the acquisition of controlling rights by the large-scale purchaser, and, moreover, it is determined on the basis of reasonable grounds that there exists a risk of significant impediment to ensuring and enhancing the corporate value of the Company, or it has been determined that the medium- to long-term future corporate value of the Company would clearly be subordinated in the event that the large-scale purchaser were to acquire controlling rights, relative to if it did not
 - (I) The fact of acquisition of controlling rights by a large-scale purchaser would itself significantly cause harm to the corporate value of the Company, such as through loss of important business partners of the Company
 - (J) The large-scale purchaser has been judged on the basis of reasonable grounds to be inappropriate as a controlling shareholder from the standpoint of public order and morals, such as when the management team, major shareholders, or investors of the large-scale purchaser include persons who have a relationship with antisocial influences or terrorism-related organizations
 - (K) In other cases conforming to any of (A) to (J), it has been determined that the corporate value of the Company or the common interests of shareholders will be significantly harmed

The disclosure procedures for such recommendations and the subsequent procedures for re-recommendations will conform to a above.

- ③ Other recommendations, etc. by the Independent Committee

In addition to the above, the Independent Committee may issue to the Board of Directors of the Company recommendations including recommendations on necessary details and discontinuation of countermeasures when permitted by specific laws and regulations.

The disclosure procedures for such recommendations and the subsequent procedures for re-recommendations will conform to a above.

B. Resolutions by the Board of Directors of the Company

In the case that the Board of Directors of the Company, with all due respect to the recommendations of the Independent Committee, determines that the large-scale purchase falls under certain criteria, such as when not following the procedures prescribed in the "Guidelines for Invoking Countermeasures, etc." (hereinafter "these Guidelines", an outline of which is as shown in **Appendix 4**, it will, on the basis of these Guidelines, carry out necessary resolutions including those concerning the invoking, non-invoking, or discontinuation of countermeasures. Even if the Independent Committee has issued a recommendation for a resolution not to invoke countermeasures, in the event that the Board of Directors of the Company recognizes the presence of circumstances such as an expectation that the corporate value of the Company will be harmed by following the recommendations of the Independent Committee, or a risk of violating the Directors' duty of due care of a prudent manager, the Board of Directors of the Company may make a resolution of invoking countermeasures, or, without making a resolution of non-invoking, may convene a General Meeting of Shareholders by the means in C. below in order to put to shareholders the decision on whether to invoke countermeasures. When such a resolution has been passed, the Company will disclose to shareholders the content of the resolution, the opinions of the Board of Directors of the Company, the grounds for said opinions, and other information deemed appropriate, in a timely and appropriate manner and in accordance with applicable laws and regulations.

C. Convocation of a General Meeting of Shareholders of the Company

When the Board of Directors of the Company has itself made a determination that a General Meeting of Shareholders of the Company should be convened in order to put to vote the invoking of countermeasures under the Plan, the Board of Directors of the Company will convene a General Meeting of Shareholders of the Company as quickly as possible. In this case, the large-scale purchase will be carried out following the rejection of a proposal to invoke countermeasures at the General Meeting of Shareholders and following the conclusion of the General Meeting of Shareholders. If the proposal to approve the invoking of countermeasures under the Plan was rejected at the General Meeting of Shareholders, the countermeasures under the Plan will not be invoked against the large-scale purchase.

Even if procedures for convening a General Meeting of Shareholders of the Company have been enacted, in the event that the Board of Directors of the Company subsequently passes a resolution of non-invoking of countermeasures or if the Board of Directors of the Company determines that a resolution of invoking of countermeasures is suitable, the Company may cancel the procedures for convening the General Meeting of Shareholders of the Company. When such a resolution has been passed, the Company will disclose to shareholders the opinions of the Board of Directors of the Company, the grounds for said opinions, and other information deemed appropriate, in a timely and appropriate manner and in accordance with applicable laws and regulations.

(g) Amendments to large-scale purchase information

After the Company has disclosed that it has determined the provision of large-scale purchase information to have been completed in accordance with the provisions of (c) above, in the event that the Board of Directors of the Company or the Independent Committee has determined that significant amendments to the large-scale purchase information have been made by the large-scale

purchaser, procedures based on the Plan which have been carried out for the large-scale purchase based on the earlier large-scale purchase information (hereinafter "pre-amendment large-scale purchase") will be discontinued through disclosure to shareholders of said fact, its reasons, and other information deemed appropriate, in a timely and appropriate manner and in accordance with applicable laws and regulations; the large-scale purchase based on post-amendment large-scale purchase information will be handled as a large-scale purchase distinct from the pre-amendment large-scale purchase; and procedures based on the Plan will be applied anew.

(h) Specific details of countermeasures

Countermeasures against large-scale purchases initiated by the Company based on the Plan will in principle be based on the gratis allotment of share options stipulated in Article 277 and later in the Companies Act. (The allotted share options are hereinafter referred to as "the share options".) However, if it is deemed appropriate to invoke other countermeasures permitted by the Companies Act, other laws and regulations, and the Articles of Incorporation of the Company, said other countermeasures may be used.

An outline of cases in which gratis allotment of the share options is implemented as a countermeasure against the large-scale purchase is as described in **Appendix 5**. However, when actually implementing gratis allotment of the share options, (i) conditions for exercise by which the exercise of rights by parties with exceptional grounds is not permitted, or (ii) when the Company seeks to acquire a portion of the share options, a period of exercise, conditions for exercise, acquisition provisions, etc. with consideration of effects as countermeasures against the large-scale purchase, such as acquisition provisions that provide for the ability to acquire only the share options held by share option holders other than parties with exceptional grounds, may be set.

3. Continuation of anti-takeover measures under the Plan, and period of validity of, continuation of, discontinuation of, and amendments to the Plan

In continuing the anti-takeover measures under the Plan, the Company will present a proposal for approval of the continuation of the anti-takeover measures under the Plan at this Annual General Meeting of Shareholders, in order to gain an opportunity to appropriately incorporate the intent of shareholders.

The period of validity of the Plan will be from the time of expiration of the period of validity of the Current Plan to the time of conclusion of the Annual General Meeting of Shareholders for the last business year that ends within three years following the conclusion of this Annual General Meeting of Shareholders. However, in the case that, at the time of the conclusion of the Annual General Meeting of Shareholders, there exists a party which is putting forth an acquisition proposal or a party which intends to acquire controlling shares of the Company and which has been specified by the Board of Directors of the Company, the period of validity will be extended to the extent necessary to address the act that is being carried out or is intended. Even before the expiration of the period of validity, in the case that (i) a proposal to discontinue the Plan is approved at the General Meeting of Shareholders of the Company, or (ii) the Board of Directors of the Company has resolved to discontinue the Plan, or (iii) a proposal for approval of the introduction of the Plan has been rejected at this Annual General Meeting of Shareholders, the Plan will be discontinued at that time. Accordingly, the Plan may be abolished at any time in accordance with the intent of shareholders.

From the current year onward, at the first meeting of the Board of Directors of the Company following the conclusion of the Annual General Meeting of Shareholders of the Company, the Company will, as necessary, consider whether to continue, discontinue, or amend the Plan, and will carry out required resolutions as necessary.

Moreover, from the standpoint of ensuring and enhancing corporate value or the common interests of shareholders, the Board of Directors of the Company may review or amend the Plan as necessary, even at occasions other than the above-noted first meeting of the Board of Directors of the Company following the conclusion of the Annual General Meeting of Shareholders, with the approval of the Independent Committee, to an extent that is not contrary to the overall aims of the Plan, and to the

extent deemed reasonably necessary due to revisions to laws and regulations, etc. or to the interpretation or application of these, or due to amendments to the tax system, judicial precedents, etc.

In the event that a resolution for the discontinuation, amendment, etc. of the Plan has been passed, the Company will disclose to shareholders those matters deemed appropriate by the Board of Directors or the Independent Committee, in a timely and appropriate manner and in accordance with applicable laws and regulations.

4. Impact on shareholders and investors

(1) Impact on shareholders and investors from the continuation of anti-takeover measures under the Plan

If the anti-takeover measures under the Plan are continued, gratis allotment of the share options will not be conducted. Accordingly, upon entering into effect, the Plan will not have a direct and specific impact on the rights and economic interests of shareholders and investors.

The Plan provides information needed by shareholders to judge whether to comply with a large-scale purchase, and provides the opinions of the Board of Directors currently in charge of the management of the Company, for the purpose of ensuring an opportunity for shareholders to be presented with alternate proposals, etc. This allows shareholders to obtain sufficient information and to render appropriate judgment on whether to comply with the large-scale purchase, which is expected to protect the common interests of shareholders. Accordingly, we believe that the Plan is a precondition for shareholders and investors to make appropriate investment decisions, and will contribute to the common interests of shareholders and investors.

(2) Impact on shareholders and investors from gratis allotment of the share options

Based on the Plan, the Board of Directors of the Company may enact countermeasures against a large-scale purchase for the purpose of ensuring and enhancing corporate value or the common interests of shareholders. Due to the currently envisioned mechanism of countermeasures, dilution of the per-share value of shares of the Company held by shareholders will occur at the time of gratis allotment of the share options. However, as no dilution of the value of the entirety of shares of the Company held by shareholders will occur, we do not anticipate any direct and specific impact on the legal rights and economic interests of shareholders and investors.

However, in the event that countermeasures are invoked, some impact may befall the legal rights or economic interests of parties with exceptional grounds as a result.

Moreover, in the event that a resolution is passed for the gratis allotment of the share options as a countermeasure, and, following determination of the shareholders who are to receive the gratis allotment of the share options, if the Company suspends the gratis allotment of the share options or performs gratis acquisition of the gratis allotted share options, the per-share value of the Company's shares will not be diluted as a result; accordingly, investors who have performed buying or selling on the expectation that dilution of the per-share value of the Company's shares will occur may suffer unexpected harm due to fluctuations in the stock price, etc.

Procedures related to shareholders' exercise and acquisition of the share options for which gratis allotment was performed are as follows.

In the event that the Board of Directors of the Company has resolved to carry out gratis allotment of the share options, the Company will set a date of record for allotment of the share options and will issue a public notice in accordance with laws and regulations and with the Articles of Incorporation of the Company. In this case, the share options will be allotted to the shareholders listed or recorded in the final register of shareholders as of the date of record, in accordance with the number of shares held.

If the gratis allotment of the share options is carried out, shareholders listed or recorded in the final register of shareholders as of the date of record will naturally become share option holders on the date on which the gratis allotment of the share options goes into effect.

The Company will send a request for the exercising of the share options (in a format specified by the Company, and possibly including text pledging that shareholders are not parties with exceptional grounds), and other documents necessary for the exercise of the share options, to

shareholders listed or recorded in the final register of shareholders as of the date of record. By submitting these required documents within the period of exercise of the share options separately set by the Board of Directors of the Company and by paying an amount equivalent to the exercise price to the location handling payment, shareholders will be issued one share of the common stock of the Company for each share option. However, parties with exceptional grounds may not be able to exercise the share options.

Conversely, in the event that the Company acquires share options based on the acquisition provisions, shareholders will receive grant of the common stock of the Company as consideration for the acquisition of the share options by the Company, without paying money equivalent to the exercise price. (In this case, in addition to documents for verification of identity and documents containing information on accounts for conducting the transfer of the common stock of the Company, shareholders will submit documents containing text pledging that shareholders are not parties with exceptional grounds, etc., and that, if said pledge contains falsehoods, shareholders will immediately return the common stock of the Company that was granted.) However, the handling of parties with exceptional grounds may differ from that of other shareholders, including share options held by the parties being not subject to acquisition.

When these procedures have become actually necessary, the Company will disclose details to shareholders in a timely and appropriate manner and in accordance with applicable laws and regulations, and requests that shareholders check said details.

5. Rationality of the Plan

(1) Satisfaction of criteria in the guidelines concerning anti-takeover measures

The Plan satisfies the three principles set forth in "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice ((i) principle of ensuring and enhancing corporate value and the common interests of shareholders), (ii) principle of prior disclosure and shareholder intent, and (iii) principle of ensuring necessity and appropriateness) as follows. It further has content based on practical work and discussions concerning the "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group established within the Ministry of Economy, Trade and Industry on June 30, 2008 and other anti-takeover measures, and thus has a high degree of rationality.

(2) Ensuring and enhancing corporate value or the common interests of shareholders

As described in 2 (1) above, by requesting that the large-scale purchaser provide necessary information regarding the large-scale purchase in advance and by requesting a period for the evaluation and examination of this information, the Plan enables appropriate judgments by shareholders on whether to comply with the large-scale purchase, the presentation of opinions or alternatives for or against the large-scale purchase to shareholders by the Board of Directors of the Company in response to recommendations by the Independent Committee, or negotiation with large-scale purchasers on behalf of shareholders, with the aim of ensuring and enhancing the corporate value of the Company or the common interests of shareholders.

(3) Prior disclosure

The Company will disclose the Plan in advance in order to enhance the ability of shareholders, investors, and large-scale purchasers to foresee, and to ensure that shareholders have opportunities to make appropriate choices.

The Company will also continue to perform timely and appropriate disclosure as necessary, in accordance with applicable laws and regulations.

(4) Emphasis on shareholder intent

At this Annual General Meeting of Shareholders, the Company plans to confirm the intent of shareholders of the Company regarding the continuation of anti-takeover measures under the

Plan. By making the continuation of anti-takeover measures under the Plan contingent upon the approval of shareholders, we will incorporate the intent of shareholders regarding the continuation of anti-takeover measures.

As described in 3 above, as discontinuation is possible at any time by resolution of a General Meeting of Shareholders of the Company or of a Board of Directors consisting of the Directors appointed at a General Meeting of Shareholders, continuation is made contingent upon the intent of shareholders.

(5) Collection of opinions from outside experts by the Board of Directors of the Company

As described in 2 (2) (d) above, when invoking anti-takeover measures, the Board of Directors of the Company will, as necessary, conduct consideration after obtaining the counsel of external experts (financial advisors, attorneys, certified accountants, tax accountants, etc.) who are in third-party positions independent of the Board of Directors of the Company. This is to ensure objectivity and rationality in decisions made by the Board of Directors of the Company.

(6) Establishment of the Independent Committee and due respect for its recommendations

As described in 2 (2) (e) above, the Company will establish an Independent Committee to ensure the necessity and appropriateness of the Plan and to prevent the Plan from being misused for the protection of management. The Independent Committee will be composed of three or more Outside Directors of the Company (including substitutes for these) or outside experts, etc. who are independent of the management team that engages in execution of the Company's business.

When invoking anti-takeover measures, the Board of Directors of the Company will give due respect to the recommendations of the Independent Committee in order to ensure the fairness of decisions and eliminate arbitrary judgments by the Board of Directors of the Company. The Independent Committee, as necessary, in principal, and at the expense of the Company, may obtain the counsel of external experts (financial advisors, attorneys, certified accountants, tax accountants, etc.) who are in third-party positions independent of the Board of Directors of the Company and the Independent Committee. This is to ensure objectivity and rationality in decisions involving the recommendations of the Independent Committee.

In addition, an outline of the judgments of the Independent Committee will be disclosed to shareholders in a timely and appropriate manner. Mechanisms have been secured by which the Plan will be operated, with assurance of transparency that will contribute to the corporate value of the Company and the common interests of shareholders.

(7) Setting of guidelines

The Company has set these Guidelines as internal criteria that incorporate objective requirements in order to prevent arbitrary judgments and handling by the Board of Directors of the Company in the procedures under the Plan, and to ensure the transparency of procedures. Through the establishment of these Guidelines, the criteria to be followed when deciding whether to invoke, not invoke, or discontinue countermeasures are made highly objective and transparent, and sufficient predictability is ensured in the Plan. (See **Appendix 4** for an outline of these Guidelines.)

(8) Not a dead-hand anti-takeover measure or a slow-hand anti-takeover measure

As described in 3 above, as discontinuation of the Plan is possible at any time by resolution of a General Meeting of Shareholders of the Company or of a Board of Directors consisting of the Directors appointed at a General Meeting of Shareholders, it is not a dead-hand anti-takeover measure (an anti-takeover measure which cannot be prevented even if a majority of the members of the Board of Directors are replaced) or a slow-hand anti-takeover measure (an anti-takeover measure that requires time to prevent as members of the Board of Directors cannot all be changed at once).

Appendix 1

Status of Major Shareholders (as of February 28, 2022)

Name	Address	Number of shares owned (thousands)	Ratio of the number of shares owned to total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	1,578	7.33
The Dai-ichi Life Insurance Company, Limited (Standing proxy: Custody Bank of Japan, Ltd.)	1-13-1 Yurakucho, Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Tokyo)	1,254	5.83
The Hiroshima Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	1-3-8 Kamiyacho, Naka-ku, Hiroshima (1-8-12 Harumi, Chuo-ku, Tokyo)	1,069	4.97
Sumitomo Mitsui Banking Corporation	1-1-2 Marunouchi, Chiyoda-ku, Tokyo	781	3.63
YONDOSHI HOLDINGS Group Co-Prosperity Association	2-19-10 Kamiosaki, Shinagawa-ku, Tokyo	758	3.52
The Iyo Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	1 Minamihoribatacho, Matsuyama, Ehime Prefecture (1-8-12 Harumi, Chuo-ku, Tokyo)	739	3.43
Tsuguo Oyama	Hiroshima	405	1.88
Custody Bank of Japan, Ltd. (trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	367	1.70
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Ltd. re-trust; The Momiji Bank, Ltd. employee pension trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	352	1.63
Shimako Sumikawa	Tokyo	340	1.58
Total	—	7,645	35.53

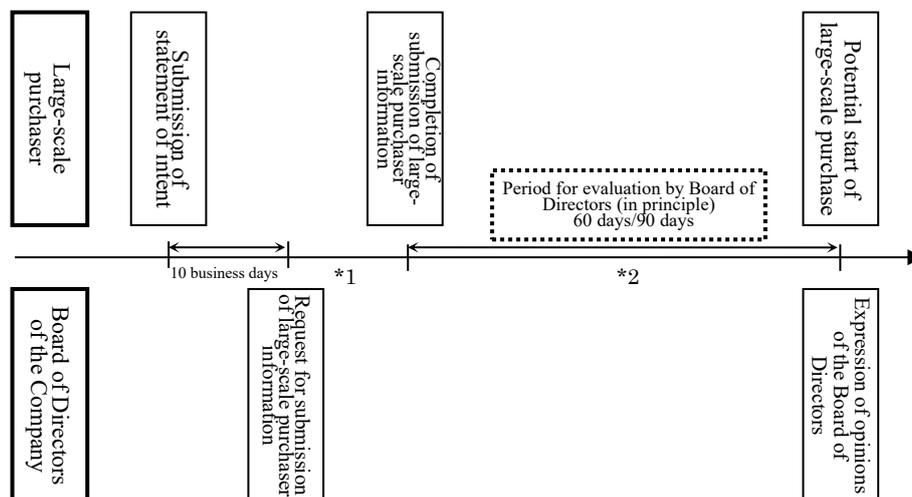
Note:

1. The Company holds 2,813,996 shares (11.56%) of treasury stock, but is excluded from major shareholders.
2. The above percentage of shares owned is calculated on the basis of 21,517,360 shares, being the total 24,331,356 shares issued as of February 28, 2022 with 2,813,996 shares of treasury stock excluded.

Appendix 2

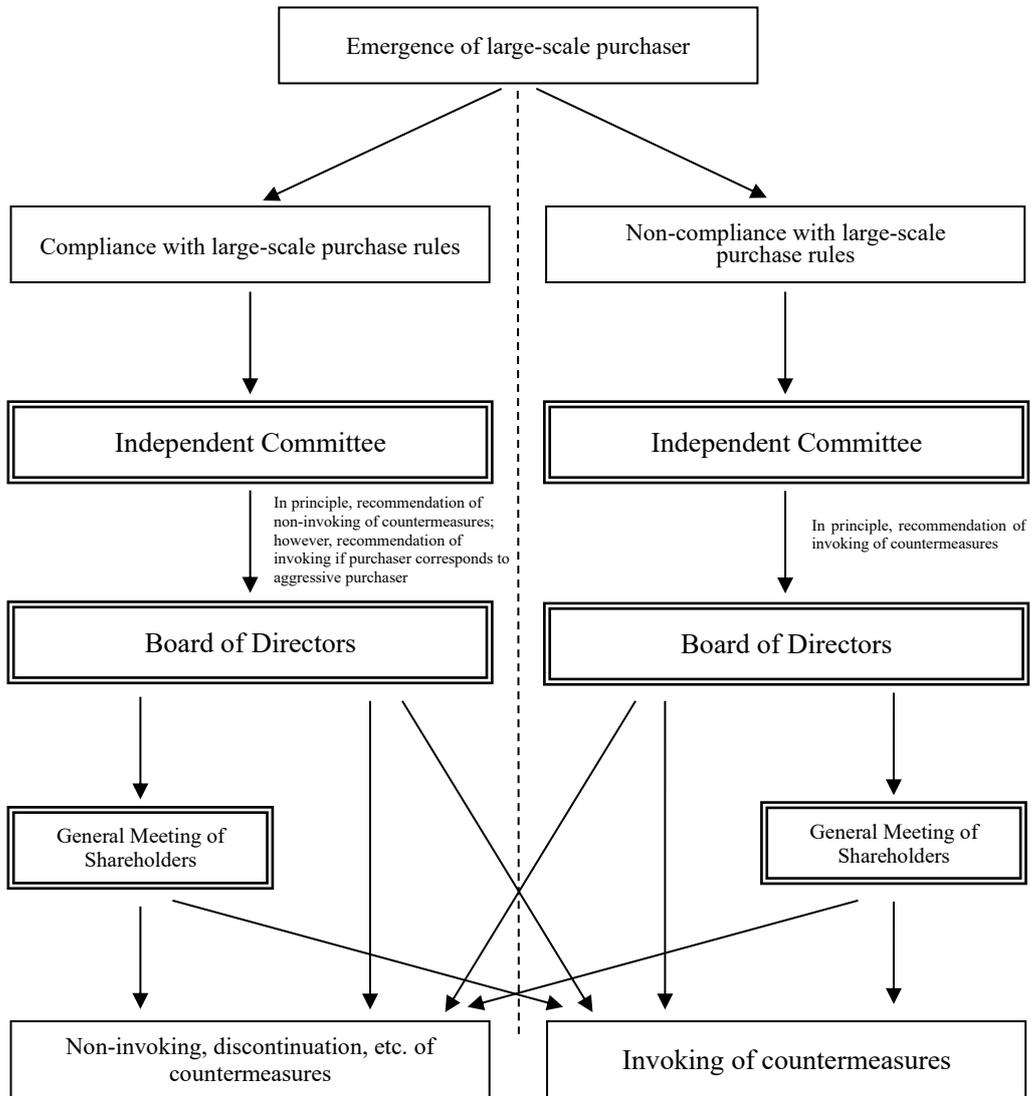
Steps in Procedures under the Plan

[Overview of large-scale purchase rules]



- *1: In the case that, based solely on information initially received, the Board of Directors of the Company or the Independent Committee has deemed it difficult for the shareholders of the Company to properly judge whether to comply with the large-scale purchase, or for the Board of Directors of the Company or the Independent Committee to form opinions on the pros and cons of the large-scale purchase (hereinafter "opinion formation") or formulate alternate proposals (hereinafter "alternate proposal drafting") for appropriate presentation to shareholders, the Board of Directors of the Company or the Independent Committee may, as the need arises, request that the large-scale purchaser provide additional information necessary for proper judgment by shareholders and opinion formation or alternate proposal drafting by the Board of Directors of the Company and the Independent Committee, by setting a reasonable deadline for submission and by disclosing to shareholders the reasons for requiring the specific period and reasonable period.
- *2: 60 days (not including the first day) in the case of purchase of all of the stock certificates, etc. of the Company through a cash-only (yen) tender offer; 90 days (not including the first day) in the case of other large-scale purchases. In the event of unavoidable circumstances by which the Board of Directors of the Company fails to reach a resolution on whether to invoke countermeasures within the Board of Directors evaluation period for reasons including the Independent Committee failing to make certain recommendations during the Board of Directors evaluation period, the Board of Directors of the Company may, based on recommendations of the Independent Committee, extend the Board of Directors evaluation period, one time only and to the extent necessary, up to a maximum of 30 days (not including the first day).
- *3: The Independent Committee will, as necessary, issue recommendations to the Board of Directors of the Company on the invoking or non-invoking of countermeasures.
- *4: As necessary, the Board of Directors of the Company will present to shareholders business plans, etc. as alternatives to acquisition proposals and business plans presented by large-scale purchasers, or will negotiate with large-scale purchasers on behalf of shareholders.
- *5: When the Board of Directors of the Company has itself made a determination that a General Meeting of Shareholders of the Company should be convened in order to put to vote the invoking of countermeasures under the Plan, the Board of Directors of the Company will convene a General Meeting of Shareholders of the Company as early as possible.

[Overview of invoking of countermeasures]



* An overview of steps in procedures under the Plan is shown in **Appendix 2**.

Appendix 3

Names and Brief History of Independent Committee Members

Name:

Toyomasa Akiyama (Born Feb 28, 1954)

Brief History:

Jul 1997 Senior Examiner (Large Enterprise Examination Department),
Tokyo Regional Taxation Bureau, National Tax Agency

Jul 2006 Chief Examiner (Corporation Taxation Group), Higashi-Murayama Tax Office,
National Tax Agency

Sep 2008 Certified Public Tax Accountant, Tax Master Tax Accountant Corporation

Jun 2015 Auditor, Foundation for International Development / Relief (incumbent)

May 2016 Outside Director and Audit & Supervisory Board Member, the Company
(incumbent)

May 2016 Audit & Supervisory Board Member, F.D.C. PRODUCTS INC. (incumbent)

Sep 2017 Representative Partner, Tax Master Tax Accountant Corporation (incumbent)

Name:

Nobuko Kitagawa (Born Jan 17, 1971)

Brief History:

Apr 1997 Registered as Attorney

Apr 1997 Attorney, Asuka Sogo Law Office (currently Hayabusa Asuka Law Office)

Apr 2003 Fixed-term Officer (Supervision Bureau), Financial Services Agency

Oct 2014 Legal Councilor, Japan Securities Dealers Association

Jun 2015 Outside Director, The Bank of Kochi, Ltd. (incumbent)

Apr 2016 Attorney, Komatsu Partners (currently Kotohira Partners)

May 2020 Outside Director and Audit & Supervisory Board Member, the Company
(incumbent)

Jan 2021 Attorney, Nobuko Kitagawa Law Office

Apr 2022 Attorney, Shimada Mirai Law Office (incumbent)

Name:

Naoki Kodama (Born Feb 5, 1956)

Brief History:

Apr 1978 Joined IBM Japan, Ltd.

Apr 2002 Senior Managing Director, JBCC Corporation

Aug 2007 Managing Director, NITORI Co., Ltd.

Oct 2012 Managing Director of CAINZ CORPORATION

Jun 2017 Representative, M&S Consulting (incumbent)

Jun 2021 Outside Director, Softcreate Holdings Corporation (incumbent)

Name:

Yo Ota (Born Oct 3, 1967)

Brief History:

Apr 1993 Registered as Attorney (Dai-Ichi Tokyo Bar Association)

Feb 2001 Registered as Attorney, State of New York, USA

Apr 2001 Civil Affairs Bureau, Ministry of Justice (in charge of Commercial Code,
Counselor's Office)

Jan 2003 Partner, Nishimura & Partners (currently Nishimura & Asahi) (incumbent)

Appendix 4

Outline of "Guidelines for Invoking Countermeasures, etc."

1. Purpose

The "Guidelines for Invoking Countermeasures, etc." (hereinafter "these Guidelines") are for the purpose of establishing procedures and action guidelines in preparation for the invoking or non-invoking of countermeasures such as the gratis allotment of share options, etc., or other necessary resolutions, by the Board of Directors of the Company or Independent Committee (stipulated in 6 below) in conjunction with countermeasures to address large-scale purchases of the stock of the Company (hereinafter "the Plan") in the event of the emergence of a large-scale purchaser (as stipulated below), from the standpoint of ensuring and enhancing the corporate value of the Company or the common interests of shareholders.

In these Guidelines, "large-scale purchase" will have the meaning of acts that fall or may fall under any of a to c below (excluding acts approved in advance by the Board of Directors of the Company), and "large-scale purchaser" will have the meaning of a party that seeks to or is currently conducting a large-scale purchase.

- ① Purchase or other acquisition³ of stock certificates, etc. issued by the Company¹, by which the combined stock certificate, etc. holding ratio for a specified shareholder of the Company² becomes 20% or more
- ② Purchase or other acquisition⁷ of stock certificates, etc. issued by the Company⁴, by which the combined stock certificates, etc. ownership ratios for a specified shareholder of the Company⁵ and for a specially related party thereof⁶ become 20% or more

-
1. Refers to stock certificates, etc. defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. The same applies hereinafter except where specified otherwise.
 2. Refers to the stock certificate, etc. holding ratio defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. The same applies hereinafter; however, in the calculation of the stock certificate, etc. holding ratio, (i) specially related parties defined in Article 27-2, Paragraph 7 of the same Act, and (ii) investment banks, securities companies, and other financial institutions that have concluded financial advisory agreements with specified shareholders as well as tender offer agents and lead securities companies of the specified shareholders (hereinafter "contract financial institutions, etc.") will be deemed to be joint owners of the specified shareholders (meaning joint owners defined in Article 27-23, Paragraph 5 of the same Act, including those deemed to be joint owners pursuant to Paragraph 6 of the same Article (and including parties deemed to fall under such by the Board of Directors of the Company)). When calculating the stock certificate, etc. holding ratio, the latest information published by the Company may be used to obtain the total number of issued shares of the Company.
 3. Includes the holding of the right to request delivery of stock certificates, etc. based on sales or other contracts, and the performance of transactions stipulated in Article 14-6 of the Order for Enforcement of the Financial Instruments and Exchange Act.
 4. Refers to stock certificates, etc. defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. This also applies for the following part of b.
 5. Refers to the stock certificate, etc. ownership ratio defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. The same applies hereinafter. When calculating the stock certificate, etc. ownership ratio, the latest information published by the Company may be used to obtain the total number of voting rights of the Company.
 6. Refers to a specially related party defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. However, for parties listed in item (i) of the same Paragraph, this excludes those specified in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers. Note that (i) joint holders and (ii) contract financial institutions, etc. will be deemed to be specially related parties of the specified shareholder. The same applies hereinafter except where specified otherwise.
 7. Includes purchases and other paid transfers, and items similar to paid transfers stipulated in Article 6, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act.
-

- ③ Regardless of whether the acts specified in ① or ② above are carried out, acts including agreements that are carried out between a specified shareholder (or shareholders; the same

applies to the following part of ③ of the Company who intends to perform an act specified in ① or ② above and another shareholder of the Company (limited, however, to other shareholders for which, for stock certificates, etc. issued by Company, the combined stock certificate, etc. holding ratios for the specified shareholder and the other shareholder become 20% or more), and by which said other shareholder becomes a joint owner with said specified shareholder, or an act which establishes a relationship between said specified shareholder and said other shareholder by which one party comes to effectively control the other party or by which the parties act jointly or in collaboration.

2. Invoking of countermeasures

(1) In the case that a large-scale purchaser has violated the large-scale purchase rules in key respects (including cases in which the large-scale purchaser does not provide necessary additional information within a reasonable period set by the Board of Directors of the Company, or cases in which the large-scale purchaser does not comply with discussions and negotiations with the Board of Directors of the Company), and if said violation has not been rectified within five business days after the Board of Directors of the Company has issued a request in writing that the large-scale purchaser rectify the matter, the Independent Committee will, in principle, recommend that the Board of Directors of the Company invoke countermeasures against the large-scale purchase, except in cases in which there is a clear need not to invoke said countermeasures in order to ensure or enhance the corporate value of the Company or the common interests of shareholders, or in which other special circumstances are present; and (2) even in the case that the large-scale purchaser has observed the large-scale purchase rules, if the large-scale purchaser has been recognized as a party to which any of the circumstances (A) to (K) below apply (hereinafter "aggressive purchaser"), the Independent Committee will recommend that the Board of Directors of the Company invoke countermeasures, and the Board of Directors, with due respect to the recommendation of the Independent Committee, will resolve to invoke the countermeasures.

However, after the Independent Committee has issued to the Board of Directors of the Company a recommendation to invoke countermeasures, if the large-scale purchase is withdrawn or if other changes occur in factual relationships, etc. upon which the recommendation decision was grounded, the Independent Committee may issue a recommendation to discontinue the invoking of countermeasures, or other recommendations, to the Board of Directors of the Company. Even if the Independent Committee has issued a recommendation for a resolution of non-invoking of countermeasures, in the event that the Board of Directors of the Company recognizes the presence of circumstances such as a risk of violating the Directors' duty of due care of a prudent manager, the Board of Directors of the Company may make a resolution of invoking countermeasures, or, without making a resolution of non-invoking, may convene a General Meeting of Shareholders in order to put to shareholders the decision on whether to invoke countermeasures.

-
8. Determination of whether a "relationship between said specified shareholder and said other shareholder by which one party comes to effectively control the other party or by which the parties act jointly or in collaboration" has been established will be made on the basis of the formation of a new investment relationship, business alliance relationship, transaction or contract relationship, concurrent executive position relationship, funding relationship, credit provision relationship, etc., as well as on the direct and indirect effects that the large-scale purchaser and the other shareholders have on the Company, etc.
9. Determination of whether the acts specified in c above have been carried out will be reasonably made by the Board of Directors of the Company. The Board of Directors of the Company may request the provision of necessary information to the shareholders of the Company, to the extent deemed necessary to determine whether the requirements for "large-scale purchasing" are met.
-

- (A) The party is conducting acquisition of the stock certificates, etc. of the Company for the purpose of inflating the stock price and having Company-related parties take back the shares at a high price despite a lack of intent to participate substantially in the management of the Company (i.e.,

is a "greenmailer") or the objective of the acquiring stock certificates, etc. of the Company is primarily the capture of short-term profit margins

- (B) The party's objective for participation in the management of the Company is primarily to temporarily control the management of the Company and to transfer intellectual property rights, know-how, trade secrets, major business partners, customers, etc. necessary for the management of the Company to the large-scale purchaser, its group companies, etc.
- (C) The party is conducting acquisition of the stock certificates, etc. of the Company with the plan to improperly divert the assets of the Company for use as collateral for debts of the large-scale purchaser or its group companies or as funds for repayment after controlling the management of the Company
- (D) The party's objective for participation in the management of the Company is primarily to temporarily control the management of the Company, dispose of high-value assets such as real estate and securities that are not involved in the business of the Company at the time, and use the gain from disposal to temporarily inflate dividends or seek opportunities for a sharp rise in stock price due to the temporary high dividend in order to sell off stock at a high price
- (E) The party indicates no particular interest in and is not particularly involved in the management of the Company, and, after acquisition of the shares of the Company, solely seeks to capture short-to medium-term profits on sale of the shares of the Company by selling to the Company or to a third party, and ultimately seeks only to pursue its own profit even through disposal of the assets of the Company
- (F) The conditions of acquisition of the Company's stock certificates, etc. proposed by the large-scale purchaser (including but not limited to the type, value, and grounds for calculation of the consideration for purchase, as well as content, timing, method, legality, and feasibility) are judged on the basis of reasonable grounds to be inadequate or inappropriate in light of the corporate value of the Company
- (G) The acquisition method proposed by the large-scale purchaser is acquisition by a coercive method that structurally restricts the opportunities or the freedoms for judgment of shareholders, typified by a two-tier takeover (by which, when not all of the stock certificates, etc. of the Company can be acquired in a single-tier takeover, conditions for a two-tier takeover are disadvantageously set, and acquisition of the stock certificates, etc. of the Company is carried out in a non-explicit manner or in a manner that raises concerns about future liquidity of the stock certificates, etc. of the Company due to delisting, etc., effectively forcing shareholders to comply with the acquisition), or by a partial tender offer (a tender offer for only a portion, not all, of the stock certificates, etc. of the Company), etc.
- (H) There is expectation of significant harm to the corporate value of the Company, including to the interests of shareholders, customers, employees, and other stakeholders of the Company, due to the acquisition of controlling rights by the large-scale purchaser, and, moreover, it is determined on the basis of reasonable grounds that there exists a risk of significant impediment to ensuring and enhancing the corporate value of the Company, or it has been determined that the medium-to long-term future corporate value of the Company would clearly be subordinated in the event that the large-scale purchaser were to acquire controlling rights, relative to if it did not
- (I) The fact of acquisition of controlling rights by a large-scale purchaser would itself significantly cause harm to the corporate value of the Company, such as through loss of important business partners of the Company
- (J) The large-scale purchaser has been judged on the basis of reasonable grounds to be inappropriate as a controlling shareholder from the standpoint of public order and morals, such as when the management team, major shareholders, or investors of the large-scale purchaser include persons who have a relationship with antisocial influences or terrorism-related organizations
- (K) In other cases conforming to any of (A) to (J), it has been determined that the corporate value of the Company or the common interests of shareholders will be significantly harmed

3. Non-invoking of countermeasures

The Board of Directors will not invoke countermeasures in the following cases.

- (1) The Board of Directors of the Company has, as a result of sufficient discussion and negotiation with the large-scale purchaser, determined that the large-scale purchaser is not an aggressive purchaser.
- (2) At a General Meeting of Shareholders of the Company convened to put to vote the invoking of countermeasures under the Plan, a proposal to approve the invoking of countermeasures under the Plan was rejected.
- (3) Shareholders who hold half or more of the voting rights of all shareholders of the Company (excluding large-scale purchasers) have explicitly expressed an intent to comply with the large-scale purchase by the large-scale purchaser.
- (4) Other cases specified separately by the Board of Directors of the Company.

4. Retraction of countermeasures

The Board of Directors will retract countermeasures in the following cases.

- (1) Approval for the proposal by the large-scale purchaser for the large-scale purchase has been obtained by ordinary resolution at a General Meeting of Shareholders of the Company.
- (2) A unanimous decision has been rendered by the Independent Committee.
- (3) Other cases specified separately by the Board of Directors.

5. Content of countermeasures

Countermeasures will in principle be according to the gratis allotment of share options stipulated in Article 277 and later in the Companies Act. (The allotted share options are hereinafter referred to as "the share options".) However, if it is deemed appropriate to invoke other countermeasures permitted by the Companies Act, other laws and regulations, and the Articles of Incorporation of the Company, said other countermeasures may be used.

An outline of cases in which gratis allotment of the share options is implemented as a countermeasure against the large-scale purchase is as described in **Appendix 5**, and (i) conditions for exercise by which the exercise of rights is not permitted for parties that, based on the counsel of the Independent Committee, have been recognized by the Board of Directors as specified large-scale purchasers (stipulated by the Board of Directors of the Company in accordance with prescribed procedures), co-owners of these, or specially related parties thereof, or parties that are effectively controlled by and that act jointly or in collaboration with the aforementioned parties (hereinafter "parties with exceptional grounds"); or (ii) when the Company seeks to acquire a portion of the share options, a period of exercise, conditions for exercise, acquisition provisions, etc. with consideration of effects as countermeasures against the large-scale purchase, such as acquisition provisions that provide for the ability to acquire only the share options held by share option holders other than parties with exceptional grounds, may be set.

6. Independent Committee

The Independent Committee will be composed of three or more persons. Members of the Independent Committee will be appointed by the Board of Directors of the Company from among Outside Directors of the Company (including substitutes for these) or outside experts, who are independent of the management team that engages in execution of the Company's business. These persons will conclude agreements with the Company that include provisions for the duty of due care of a prudent manager with respect to Company, etc.

The Independent Committee, as necessary, may obtain the counsel of external experts (financial advisors, attorneys, certified accountants, tax accountants, etc.) who are in third-party positions independent of the Board of Directors of the Company and the Independent Committee. The Company will bear all costs incurred in obtaining said counsel, except in exceptional cases where deemed particularly unreasonable.

In principle, resolutions of the Independent Committee will be passed by a majority of Committee members, with all Committee members in attendance. However, in the event that an accident or other unavoidable circumstance has befallen a member of the Independent Committee, resolutions will be passed by a majority of those members present, with a majority of Independent Committee members in attendance.

7. Timely disclosure

Regarding matters necessary for the Plan, the Board of Directors of the Company will make timely and appropriate disclosure of information to shareholders and investors, in accordance with the Companies Act, the Financial Instruments and Exchange Act, and rules related to these; with government ordinances, Cabinet Office and ministerial ordinances; and with the rules of financial instrument exchanges, as applicable (hereinafter collectively referred to as "laws, etc.").

8. Period of validity of, continuation of, discontinuation of, and amendments to the Plan

The period of validity of the Plan will be from the time of expiration of the period of validity of the Current Plan to the time of conclusion of the Annual General Meeting of Shareholders for the last business year that ends within three years following the conclusion of the 72nd General Meeting of Shareholders of the Company scheduled for May 26 of this year (hereinafter "this Annual General Meeting of Shareholders"). However, in the case that, at the time of the conclusion of the Annual General Meeting of Shareholders, there exists a party which is putting forth an acquisition proposal or a party which intends to acquire controlling shares of the Company and which has been specified by the Board of Directors of the Company, the period of validity will be extended to the extent necessary to address the act that is being carried out or is intended. Even before the expiration of the period of validity, in the case that ① a proposal to discontinue the Plan has been approved at the General Meeting of Shareholders of the Company, or ② the Board of Directors of the Company has resolved to discontinue the Plan, or ③ a proposal for approval of the introduction of the Plan has been rejected at this Annual General Meeting of Shareholders, the Plan will be discontinued at that time.

From the current year onward, at the first meeting of the Board of Directors of the Company following the conclusion of the Annual General Meeting of Shareholders of the Company, the Board of Directors of the Company will, as necessary, consider whether to continue, discontinue, or amend the Plan, and will carry out required resolutions as necessary.

From the standpoint of ensuring and enhancing corporate value or the common interests of shareholders, the Board of Directors of the Company may review or amend the Plan as necessary, even at occasions other than the above-noted first meeting of the Board of Directors of the Company following the conclusion of the Annual General Meeting of Shareholders, with the approval of the Independent Committee, to an extent that is not contrary to the overall aims of the Plan, and to the extent deemed reasonably necessary due to revisions to laws and regulations, etc. (including amendments to the names of laws, etc., or the establishment of new laws, etc. that succeed old laws, etc.) or to the interpretation or application of these, or due to amendments to the tax system, judicial precedents, etc.

Appendix 5

Overview of implementation of gratis allotment of share options

1. Shareholders eligible for allotment
Gratis allotment of share options, in proportional number set separately by the Board of Directors of the Company up to one per share held (excluding common stock held by the Company) will be carried out toward shareholders listed or recorded in the final register of shareholders as of the date of record separately set by the Board of Directors.
2. Type and number of shares that are the target of share options
The type of shares that are the target of share options are common stock of the Company. Common stock of the Company granted through exercise of a share option will be one share.
3. Date on which gratis allotment of share options goes into effect
This will be determined separately by the Board of Directors.
4. Value of assets contributed when exercising each share option
The object of contribution when exercising each share option will be money. The value per share of common stock of the Company for assets contributed when exercising share options will be an amount determined separately by the Board of Directors of the Company, within a range from 1 yen to an amount equivalent to 50% of the fair value of one share of the Company. "Fair value" here is the average closing price (including quotations) of ordinary transactions of the common stock of the Company on the Tokyo Stock Exchange going back 90 days (excluding days on which there is no closing price) from the day prior to the day of the resolution on the gratis allotment of share options, rounded up to the nearest yen.
5. Restrictions on the transfer of share options
Acquisition by transfer of share options will require approval by the Board of Directors.
6. Criteria for the exercise of share options
Criteria for the exercise of share options will be as separately determined by the Board of Directors. (Criteria for exercise may be added by which the exercise of rights is not recognized for parties that, based on the counsel of the Independent Committee, have been recognized by the Board of Directors as specified large-scale purchasers (stipulated by the Board of Directors of the Company in accordance with prescribed procedures), co-owners of these, or specially related parties thereof, or parties that are effectively controlled by and that act jointly or in collaboration with the aforementioned parties, etc. (hereinafter "parties with exceptional grounds").)
7. Acquisition of share options rights by the Company
In accordance with a resolution of the Board of Directors, the Company may add acquisition criteria to the effect that the Company may acquire all share options, or only share options owned by share option rights holders other than parties with exceptional grounds, on either the condition that the large-scale purchaser has violated the large-scale purchase rules or other certain grounds have arisen, or the condition that a date separately determined by the Board of Directors has arrived.
8. Grounds for gratis acquisition of share options (grounds for discontinuation of countermeasures)
In the event that any of the following grounds has arisen, the Company may acquire all share options gratis.
 - (a) Approval for the proposal by the large-scale purchaser for the large-scale purchase has been obtained by ordinary resolution at a General Meeting of Shareholders of the Company.
 - (b) A unanimous decision has been rendered by the Independent Committee.
 - (c) Other cases specified separately by the Board of Directors.
9. Cooperation with the liquidation of share options

If it is reasonably recognized that a party with exceptional grounds which has received allotment of share options no longer poses a threat to the corporate value of the Company or the common interests of shareholders, the Company, after consulting with the Independent Committee, will cooperate within a reasonable extent with the liquidation of share options granted to the party with exceptional grounds as compensation for the acquisition of share options, or share options owned by the party with exceptional grounds, by means such as arranging for a third party to take over the share options at a fair price as of the time of purchase (with calculation to exclude inflated market price due to being the target of speculation). However, the Company will bear no obligation in this regard.

10. Period for exercise of share options, etc.

The period for the exercise of share options and other necessary matters will be determined separately by the Board of Directors, taking into consideration effectiveness as countermeasures against large-scale purchases, etc.