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(Stock Exchange Code 4045)
March 2, 2016

To Shareholders with Voting Rights:

Mikishi Takamura
President and Representative Director
Toagosei Co., Ltd.
1-14-1 Nishi-Shimbashi, Minato-ku, Tokyo

**NOTICE OF
THE 103RD ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 103rd Ordinary General Meeting of Shareholders of Toagosei Co., Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights by either of the methods below. We request you to review the Reference Document for the General Meeting of Shareholders below and exercise your voting rights no later than 5:00 p.m. (Japan time) on Tuesday, March 29, 2016.

[Exercise of your voting rights in written form]

Please indicate your approval or disapproval of each of our proposals on the enclosed Voting Rights Exercise Form and return it to us by post so that it can reach us by the above exercise deadline.

[Exercise of your voting rights by electronic method (via the Internet)]

Please access our website for exercising voting rights (<http://www.web54.net>). Then enter your approval or disapproval of each of our proposals by the above exercise deadline, by using your "voting right exercise code" and "password" given on the enclosed Voting Rights Exercise Form and by following the on-screen instructions.

1. Date and Time: Wednesday, March 30, 2016 at 10:00 a.m. (Japan time)

2. Place: 2F Large conference room at the Head Office of the Company located at
1-14-1 Nishi-Shimbashi, Minato-ku, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements for the Company's 103rd Fiscal Year (January 1, 2015 - December 31, 2015) and results of audits of the Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Auditors
 2. Non-consolidated Financial Statements for the Company's 103rd Fiscal Year (January 1, 2015 - December 31, 2015)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendment to the Articles of Incorporation

- Proposal 3:** Election of Eight (8) Directors (excluding Directors who act as Audit and Supervisory Committee Members)
- Proposal 4:** Election of Four (4) Directors who act as Audit and Supervisory Committee Members
- Proposal 5:** Determination of the Amount of Remuneration for Directors (excluding Directors who act as Audit and Supervisory Committee Members)
- Proposal 6:** Determination of the Amount of Remuneration for Directors who act as Audit and Supervisory Committee Members
- Proposal 7:** Partial Amendment to the Policies on Response to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures) and Continuance Thereof

4. Decisions upon Convocation

- (1) When you exercise your voting rights by a proxy, you must delegate your voting rights to another shareholder of the Company, who has voting rights. The delegation of your voting rights is limited to only one proxy.
- (2) If you exercise your voting rights more than once by an electronic method, the last exercise of your voting rights shall be treated as the valid vote.
- (3) If you exercise your voting rights both in written form and by an electronic method, your vote that we receive later shall be treated as the valid vote. In such case, if we receive your votes on the same day, your voting right exercised by an electronic method shall be treated as valid.

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Among the documents that we should provide together with this Notice, Notes to the Consolidated and Non-consolidated Financial Statements are posted on the Company's website in accordance with applicable laws and regulations and the Articles of Incorporation of the Company. Therefore, we do not include such information in the attachments. Thus, the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Company's Accounting Auditors and Corporate Auditors consist of the attached documents of this Notice and Notes to the Consolidated and Non-consolidated Financial Statements posted on the Company's website.
- Should the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements be revised, the revised versions will be posted on the Company's website.
The Company's website: <http://www.toagosei.co.jp/>

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

Regarding the appropriation of surplus of the Company, we hereby propose as follows:

■ Year-end Dividend

The Company's basic dividend policy is to strive to distribute stable profits to our shareholders with its standard of stable dividends of ¥20 per share, considering the business performance for the current fiscal year, future business developments and the progress of its business performance, etc. in a comprehensive perspective. As for internal reserves, the Company will use them as funds for research and development and capital investments to prepare for fiercer competition expected in the future while being fully aware that it is important to establish and maintain its sound financial position.

Regarding a year-end dividend for the 103rd fiscal year, we propose as follows:

- (1) Type of dividend assets:
Cash
- (2) Matters concerning the allotment of dividend assets and the amount thereof:
We propose paying a dividend of ¥12 per share of the Company's common stock. The total amount of the dividends will be ¥1,579,809,588.
We consolidated two common shares of the Company into one common share effective July 1, 2015. We paid an interim dividend of ¥6 per share in the current fiscal year. Consequently, an annual dividend per share calculated after the consolidation of the shares amounts to ¥24 per share (an interim dividend of ¥12 plus a year-end dividend of ¥12).
- (3) Date when dividends of surplus become effective:
March 31, 2016

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reason for the amendments

- (1) In line with the transition to a company with an audit and supervisory committee, the Company will newly establish the provisions regarding the Audit and Supervisory Committee and Audit and Supervisory Committee Members and delete the provisions regarding Corporate Auditors and the Board of Corporate Auditors.
- (2) The scope of officers with whom a company may enter into liability limitation agreements was expanded under the Act for the Partial Amendment to the Companies Act (Act No. 90 of 2014) enforced on May 1, 2015. In line with the expansion of the scope of such officers, the Company will amend the part of the provisions concerning liability limitation agreement in the Articles of Incorporation so that Non-executive Directors can fully play their expected roles. Each of the Corporate Auditors has given consent to this amendment to the Articles of Incorporation regarding liability limitation agreement.
- (3) Following the new establishment of, amendment to and deletion of the provisions of the Articles of Incorporation mentioned above, the Company will change the numbering of the Articles, alter the wording and make other required changes.

2. Details of the amendments

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER I. GENERAL PROVISIONS (Organs)</p> <p>Article 4. The Company shall have the following organs in addition to the General Meeting of Shareholders and Directors:</p> <p style="padding-left: 40px;">1. Board of Directors 2. <u>Corporate Auditors</u> 3. <u>Board of Corporate Auditors</u> 4. <u>Accounting Auditors</u></p> <p>CHAPTER IV. DIRECTORS AND THE BOARD OF DIRECTORS (Number of Directors)</p> <p>Article 20. The number of Directors of the Company shall not exceed ten (10).</p> <p style="padding-left: 40px;">(New)</p> <p>(Election of Directors)</p> <p>Article 21. (Omitted) (New)</p> <p style="padding-left: 40px;">2. Resolutions for the election of Directors shall not be by cumulative voting.</p>	<p>CHAPTER I. GENERAL PROVISIONS (Organs)</p> <p>Article 4. The Company shall have the following organs in addition to the General Meeting of Shareholders and Directors:</p> <p style="padding-left: 40px;">1. Board of Directors 2. <u>Audit and Supervisory Committee</u> (Deleted) 3. <u>Accounting Auditors</u></p> <p>CHAPTER IV. DIRECTORS AND THE BOARD OF DIRECTORS (Number of Directors)</p> <p>Article 20. The number of Directors of the Company <u>(excluding Directors who act as Audit and Supervisory Committee Members)</u> shall not exceed ten (10).</p> <p style="padding-left: 40px;">2. <u>The number of Directors who act as Audit and Supervisory Committee Members of the Company shall not exceed five (5).</u></p> <p>(Election of Directors)</p> <p>Article 21. (Unchanged)</p> <p style="padding-left: 40px;">2. <u>The election of Directors in accordance with the provisions of the preceding paragraph shall be made separately for Directors who act as Audit and Supervisory Committee Members and for other Directors.</u></p> <p style="padding-left: 40px;">3. Resolutions for the election of Directors shall not be by cumulative voting.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Term of Office of Directors) Article 22. The term of office of a Director shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within one (1) year from his/her election to office.</p> <p>(New)</p> <p>(New)</p> <p>(New)</p>	<p>(Term of Office of Directors) Article 22. The term of office of a Director (<u>excluding Directors who act as Audit and Supervisory Committee Members</u>) shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within one (1) year from his/her election to office.</p> <p><u>2. The terms of office of a Director who acts as Audit and Supervisory Committee Member shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within two (2) years from his/her election to office.</u></p> <p><u>3. The term of office of a Director who acts as Audit and Supervisory Committee Member, and who is elected to fill a vacancy caused by retirement of a Director who acts as Audit and Supervisory Committee Member prior to the expiry of his/her term of office shall be the same as the remaining term of office of the retired Director who acts as Audit and Supervisory Committee Member.</u></p> <p><u>4. A resolution to elect a Substitute Director who acts as Audit and Supervisory Committee Member shall take effect until the commencement of the Ordinary General Meeting of Shareholders to be held two (2) years after the General Meeting of Shareholders where such Substitute Director was elected.</u></p>
<p>(Executive Directors and Representative Directors) Article 23. The Board of Directors shall elect by resolution one (1) President and Representative Director; provided, however, that the Board of Directors may elect by resolution one (1) Chairman of the Board of Directors, as well as several Vice Presidents and Directors, Senior Managing Directors, Managing Directors and Advisers and Directors as necessary.</p> <p>2. The Board of Directors shall elect Representative Directors by resolution.</p> <p>3. (Omitted)</p>	<p>(Executive Directors and Representative Directors) Article 23. The Board of Directors shall elect by resolution one (1) President and Representative Director <u>from among Directors (excluding Directors who act as Audit and Supervisory Committee Members)</u>; provided, however, that the Board of Directors may elect by resolution one (1) Chairman of the Board of Directors, as well as several Vice Presidents and Directors, Senior Managing Directors, Managing Directors and Advisers and Directors as necessary.</p> <p>2. The Board of Directors shall elect Representative Directors by resolution <u>from among Directors (excluding Directors who act as Audit and Supervisory Committee Members)</u>.</p> <p>3. (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>4. In the case where Chairman of the Board of Directors is not elected or is unable to act, President and Representative Director shall perform the duties of Chairman of the Board of Directors. In the case where President and Representative Director is unable to act, another Director shall perform the duties of Chairman of the Board of Directors according to the order of precedence determined in advance by a resolution of the Board of Directors.</p>	<p>4. In the case where Chairman of the Board of Directors is not elected or is unable to act, President and Representative Director shall perform the duties of Chairman of the Board of Directors. In the case where President and Representative Director is unable to act, another Director <u>(excluding Directors who act as Audit and Supervisory Committee Members)</u> shall perform the duties of Chairman of the Board of Directors according to the order of precedence determined in advance by a resolution of the Board of Directors.</p>
<p>(The Board of Directors) Article 24. (Omitted)</p> <p>2. Notice of convocation of a meeting of the Board of Directors shall be sent to each Director <u>and each Corporate Auditor</u> at least three (3) days prior to the date of such meeting; provided, however, that such notification period may be shortened in the case of urgent necessity.</p> <p>3. When the consent of all Directors <u>and Corporate Auditors</u> is obtained in advance, a meeting of the Board of Directors may be held without following the procedures for convening a meeting.</p>	<p>(The Board of Directors) Article 24. (Unchanged)</p> <p>2. Notice of convocation of a meeting of the Board of Directors shall be sent to each Director at least three (3) days prior to the date of such meeting; provided, however, that such notification period may be shortened in the case of urgent necessity.</p> <p>3. When the consent of all Directors is obtained in advance, a meeting of the Board of Directors may be held without following the procedures for convening a meeting.</p>
<p>(New)</p>	<p><u>(Delegation of Decisions of Important Business Execution)</u> <u>Article 25. In accordance with the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate all or part of decisions of important business execution (excluding the matters listed in items of Paragraph 5 of the same Article) to any Director by a resolution of the Board of Directors.</u></p>
<p>(Method of Adopting Resolutions) Article <u>25</u>. (Omitted)</p>	<p>(Method of Adopting Resolutions) Article <u>26</u>. (Unchanged)</p>
<p>(Minutes of Meetings of the Board of Directors) Article <u>26</u>. With regard to the business of a meeting of the Board of Directors, its minutes shall be prepared and Directors <u>and Corporate Auditors</u> present at such meeting shall affix the names and seals to it or electronically sign it in accordance with applicable laws and regulations.</p>	<p>(Minutes of Meetings of the Board of Directors) Article <u>27</u>. With regard to the business of a meeting of the Board of Directors, its minutes shall be prepared and Directors present at such meeting shall affix the names and seals to it or electronically sign it in accordance with applicable laws and regulations.</p>
<p>(Regulations of the Board of Directors) Article <u>27</u>. (Omitted)</p>	<p>(Regulations of the Board of Directors) Article <u>28</u>. (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Compensation etc.) Article <u>28</u>. Remunerations, bonuses and other financial benefits that Directors receive from the Company as a consideration for the execution of the duties shall be fixed by a resolution of the General Meeting of Shareholders.</p>	<p>(Compensation etc.) Article <u>29</u>. Remunerations, bonuses and other financial benefits that Directors receive from the Company as a consideration for the execution of the duties shall be fixed <u>separately for Directors who act as Audit and Supervisory Committee Members and for other Directors</u> by a resolution of the General Meeting of Shareholders.</p>
<p>(Limitation of Liabilities of Directors) Article <u>29</u>. In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Directors from liabilities in relation to the acts under Article 423, Paragraph 1 of the Companies Act within the limits prescribed by applicable laws and regulations. 2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with <u>Outside Directors</u> to limit their liabilities in relation to the acts under Article 423, Paragraph 1 of the Companies Act to the greater of an amount determined in advance which shall not be less than ten million (10,000,000) Japanese yen or an amount prescribed by applicable laws and regulations.</p>	<p>(Limitation of Liabilities of Directors) Article <u>30</u>. In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt <u>Directors (including former Directors)</u> from liabilities in relation to the acts under Article 423, Paragraph 1 of the Companies Act within the limits prescribed by applicable laws and regulations. 2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with <u>Directors (excluding Executive Directors, etc. stipulated in Article 2, Paragraph 15 (a) of the Companies Act)</u> to limit their liabilities in relation to the acts under Article 423, Paragraph 1 of the Companies Act to the greater of an amount determined in advance which shall not be less than ten million (10,000,000) Japanese yen or an amount prescribed by applicable laws and regulations.</p>
<p>CHAPTER V. <u>CORPORATE AUDITORS AND THE BOARD OF CORPORATE AUDITORS</u></p> <p>(New)</p> <p>(New)</p> <p>(New)</p>	<p>CHAPTER V. <u>THE AUDIT AND SUPERVISORY COMMITTEE</u></p> <p>(The Audit and Supervisory Committee) Article <u>31</u>. <u>The Audit and Supervisory Committee shall determine the matters provided for in applicable laws and regulations. It shall also exercise its authority required to perform its duties.</u> 2. <u>Notice of convocation of a meeting of the Audit and Supervisory Committee shall be sent to each Audit and Supervisory Committee Member at least three (3) days prior to the date of such meeting; provided, however, that such notification period may be shortened in the case of urgent necessity.</u> 3. <u>When the consent of all of the Audit and Supervisory Committee Members is obtained in advance, a meeting of the Audit and Supervisory Committee may be held without following the procedures for convening a meeting.</u></p>

Current Articles of Incorporation	Proposed Amendments
(New)	<u>(Full-time Audit and Supervisory Committee Members)</u> <u>Article 32. The Audit and Supervisory Committee shall elect Full-time Audit and Supervisory Committee Members by its resolution.</u>
(New)	<u>(Minutes of Meetings of the Audit and Supervisory Committee)</u> <u>Article 33. With regard to the business of a meeting of the Audit and Supervisory Committee, its minutes shall be prepared and the Audit and Supervisory Committee Members present at such meeting shall affix the names and seals to it or electronically sign it in accordance with applicable laws and regulations.</u>
(New)	<u>(Regulations of the Audit and Supervisory Committee)</u> <u>Article 34. Any matter regarding the Audit and Supervisory Committee shall be subject to the provisions of applicable laws and regulations, these Articles of Incorporation and Regulations of the Audit and Supervisory Committee established by the Audit and Supervisory Committee.</u>
<u>(Number of Corporate Auditors)</u> <u>Article 30. The number of Corporate Auditors of the Company shall not exceed five (5).</u>	(Deleted)
<u>(Election of Corporate Auditors)</u> <u>Article 31. A resolution to elect Corporate Auditors shall be adopted by a majority vote of shareholders present at the General Meeting of Shareholders attended by shareholders holding at least one third (1/3) of the voting rights of the shareholders eligible to exercise their voting rights.</u>	(Deleted)
<u>(Effectiveness of Resolution to Elect Substitute Corporate Auditors)</u> <u>Article 31-2. A resolution to elect Substitute Corporate Auditor shall take effect until the commencement of the Ordinary General Meeting of Shareholders held with regard to the last fiscal year which ends within four (4) years from the time of the election of the Substitute Corporate Auditor, unless otherwise provided for by such resolution.</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<u>(Term of Corporate Auditors)</u>	(Deleted)
<u>Article 32. The term of office of an Corporate Auditor shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within four (4) years from his/her election to office.</u>	
2. <u>The term of office of an Corporate Auditor elected to fill a vacancy caused by retirement of an Corporate Auditor prior to the expiry of his/her term of office shall be the same as the remaining term of office of the retired Corporate Auditor.</u>	(Deleted)
<u>(Full-Time Corporate Auditors)</u>	(Deleted)
<u>Article 33. The Board of Corporate Auditors shall elect by resolution one or more Full-time Corporate Auditors.</u>	
<u>(The Board of Corporate Auditors)</u>	(Deleted)
<u>Article 34. The Board of Corporate Auditors shall decide audit policy, methods for investigating the status of the operations and financial status of the Company and other matters regarding the execution of the duties of Corporate Auditors, in addition to the matters provided for in applicable laws and regulations or these Articles of Incorporation.</u>	
2. <u>Notice of convocation of a meeting of the Board of Corporate Auditors shall be sent to each Corporate Auditor at least three (3) days prior to the date of such meeting; provided, however, that such notification period may be shortened in the case of urgent necessity.</u>	(Deleted)
3. <u>When the consent of all Corporate Auditors is obtained in advance, a meeting of the Board of Corporate Auditors may be held without following the procedures for convening a meeting.</u>	(Deleted)
<u>(Minutes of Meetings of the Board of Corporate Auditors)</u>	(Deleted)
<u>Article 35. With regard to the business of a meeting of the Board of Corporate Auditors, its minutes shall be prepared and the Corporate Auditors present at such meeting shall affix the names and seals to it or electronically sign it in accordance with applicable laws and regulations.</u>	

Current Articles of Incorporation	Proposed Amendments
<p><u>(Regulations of the Board of Corporate Auditors)</u> <u>Article 36. Any matter regarding the Board of Corporate Auditors shall be subject to the provisions of applicable laws and regulations, these Articles of Incorporation and Regulations of the Board of Corporate Auditors established by the Board of Corporate Auditors.</u></p>	(Deleted)
<p><u>(Compensation etc.)</u> <u>Article 37. The amount of compensation, bonuses and any other proprietary benefits to be granted to Corporate Auditors by the Company in consideration of their performance of duty shall be determined by resolution of the General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>(Limitation of Liabilities of Corporate Auditors)</u> <u>Article 38. In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Corporate Auditors from liabilities in relation to the acts under Article 423, Paragraph 1 of the Companies Act within the limits provided for by applicable laws and regulations.</u></p>	(Deleted)
<p><u>2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with Outside Corporate Auditors to limit their liability in relation to the acts under Article 423, Paragraph 1 of the Companies Act to the greater of an amount determined in advance which shall not be less than ten million (10,000,000) Japanese yen or an amount prescribed by applicable laws and regulations.</u></p>	(Deleted)
<p>Article <u>39.</u> (Omitted)</p>	Article <u>35.</u> (Unchanged)
<p>Article <u>40.</u> (Omitted)</p>	Article <u>36.</u> (Unchanged)
<p>Article <u>41.</u> (Omitted)</p>	Article <u>37.</u> (Unchanged)
<p>Article <u>42.</u> (Omitted)</p>	Article <u>38.</u> (Unchanged)
<p>Article <u>43.</u> (Omitted)</p>	Article <u>39.</u> (Unchanged)
<p>Article <u>44.</u> (Omitted)</p>	Article <u>40.</u> (Unchanged)

Current Articles of Incorporation	Proposed Amendments
(New)	<p><u>SUPPLEMENTARY PROVISIONS</u> <u>(Transitional Measure Regarding Limitation of Liabilities of Corporate Auditors)</u></p> <p><u>1. The exemption from liabilities for damages of Corporate Auditors (including former Corporate Auditors) under Article 423, Paragraph 1 of the Companies Act, in relation to the acts conducted prior to the close of the 103rd Ordinary General Meeting of Shareholders to be held in March 2016, by a resolution of the Board of Directors shall remain subject to the provisions of the previous Article 38, Paragraph 1 of the Articles of Incorporation of the Company prior to the amendment that will take effect at the close of the Ordinary General Meeting of Shareholders.</u></p> <p><u>2. The agreements that limit liabilities for damages of Outside Corporate Auditors (including former Outside Corporate Auditors) under Article 423, Paragraph 1 of the Companies Act, in relation to the acts conducted prior to the close of the 103rd Ordinary General Meeting of Shareholders to be held in March 2016 shall remain subject to the provisions of the previous Article 38, Paragraph 2 of the Articles of Incorporation of the Company prior to the amendment that will take effect at the close of the Ordinary General Meeting of Shareholders.</u></p>
(New)	

Proposal 3: Election of Eight (8) Directors (excluding Directors who act as Audit and Supervisory Committee Members)

The Company will change its corporate structure to a company with an audit and supervisory committee, on the condition that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved at the meeting. The terms of office for all of the nine (9) incumbent Directors will expire at the conclusion of the meeting. Accordingly, the Company proposes the election of eight (8) Directors (excluding Directors who act as Audit and Supervisory Committee Members).

This proposal will take effect on the condition that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved at the meeting.

The candidates are as follows:

No.	Name (Date of birth)	Summary of Career, Position and Responsibility at the Company (Important Concurrent Positions Held)	Number of shares of the Company held
1	Mikishi Takamura (March 28, 1956) [Reappointment]	<p>April 1980 Joined the Company</p> <p>April 2002 General Manager, Finance Group, Administrative Department</p> <p>April 2005 General Manager, Human Resources & General Affairs Group, Administrative Department</p> <p>April 2006 General Manager, Human Resources & General Affairs Group and General Manager, Investor Relations & Public Relations Section, Administrative Department</p> <p>April 2008 Deputy Plant Manager, Nagoya Plant</p> <p>March 2010 Director, General Manager, Administrative Department</p> <p>April 2012 Director, General Manager, Administrative Division</p> <p>March 2013 Director, General Manager, Corporate Strategy Department</p> <p>March 2015 Vice President and Representative Director and General Manager, Corporate Strategy Division</p> <p>November 2015 President and Representative Director (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Mikishi Takamura as a candidate for Director because he has mainly been involved in the management of the corporate strategy division and the administrative division of the Company and is expected to enhance the decision-making function of the Board of Directors by overseeing the management of the Group based on his extensive experience and business track records.</p>	58,713
2	Nobuhiro Ishikawa (January 8, 1955) [Reappointment]	<p>April 1977 Joined the Company</p> <p>April 2001 General Manager, Productive Technology Group, Manufacturing Department, Nagoya Plant</p> <p>April 2002 General Manager, Manufacturing Department II, Nagoya Plant</p> <p>April 2005 General Manager, Acrylic Products Group, Acrylic Products Department</p> <p>April 2007 General Manager, UV-curable Resins Group, Functional Materials Department</p> <p>March 2008 Executive Officer, General Manager, Acrylic Products Department</p> <p>March 2010 Executive Officer, Plant Manager, Nagoya Plant</p> <p>March 2014 Director, General Manager, Technology & Production Administrative Division</p> <p>January 2016 Vice President and Representative Director and General Manager, Corporate Strategy Division (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Nobuhiro Ishikawa as a candidate for Director because he has mainly been involved in the management of the productive technology division and the operating division of the Company and is expected to enhance the decision-making function of the Board of Directors by overseeing the management of the Group based on his extensive experience and business track records.</p>	27,648

No.	Name (Date of birth)	Summary of Career, Position and Responsibility at the Company (Important Concurrent Positions Held)	Number of shares of the Company held
3	Soichi Nomura (March 1, 1956) [Reappointment]	<p>April 1981 Joined the Company</p> <p>April 2003 General Manager, Engineering Group, Technology Administrative Department</p> <p>July 2003 Director, General Manager, Process Technology Center, TOA Engineering Co.,Ltd.</p> <p>April 2007 General Manager, Technology Administrative Department of the Company</p> <p>March 2008 Director, General Manager, Technology Administrative Department</p> <p>March 2013 Director, General Manager, Research & Development Administrative Division and General Manager, General Center of Research & Development</p> <p>January 2016 Director, General Manager, Technology & Production Administrative Division and General Manager, Research & Development Administrative Division (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Soichi Nomura as a candidate for Director because he has mainly been involved in the management of the productive technology division and the research & development division of the Company and is expected to fully perform his duty of business execution and enhance the decision-making function of the Board of Directors by reflecting his extensive experience and business track records on the management of the Company.</p>	47,852
4	Akira Komine (June 2, 1954) [Reappointment]	<p>April 1977 Joined the Company</p> <p>April 2004 President, Toagosei America Inc.</p> <p>April 2007 Executive Officer, Branch Manager, Osaka Branch of the Company</p> <p>April 2010 Executive Officer, General Manager, Tokyo Sales Department</p> <p>March 2012 Executive Officer of the Company and President and Representative Director, MT AquaPolymer, Inc.</p> <p>March 2015 Director, General Manager, Supply Chain Management Division of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Akira Komine as a candidate for Director because he has mainly been involved in the management of the sales division of the Company and the management of the Group companies and is expected to fully perform his duty of business execution and enhance the decision-making function of the Board of Directors by reflecting his extensive experience and business track records on the management of the Company.</p>	23,810
5	Katsuyuki Ito (August 27, 1957) [Reappointment]	<p>April 1981 Joined the Company</p> <p>April 2007 General Manager, Business Support Department, Aron Kasei Co., Ltd.</p> <p>June 2007 General Manager, Corporate Strategy Department, Aron Kasei Co., Ltd.</p> <p>June 2008 Resigned from the Company</p> <p>March 2015 Director, Aron Kasei Co., Ltd.</p> <p>March 2015 Director, General Manager, Administrative Division of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Katsuyuki Ito as a candidate for Director because he has mainly been involved in the management of the Group company and is expected to fully perform his duty of business execution and enhance the decision-making function of the Board of Directors by reflecting his extensive experience and business track records on the management of the Company.</p>	25,019

No.	Name (Date of birth)	Summary of Career, Position and Responsibility at the Company (Important Concurrent Positions Held)	Number of shares of the Company held
6	Shinichi Sugiura (August 4, 1955) [Reappointment]	<p>April 1978 Joined the Company</p> <p>April 2005 General Manager, UV-curable Resins Group, Functional Materials Department</p> <p>April 2007 General Manager, Chlorine & Alkali Products Group, Commodity Chemicals Department</p> <p>March 2008 Executive Officer, General Manager, Commodity Chemicals Department</p> <p>March 2013 Director, General Manager, Supply Chain Management Division</p> <p>March 2015 Director of the Company and President and Representative Director, Aron Kasei Co., Ltd. (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Shinichi Sugiura as a candidate for Director because he has mainly been involved in the management of the operating division of the Company and the management of the Group companies and is expected to fully perform his duty of business execution and enhance the decision-making function of the Board of Directors by reflecting his extensive experience and business track records on the management of the Company.</p>	30,675
7	Ryoji Miura (October 30, 1946) [Reappointment] [Outside]	<p>June 1969 Joined Mitsui Bank</p> <p>June 1997 Director, Sakura Bank</p> <p>June 1999 Executive Officer, Sakura Bank</p> <p>April 2000 Managing Executive Officer, Sakura Bank</p> <p>April 2001 Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>June 2002 President and Representative Director, Sakura Information Systems Co., Ltd.</p> <p>March 2010 Corporate Auditor of the Company</p> <p>March 2015 Director (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Ryoji Miura as a candidate for Outside Director because it judged that he has broad insight that he has developed through his business background at the financial institutions and extensive experience as an officer and he can further enhance the management system of the Company by reflecting such insight on the management of the Company.</p>	2,660
8	Etsuo Sakai (March 6, 1952) [New appointment] [Outside]	<p>April 1979 Research Associate, School of Engineering, Tokyo Institute of Technology</p> <p>April 1982 Researcher, General Research Institute, DENKI KAGAKU KOGYO KABUSHIKI KAISHA</p> <p>April 1994 Associate Professor, School of Engineering, Tokyo Institute of Technology</p> <p>April 1999 Associate Professor, Graduate School of Engineering, Tokyo Institute of Technology</p> <p>January 2008 Professor, Graduate School of Engineering, Tokyo Institute of Technology (to present)</p> <p>April 2014 Guest Professor, China Building Materials Academy (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Etsuo Sakai as a candidate for Outside Director because it judged that he has expert knowledge and experience, etc. that he has acquired as a professor of the Graduate School of Science and Engineering and he can further enhance the management system of the Company by reflecting such expert knowledge and experience on the management of the Company.</p>	0

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. The number of shares of the Company held by each candidate includes the candidate's equity interest in the Officer Shareholders' Committee.
3. Mr. Ryoji Miura is a candidate for Outside Director. The Company has designated him as an independent officer as stipulated under the regulations of Tokyo Stock Exchange and submitted a notification of the designation to the same Exchange.

4. Mr. Ryoji Miura is currently Outside Director of the Company. His term of office as Outside Director will have been one year at the conclusion of the meeting. He had acted as Outside Corporate Auditor of the Company for five years before he took office as Outside Director of the Company.
5. Mr. Etsuo Sakai is a candidate for Outside Director. The Company will designate him as an independent officer as stipulated under the regulations of Tokyo Stock Exchange and submit a notification of the designation to the same Exchange.
6. The Company has provided in its Articles of Incorporation that it may enter into a liability limitation agreement with an Outside Director, under the provisions of Article 427, Paragraph 1 of the Companies Act, to limit his/her liability under Article 423, Paragraph 1 of the Companies Act to the greater of ¥10 million or the amount specified by applicable laws and regulations. The Company has entered into the liability limitation agreement mentioned above with Mr. Ryoji Miura. If the election of Messrs. Ryoji Miura and Etsuo Sakai is approved at the meeting, the Company intends to enter into the liability limitation agreements with them.
7. All of the candidates endorse the continued adoption of the “Policies on Response to Large-Scale Purchase of the Company’s Shares (Takeover Defense Measures)” approved at the 100th Ordinary General Meeting of Shareholders held on March 28, 2013.

Proposal 4: Election of Four (4) Directors who act as Audit and Supervisory Committee Members

The Company will change its corporate structure to a company with an audit and supervisory committee, on the condition that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved at the meeting. Accordingly, the Company proposes the election of four (4) Directors who act as Audit and Supervisory Committee Members.

The Board of Corporate Auditors has given its prior consent to this proposal.

This proposal will take effect on the condition that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved at the meeting.

The candidates are as follows:

No.	Name (Date of birth)	Summary of Career and Position at the Company (Important Concurrent Positions Held)	Number of shares of the Company held
1	Hideo Kato (June 18, 1951) [New appointment]	<p>April 1975 Joined the Company</p> <p>March 2002 General Manager, Sulfuric Acid and Agricultural Group, Commodity Chemicals Department</p> <p>April 2003 General Manager, Sales Administrative Group, Supply Chain Management Department</p> <p>April 2007 General Manager, Purchasing Group, Supply Chain Management Department</p> <p>April 2008 Branch Manager, Nagoya Branch</p> <p>March 2009 Executive Officer, Branch Manager, Nagoya Branch</p> <p>March 2010 Executive Officer of the Company and President and Representative Director, TG Corporation</p> <p>March 2015 Corporate Auditor of the Company (to present)</p>	14,140
		<p>[Reason for selecting him/her as a candidate for Director who acts as Audit and Supervisory Committee Member]</p> <p>The Company selected Mr. Hideo Kato as a candidate for Director who acts as Audit and Supervisory Committee Member because it judged that he has mainly been involved in the management of the sales division of the Company and the management of the Group company, and he can further enhance the oversight function of the Company by reflecting his extensive experience and business track records on the management of the Company.</p>	

No.	Name (Date of birth)	Summary of Career and Position at the Company (Important Concurrent Positions Held)	Number of shares of the Company held
2	Kazuo Hara (April 14, 1949) [New appointment] [Outside]	<p>July 1999 District Director, Kakegawa Tax Office</p> <p>July 2001 Special Officer (Personnel), Management and Co-ordination Department, Tokyo Regional Taxation Bureau</p> <p>July 2003 Chief Examiner, Fifty-Sixth Large Enterprise Examination Group, Fourth Large Enterprise Examination Department, Tokyo Regional Taxation Bureau</p> <p>July 2004 Acquired the qualification of a Certified Public Tax Accountant Director, First Information and Examination Division, Second Taxation Department, Tokyo Regional Taxation Bureau</p> <p>July 2005 Director, First Personnel Division, Management and Co-ordination Department, Tokyo Regional Taxation Bureau</p> <p>July 2007 Vice President, National Tax College</p> <p>July 2008 Regional Commissioner, Kumamoto Regional Taxation Bureau</p> <p>September 2009 Opened Hara Kazuo Certified Public Tax Accountant Office (to present)</p> <p>March 2011 Corporate Auditor, Aron Kasei Co., Ltd.</p> <p>March 2012 Corporate Auditor of the Company (to present)</p> <p>June 2015 Corporate Auditor, KAKEN PHARMACEUTICAL CO., LTD. (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director who acts as Audit and Supervisory Committee Member] The Company selected Mr. Kazuo Hara as a candidate for Director who acts as Audit and Supervisory Committee Member because it judged that he has expert knowledge and experience, etc. regarding accounting and taxes as a Certified Public Tax Accountant and he can further enhance the oversight function of the Company by reflecting his expert knowledge and experience on the management of the Company. He has not been involved in corporate management other than his experience as an outside officer. However, the Company considers he will perform his duty properly as an Outside Director for the above reasons.</p>	5,387
3	Tsutomu Harada (April 15, 1951) [New appointment] [Outside]	<p>April 1975 Joined Mitsui Bank</p> <p>June 2002 Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>June 2003 President and Representative Director, SMBC Delivery Service Co., Ltd.</p> <p>June 2006 President and Representative Director, SMBC Business Servicing Co., Ltd.</p> <p>September 2009 Corporate Auditor, Muromachi Co., Ltd. (to present)</p> <p>June 2013 Chairman of the Board and Representative Director, SMBC Business Servicing Co., Ltd.</p> <p>March 2015 Corporate Auditor of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director who acts as Audit and Supervisory Committee Member] The Company selected Mr. Tsutomu Harada as a candidate for Director who acts as Audit and Supervisory Committee Member because it judged that he has business background at the financial institutions and extensive experience as an officer and he can further enhance the oversight function of the Company by reflecting his business background and extensive experience on the management of the Company.</p>	321

No.	Name (Date of birth)	Summary of Career and Position at the Company (Important Concurrent Positions Held)	Number of shares of the Company held
4	Yasuo Kitamura (March 8, 1965) [New appointment] [Outside]	<p>April 1988 Joined The Industrial Bank of Japan, Limited</p> <p>April 1996 Registered as a lawyer</p> <p>February 2001 Registered as a lawyer in New York State, the United States</p> <p>October 2007 Opened Kitamura & Hiraga Law Office (to present)</p> <p>November 2013 Director, Zakkaya Bulldog Co., Ltd.</p> <p>March 2015 Corporate Auditor of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director who acts as Audit and Supervisory Committee Member] The Company selected Mr. Yasuo Kitamura as a candidate for Director who acts as Audit and Supervisory Committee Member because it judged that he has expert knowledge and experience, etc. as a lawyer and he can further enhance the oversight function of the Company by reflecting his expert knowledge and experience on the management of the Company. He has not been involved in corporate management other than his experience as an outside officer. However, the Company considers he will perform his duty properly as an Outside Director for the above reasons.</p>	644

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. Mr. Hideo Kato is currently Corporate Auditor of the Company. His term of office as Corporate Auditor will have been one year at the conclusion of the meeting.
3. Mr. Kazuo Hara is a candidate for Outside Director. The Company has designated him as an independent officer as stipulated under the regulations of the Tokyo Stock Exchange and submitted a notification of the designation to the same Exchange.
4. Mr. Kazuo Hara is currently Outside Corporate Auditor of the Company. His term of office as Outside Corporate Auditor will have been four years at the conclusion of the meeting.
5. Mr. Tsutomu Harada is a candidate for Outside Director. The Company has designated him as an independent officer as stipulated under the regulations of the Tokyo Stock Exchange and submitted a notification of the designation to the same Exchange.
6. Mr. Tsutomu Harada is currently Outside Corporate Auditor of the Company. His term of office as Outside Corporate Auditor will have been one year at the conclusion of the meeting.
7. Mr. Yasuo Kitamura is a candidate for Outside Director. The Company has designated him as an independent officer as stipulated under the regulations of the Tokyo Stock Exchange and submitted a notification of the designation to the same Exchange.
8. Mr. Yasuo Kitamura is currently Outside Corporate Auditor of the Company. His term of office as Outside Corporate Auditor will have been one year at the conclusion of the meeting.
9. The Company has provided in its Articles of Incorporation that it may enter into a liability limitation agreement with an Outside Corporate Auditor, under the provisions of Article 427, Paragraph 1 of the Companies Act, to limit his/her liability under Article 423, Paragraph 1 of the Companies Act to the greater of ¥10 million or the amount specified by applicable laws and regulations. The Company has entered into the liability limitation agreement mentioned above with Messrs. Kazuo Hara, Tsutomu Harada and Yasuo Kitamura. If the election of Messrs. Hideo Kato, Kazuo Hara, Tsutomu Harada and Yasuo Kitamura is approved at the meeting, the Company intends to enter into the liability limitation agreement with them on the condition that Proposal No. 2 "Partial Amendment to the Articles of Incorporation" is approved at the meeting.
10. All of the candidates endorse the continued adoption of the "Policies on Response to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures)" approved at the 100th Ordinary General Meeting of Shareholders held on March 28, 2013.

Proposal 5: Determination of the Amount of Remuneration for Directors (excluding Directors who act as Audit and Supervisory Committee Members)

It was resolved at the 94th Ordinary General Meeting of Shareholders of the Company held on March 29, 2007 that the amount of remuneration for Directors of the Company shall not exceed ¥300 million per year, and the resolution has been effective until now. The Company will change its corporate structure to a company with an audit and supervisory committee, on the condition that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved at the meeting. Accordingly, in accordance with the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act, the Company proposes the existing maximum limit to the remuneration for Directors should be abolished and the maximum annual amount of remuneration (including bonuses) for Directors (excluding Directors who act as Audit and Supervisory Committee Members) should be determined to continue to be no more than ¥300 million, taking into account the economic and other conditions.

As in the past, the remuneration for Directors (excluding Directors who act as Audit and Supervisory Committee Members), who concurrently serve as employees, does not include their salaries as employees.

Currently the number of Directors of the Company is nine (9). When Proposal No. 2 “Partial Amendment to the Articles of Incorporation” and Proposal No. 3 “Election of Eight (8) Directors (excluding Directors who act as Audit and Supervisory Committee Members)” are approved as proposed, the number of Directors of the Company (excluding Directors who act as Audit and Supervisory Committee Members) will be reduced to eight (8).

This proposal will take effect on the condition that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved at the meeting.

Proposal 6: Determination of the Amount of Remuneration for Directors who act as Audit and Supervisory Committee Members

The Company will change its corporate structure to a company with an audit and supervisory committee, on the condition that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved at the meeting. Accordingly, in accordance with the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act, the Company proposes the maximum annual amount of remuneration (including bonuses) for Directors who act as Audit and Supervisory Committee Members should be determined to be no more than ¥60 million, taking into account the economic and other conditions.

When Proposal No. 2 “Partial Amendment to the Articles of Incorporation” and Proposal No. 4 “Election of Four (4) Directors who act as Audit and Supervisory Committee Members” are approved as proposed, the number of Directors who act as Audit and Supervisory Committee Members will become four (4).

This proposal will take effect on the condition that Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved at the meeting.

Proposal 7: Partial Amendment to the Policies on Response to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures) and Continuance Thereof

The Company passed a resolution to adopt the Policies on Response to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures) as one of the basic policies for the way of being of a person who controls decisions on the Company's financial and business policies (as provided for in the introductory clause of Article 118, item 3 of the Ordinance for Enforcement of the Companies Act, hereinafter, the "Basic Policy") and measures to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate under the Basic Policy (Article 118, item 3(b)(2) of the Ordinance for Enforcement of the Companies Act) at the Company's Board of Directors' meeting held on February 14, 2007, which was approved by the shareholders at the 94th Ordinary General Meeting of Shareholders held on March 29, 2007. The approval of the shareholders with respect to the continuance of the takeover defense measures was obtained at the 97th and 100th Ordinary General Meetings of Shareholders held on March 30, 2010 and March 28, 2013, respectively, upon the necessary amendments having been made thereto (hereinafter, the "Current Plan").

The effective period of the Current Plan expires on March 31, 2016. In consideration of the amendments to laws and regulations and the trends in the discussion on takeover defense measures since the Current Plan was implemented, the Company came to a decision to make necessary amendments to the Current Plan as follows and to continue with the Policies on Response to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures) as one of the measures to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate under the Basic Policy, upon confirming to adhere to the Basic Policy (hereinafter, the amended plan is referred to as the "Plan") at the Board of Directors' meeting held on February 4, 2016.

In addition, at the above-mentioned Board of Directors' meeting, the Company also made a decision to submit a proposal for approval of the continuance of the takeover defense measures under the Plan to the 103rd Ordinary General Meeting of Shareholders, scheduled to be held on March 30, 2016 (hereinafter, the "Ordinary General Meeting of Shareholders") by the unanimous approval of the Directors.

For your information, all Corporate Auditors, including Outside Corporate Auditors, attended the Board of Directors' meeting where the decision on the continuance of the takeover defense measures under the Plan was made, and all of the Corporate Auditors approved the Plan on condition that the Plan be specifically implemented in an appropriate manner.

The Plan shall become effective subject to shareholder approval regarding the aforementioned proposal at the Ordinary General Meeting of Shareholders, and the Current Plan shall be abolished subject to the Plan becoming effective.

In the cases where amendments (including changes in the title of laws and regulations and the enactment of new laws and regulations inheriting old laws and regulations, etc.) are made to the Companies Act, Financial Instruments and Exchange Act and related rules, Cabinet Order, Cabinet Office Ordinance, Ministerial Ordinance, etc., (hereinafter, collectively referred to as "laws and regulations, etc.") and such amendments are enforced, each clause of laws and regulations, etc. quoted in the Plan shall be replaced by the relevant clause of laws and regulations materially inheriting the clause of laws and regulations of the relevant revised clause, unless otherwise determined by the Board of Directors of the Company.

As of today, the Company has not received any proposal of a large-scale purchase of the Company's shares, etc., by any particular third party.

Major revisions to the Current Plan are as follows:

- (1) Circumstances where a General Meeting of Shareholders for confirmation of shareholders' intent concerning the implementation of the countermeasures is held are indicated.
- (2) Other necessary revisions are made.

1. The Basic Policy

(1) Contents of the Basic Policy

Taking into account that the corporate value of the Company has its origin in the realization of benefits and happiness of the stakeholders including shareholders, business partners, and local communities of the Company and its subsidiaries (hereinafter, the "Group") by promoting chemical-related business based on the corporate philosophy of "sharing more happiness with more people through the chemical business," the Company sets forth the Basic Policy that if any potential risk that may harm the corporate value of the Company or the common interests of its shareholders due to the acquisition of the Company's shares with voting rights accounting for 20% or more of the total voting rights of the Company (hereinafter, the "Controlling Shares") by a particular individual or

group, such individual or group shall be deemed unsuitable for making decisions on the financial and business policies of the Company and relevant measures to protect and enhance the corporate value of the Company and the common interests of its shareholders shall be taken to the extent permitted by laws and regulations and the Articles of Incorporation.

(2) Background to the continuance with the Basic Policy

In recent years, with the development of a new legal system, and changes in economic structure and corporate culture as a backdrop, there has been a trend of forcing acquisition of large quantities of shares unilaterally without obtaining any consent of the management of a target company. In certain instances, the possibility of the occurrence of situations, such as ongoing enhancement of the Company's corporate value based on the management resources set forth below being hindered, cannot be ruled out.

Given that trend, it is necessary for the Company to consider the appearance of a party who aims to acquire Controlling Shares (hereinafter, the "Acquirer").

Originally, the Company does not have negative opinions about all acquisitions of Controlling Shares.

However, in the recent cases of acquisition of Controlling Shares, there exists a reasonable number of cases which may potentially cause irrecoverable damage to the corporate value of a company or the common interests of its shareholders, including cases which 1) are obvious that the Acquirer does not intend to sincerely aim for practicing rational management when judged from the purpose, etc. of the acquisition of Controlling Shares, 2) have a potential to substantially coerce general shareholders into selling their shares to their disadvantage, 3) do not provide an adequate amount of information or secure the time required for general shareholders to appropriately determine whether it is appropriate to accept the acquisition of the Controlling Shares or not, 4) and do not provide to the company's board of directors information necessary for the company's board of directors to present to shareholders opinions of approval or disapproval of the acquisition of Controlling Shares or an alternative business plan to the acquisition proposal or business plans provided by the Acquirer, opportunity to negotiate with the Acquirer, or reasonable time for consideration.

The Company deems such parties, who intend to acquire Controlling Shares in a manner not contributing to protecting and enhancing the corporate value of the Company or the common interests of its shareholders, to be inappropriate for making decisions on the financial and business policies of the Company and believes that certain measures shall be exercised against such Acquirer to prevent this kind of environment from occurring.

(3) Measures to contribute to realize the Basic Policy

1) Sources of corporate value of the Company

The Company possesses its own original technological capabilities and brand capability in the chemical sector, such as the successful manufacturing and marketing of "Aron Alpha®," which is synonymous with instant glues, and its success in industrializing acrylate esters for the first time in Japan. Based on these management resources, the Company has been seeking benefits and the happiness of all stakeholders as stated in the above mentioned Basic Policy. Currently, the Company's and the Group's operations are centered on the chemical products business that consists of the following four business domains; Commodity Chemicals, Acrylic Products, Specialty Chemicals, and Plastics. The Company will aim to achieve further progress by maximizing these growth bases and creating new products for the Group's next generation.

2) Medium-term management plan

In order to seek a transition toward a stable high-profit generating structure under any economic circumstances, the Company set out the medium-term management plan "All TOA 2016: Strengthen Business Structure then Create New Products" which covers the three-year period from 2014 through 2016. Under this medium-term management plan, the Company strives to increase cost competitiveness of, and infuse "strength" in its existing businesses by strongly promoting the introduction of innovative manufacturing technologies, optimization of the production system, and achievement of the key challenges of its primary businesses. The Company also focuses on accelerating the speed of new product development through innovative changes in R&D activities, and "creating" new business that is independently highly profitable. The Company sets out the following three growth strategies as the framework of the plan:

(A) Develop new next-generation products

(B) Strengthen and qualitatively shift the production and sales systems of existing businesses

(C) Qualitatively shift to an appealing company

These strategies can be achieved not only by many years of support from shareholders but also by striving towards invigorating the Group as a whole and enhancing creativity with the combined effort of both the management team and employees who hold a wealth of knowledge and experience in the Group's businesses through effective use of unique technical capabilities and know-how which have been handed down and accumulated since its founding against the backdrop of its corporate culture that takes up the challenge in new value creation without fear of failure. Amid changes in society and intensifying competitiveness, in order to continue and to expand its businesses into the future by being compatible with the environment surrounding the Company and responding to the rising demand for fulfillment of corporate social responsibilities, the Company believes that it is essential to secure appropriate profits for the future through ongoing management reforms and the reinforcement of the management foundation based on a consistent management system from a medium-to-long-term perspective and a close trustworthy relationship between the Company and its shareholders.

The Company is committed to being a value-creating, highly profitable corporate group that continually produces distinctive high-performance products in each of its business domains, and continues to grow by creating new products and businesses. In order to further protect and enhance its corporate value and the common interests of its shareholders, the Company sets out the specific target figures in the process of formulating its management policies, such as medium-term management plans, clarifies responsibilities of the management team, and carries out corporate management from a shareholders' perspective.

3) Enhancement of corporate governance

The Company has developed an organizational structure that enables it to respond to any changes to the management environment in a prompt and precise manner, and endeavors to conduct highly transparent management. The Company is a company with a board of corporate auditors, and its operations are supervised by the Board of Directors including Outside Directors and audited by Corporate Auditors in a strict manner. The Company separated management functions from business execution by adopting an executive officer system in 2001. In addition, the Company has been developing an efficient management structure by reducing the number of Directors.

For the purpose of further improving the effectiveness of corporate governance, the Company is planning to shift from a company with a board of corporate auditors to a company with an audit and supervisory committee, subject to approval of the shareholders at the Ordinary General Meeting of Shareholders.

2. Contents of the Plan (measures to prevent the decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate under the Basic Policy)

(1) Purposes of continuing with the takeover defense measures under the Plan

As mentioned above 1., the Company considers it necessary to take certain measures against the Acquirer in some cases. However, the Company, as a listed company, believes that a decision on whether or not to sell shares to the Acquirer and the final decision on whether it is appropriate to entrust the management of the Company to the Acquirer shall be left to each shareholder.

Nevertheless, for shareholders to make a proper decision, it is necessary that they have an accurate understanding of the Company's corporate value and the sources generating such value upon careful reviewing of the characteristics of business inherent to the Company as outlined above as well as history of the Group as a prior condition. It is easy to make assumptions about cases that information provided by the Acquirer alone would not be sufficient enough to figure out what kind of potential effects the acquisition of Controlling Shares by the Acquirer would be exerted on the Company's corporate value and the sources generating such value. The Company believes that information supplied by the Company's Board of Directors, with its adequate understanding on the characteristics of business inherent to the Company, as well as its evaluation and opinions on an acquisition of Controlling Shares by such Acquirer, or a new proposal by the Company's Board of Directors in some cases, shall be reviewed by shareholders in order for them to make a proper decision.

Accordingly, the Company considers that securing sufficient time for shareholders to analyze and examine this multilateral information is critically important.

From these perspectives, on the basis of the Basic Policy stated above, the Company requests persons who intend to conduct a large-scale purchase (will be defined in (2) 1) below; hereinafter, the same shall apply) or who are currently conducting a large-scale purchase (hereinafter, the "Large-Scale Purchaser") to provide necessary information regarding such large-scale purchase in advance and to

secure time for consideration and negotiation. In doing so, it enables shareholders to make an appropriate decision on whether or not to accept such large-scale purchase. And it also enables the Company's Board of Directors to present to shareholders its opinions on whether or not to accept such proposal, a business plan that may replace the acquisition proposal and business plan provided by the Large-Scale Purchaser (hereinafter, the "Alternative Proposals"), or enables the Board of Directors to negotiate with the Large-Scale Purchaser for the benefit of the shareholders. Thereby, the Company decided to continue with the takeover defense measures under the Plan as one of the measures to prevent decisions on the Company's financial and business policies from being controlled by a Large-Scale Purchaser who falls under persons deemed inappropriate under the Basic Policy (specifically, a Large-Scale Purchaser who violates the Plan, a Large-Scale Purchaser who is an Abusive Purchaser (defined in the Appendix 3 2.)), joint holders thereof, persons in special relationship, and persons deemed by the Company's Board of Directors as being substantially controlled by such given persons and acting jointly or in concert with such given persons (hereinafter, the "Person(s) Who Falls Under Exceptional Reasons").

The status of the Company's major shareholders as of December 31, 2015 is as stated in the "Major Shareholders" (Appendix 1) attached hereto.

(2) Contents of the Plan

Detailed contents of the Plan are as follows. The flowchart illustrating a summary of the flow of the procedures for the Plan is presented in Appendix 2. In addition, in relation to the Plan, from the perspective of protecting and enhancing the corporate value of the Company and the common interests of its shareholders, in preparation for making a resolution concerning the implementation or non-implementation of countermeasures such as in a form of a gratis allotment of stock acquisition rights, etc. and other necessary matters, the Company develops the "Guideline for Implementation of Countermeasures" (hereinafter, the "Guideline") for the purpose of predetermining procedures and action guidelines. The framework of the Guideline is outlined in Appendix 3.

1) Definition of the large-scale purchase against which countermeasures shall be implemented

When an act that falls under or is likely to fall under any of the following cases (A) through (C) (excluding acts that are approved in advance by the Board of Directors of the Company) (hereinafter, collectively referred to as "Large-Scale Purchase") has been carried out or about to be carried out, the countermeasures under the Plan may be implemented.

- (A) Any purchase or other type of acquisition (Note 1) of share certificates, etc. issued by the Company (Note 2) where the holding ratio of share certificates, etc. of a specific shareholder of the Company (Note 3) accounts for 20% or more
- (B) Any purchase or other type of acquisition (Note 4) of share certificates, etc. issued by the Company (Note 5) where the combined total of a holding ratio of share certificates, etc. by a specific shareholder of the Company (Note 6) and that by persons in special relationship with a specific shareholder of the Company (Note 7) accounts for 20% or more
- (C) Consent or other type of act, regardless of whether an act as stated in (A) or (B) above has been taken or not, between a group of shareholders of the Company (Note 8) and other shareholder(s) of the Company, which makes the said other shareholder(s) fall under the category of a joint holder of shares held by a shareholder who belongs to the said group of shareholders, or any act (Note 9) which establishes a relationship between the said group of shareholders and the said other shareholder(s) in which either party substantially controls the other, or all parties act jointly or cooperatively (Note 10) (provided, however, it shall apply only when the total ratio of share certificates, etc. issued by the Company held by all shareholders who belong to the said group and the said other shareholder(s) accounts for 20% or more)

(Note 1) Includes cases where having a claim for delivery of share certificates, etc. in accordance with a purchase agreement or other agreements, and carrying out transactions as provided for in Article 14-6 of the Order for Enforcement of the Financial Instruments and Exchange Act.

(Note 2) Refers to share certificates, etc. as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply, unless otherwise prescribed.

(Note 3) Refers to the share certificates, etc. holding ratio as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply unless otherwise prescribed. However, in the calculation of such holding

ratio of share certificates, etc., (i) persons in special relationship as defined in Article 27-2, Paragraph 7 of the said Act, and (ii) investment banks, securities companies and other financial institutions which entered into a financial advising agreement with the said specific shareholders, and tender offer agents and lead managing underwriters for the said specific shareholders (hereinafter, the “Contracted Financial Institutions, etc.”) are deemed to be a joint holder of shares of the said specific shareholders in the Plan (refers to a joint holder as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, including persons deemed to be a joint holder in accordance with Paragraph 6 of the said Article; hereinafter, the same shall apply). For the total number of shares issued by the Company that is used in the calculation of such holding ratio of share certificates, etc., the Company may refer to the most recent information made public by the Company.

- (Note 4) Includes purchase and other type of acceptance of transfers for value, and cases classified as similar to acceptance of transfer for value as provided for in Article 6, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act.
- (Note 5) Refers to share certificates, etc. as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply in (B).
- (Note 6) Refers to the holding ratio of share certificates, etc. as defined in Article 27-2, Paragraph 8. Hereinafter, the same shall apply unless otherwise prescribed. For the total number of voting rights of the Company that is used in the calculation of such holding ratio of share certificates, etc., the Company may refer to the most recent information made public by the Company.
- (Note 7) Refers to persons in special relationship as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. Provided, however, that with regard to persons listed in item 1 of the same Paragraph, parties specified in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer are excluded. Furthermore, (i) joint holders, and (ii) Contracted Financial Institutions, etc. are deemed to be persons in special relationship of the said specific shareholders under the Plan. Hereinafter, the same shall apply unless otherwise prescribed.
- (Note 8) A specific shareholder group refers to a group combining (i) shareholders of the Company, and joint holders thereof or persons in special relationship therewith, with (ii) persons affiliated with the persons stated in (i) above (including Contracted Financial Institutions, etc., persons substantively sharing a stake with the persons stated in (i) above, lawyers, accountants or other advisors working for the persons stated in (i) above, and persons reasonably deemed by the Company’s Board of Directors based on the recommendation of the Special Committee (defined in 5) below; hereinafter, the same shall apply) as being substantially controlled by such given persons or acting jointly or in concert with such given persons)
- (Note 9) Whether or not an act prescribed in (C) above has been conducted shall be determined by the Company’s Board of Directors by following recommendations of the Special Committee. The Company’s Board of Directors may request its shareholders to provide necessary information to the extent necessary for determining whether or not the act falls under the criteria described in (C) above.
- (Note 10) Criteria to determine whether or not “a relationship between the said group of shareholders and the said other shareholder(s) that one party substantially controls the other party or both parties act jointly or in a coordinated manner” has been established is based on the creation of any relationship in terms of new investment, business partnership, transaction or contractual agreement, concurrent positions served by Officers, funding, credit granting, substantive stake with regard to the Company’s share certificates through derivatives and lending shares and others, as well as direct or indirect impacts on the Company caused by the said specific shareholder group and the said other shareholder(s), and others.

2) Submission of “Statement of Intent”

Prior to the commencement of a Large-Scale Purchase, the Company will have the Large-Scale Purchaser submit to the Company’s Board of Directors a written form with the

signature or name and seal of the representative of the Large-Scale Purchaser, to the effect that the Large-Scale Purchaser will pledge to comply with procedures prescribed in the Plan (hereinafter, the “Large-Scale Purchase Rules”) and a certificate of eligibility of the representative who signed or sealed (hereinafter, collectively referred to as “Statement of Intent”) in a format separately prescribed by the Company and addressed to the President and Representative Director of the Company. When such Statement of Intent is received by the Company’s Board of Directors, it should be promptly submitted to the Special Committee.

In addition to the pledge to comply with the Large-Scale Purchase Rules, a Statement of Intent must contain the name of the Large-Scale Purchaser, address or location of its headquarters or office, etc., governing law of incorporation, name of the representative, contact person in Japan, number of the Company’s share certificates, etc. currently held by the Large-Scale Purchaser, trading activities of the Company’s shares during 60 days prior to the submission of the Statement of Intent, and a summary of the Large-Scale Purchase plan. Only the Japanese language shall be used for a Statement of Intent.

When a Statement of Intent is submitted by a Large-Scale Purchaser, the Company promptly discloses to its shareholders matters deemed appropriate by the Company’s Board of Directors or the Special Committee in accordance with the applicable laws and regulations and financial instruments exchange rules.

3) Requesting Large-Scale Purchaser to provide information

The Company will have a Large-Scale Purchaser provide information concerning the matters stated below from (A) to (I) (hereinafter, “Large-Scale Purchase Information”) to the Company’s Board of Directors within 10 business days (not counting the first day) of the day on which the Company’s Board of Directors receives a Statement of Intent. When the Company’s Board of Directors receives Large-Scale Purchase Information, it shall be promptly submitted to the Special Committee.

When the Company’s Board of Directors or the Special Committee judges that because information initially provided by a Large-Scale Purchaser is not sufficient, it is difficult for shareholders to appropriately determine whether or not to accept the Large-Scale Purchase, and for the Company’s Board of Directors to form its opinions of approval or disapproval of such Large-Scale Purchase (hereinafter, “forming opinions”) or to develop Alternative Proposals (hereinafter, “developing alternative proposals”) and to present them to shareholders in an appropriate manner, the Company’s Board of Directors or the Special Committee, after establishing a reasonable deadline for additional information submission, may request the Large-Scale Purchaser at any time to submit additional information necessary in order to enable shareholders to make a proper decision and to enable the Board of Directors of the Company to form opinions and develop alternative proposals upon disclosing to shareholders the established specific period and reasons for requiring such reasonable specific period.

In addition, when the Company’s Board of Directors or the Special Committee determines that the provision of Large-Scale Purchase Information is completed, the Company promptly discloses to its shareholders such completion in accordance with the applicable laws and regulations and financial instruments exchange rules. Furthermore, pursuant to the decision made by the Company’s Board of Directors, the Company, in principle, discloses to its shareholders information deemed necessary for shareholders to make an appropriate determination on whether or not to accept such Large-Scale Purchase among Large-Scale Purchase Information, when appropriate after the reception thereof, in accordance with the applicable laws and regulations and financial instruments exchange rules.

(A) The outline (including concrete name, capital structure, capital contribution ratio, financial position and presence or absence of breaches of laws and regulations over the past ten years (outlines thereof, if present) as well as officers’ names, career summaries and presence or absence of breaches of laws and regulations in the past (outlines thereof, if present)) of the Large-Scale Purchaser and its group companies, etc. (they include major shareholders or investors and substantial subsidiaries and affiliates of the Large-Scale Purchaser. In the case where the Large-Scale Purchaser is a fund or an entity in which it invests, they include major partners, investors (regardless of direct or indirect) and other members, executive partners and persons who continuously give investment advice to them; hereinafter, the same shall apply).

(B) Objectives, method and contents of the Large-Scale Purchase (including class and number of the Company’s share certificates, etc. that are the target of the Large-Scale Purchase, type

and price of consideration for the Large-Scale Purchase, timing of the Large-Scale Purchase, structure of the related transactions, legality of the method used for the Large-Scale Purchase, feasibility of the Large-Scale Purchase and related transactions (if a certain condition is required for the Large-Scale Purchase, the contents of such condition). In a case where there is a possibility that share certificates, etc. of the Company may be delisted after the completion of the Large-Scale Purchase, such possibility shall be notified along with reasons thereof. As for the legality of the method used for the Large-Scale Purchase, submission of a statement of opinions written by a certified lawyer may also be requested.)

- (C) Whether there has been communication with third parties concerning a Large-Scale Purchase (including a communication in respect of making an important suggestion, etc. to the Company (refers to the act of making an important suggestion, etc. as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act); hereinafter, the same shall apply) and if such communication is present, specific conditions and contents thereof
- (D) Basis and process for calculating the consideration for the Large-Scale Purchase (including facts and assumptions which form the premise of the calculation, calculation method, information regarding calculation agencies, numerical information used in the calculation, and the amount of synergies and disynergies anticipated to be generated through a series of transactions related to the Large-Scale Purchase and bases for calculation thereof)
- (E) Financial support for the Large-Scale Purchase (including the specific names of funds providers (including substantive providers (regardless of direct or indirect)), financing methods, presence or absence of conditions for financing, security interest after financing or covenants and contents thereof, and the contents of related specific transactions)
- (F) Management policies, business plans, financial plans, funding plans, investment plans, capital policies and dividend policies, etc., which are intended for the Company and the Group after the completion of the Large-Scale Purchase (including plans with respect to sales, provision of security interests and other disposal of the Company's assets after the completion of the Large-Scale Purchase), and policies for dealing with and treating officers, employees, business partners, clients, local communities (including local public bodies where the research centers and plants are located) of the Company and the Group, and other stakeholders of the Company after the completion of the Large-Scale Purchase.
- (G) Detailed descriptions of the internal control system of the Large-Scale Purchaser and its group, and the presence or absence of the effectiveness of such system, or the status thereof.
- (H) Presence or absence of any relationship with anti-social forces or terrorism-related organization (regardless of direct or indirect) (details thereof, if present).
- (I) Other information that a Large-Scale Purchaser is requested to submit in writing within 10 business days (not counting the first day) of the date on which the Company's Board of Directors received a complete and appropriately prepared Statement of Intent, which was reasonably deemed necessary by the Company's Board of Directors or the Special Committee.

All information listed above shall be submitted in Japanese.

4) Setting of the Board of Directors' Evaluation Period, etc.

The Board of Directors of the Company will set the period, defined in (A) or (B) below (the period shall start from the date the Company disclosed that the Board of Directors of the Company or the Special Committee has determined that the provision of the Large-Scale Purchase Information has been completed), as the period for evaluation, examination, forming opinions, developing alternative proposals and conducting negotiations with a Large-Scale Purchaser by the Board of Directors of the Company (hereinafter, the "Board of Directors Evaluation Period"), depending on the content of the Large-Scale Purchase disclosed by the Large-Scale Purchaser. The Large-Scale Purchase shall be commenced only after the elapse of the Board of Directors' Evaluation Period. Note that the Board of Directors' Evaluation Period has been set by taking into account factors such as the difficulties in evaluating or examining the Company's businesses and the level of difficulty in forming opinions and developing alternative proposals.

- (A) In the case of purchase of all the Company's shares by tender offer in which the consideration will be paid entirely in cash (Japanese yen): 60 days (not counting the first day)
- (B) In any other cases of the Large-Scale Purchase except for the case stated in (A): 90 days (not counting the first day)

During the Board of Directors' Evaluation Period, the Board of Directors of the Company shall perform evaluation and examination, forming opinions, developing alternative proposals and negotiate with the Large-Scale Purchaser from the viewpoint of protecting and enhancing the corporate value of the Company and the common interests of its shareholders, based on the Large-Scale Purchase Information provided by the Large-Scale Purchaser. In performing such procedures, the Board of Directors of the Company shall seek advice as needed from third-party specialists (financial advisors, lawyers, certified public accountants, etc.) who are independent from the Company's Board of Directors. All the expenses incurred for such procedures shall be borne by the Company, except in exceptional cases, which are found to be particularly unreasonable.

In cases where it is inevitable that the Board of Directors cannot reach a resolution determining whether or not to implement the countermeasures within the Board of Directors Evaluation Period due to reasons, including failure of the Special Committee to make recommendations as stated in 6) below within the Board of Directors Evaluation Period, the Board of Directors of the Company may extend the period up to 30 days (not counting the first day) to the extent necessary. If the Board of Directors of the Company decides to extend the Board of Directors' Evaluation Period, the Company will promptly make a disclosure to its shareholders as to the resolved specific period and the reason for the necessity of such specific period, in accordance with the applicable laws and regulations and financial instruments exchange rules.

5) Establishment of the Special Committee

After the Plan takes effect, the Company will establish a Special Committee comprising three or more Outside Directors (including Substitute Outside Directors) and outside experts (lawyers, certified public accountants, university professors, etc.) who are independent from the executive management team of the Company (hereinafter, the "Special Committee"), with the aim to prevent arbitrary decisions by the Board of Directors of the Company on the implementation, etc. of the Plan.

The name and summary of career of each member of the Special Committee who will be elected after the Plan takes effect are as described in Appendix 4.

6) Procedures for recommendations of the Special Committee and resolutions by the Board of Directors of the Company

(A) Recommendations of the Special Committee

The Special Committee shall make recommendations to the Board of Directors of the Company regarding the Large-Scale Purchase, in accordance with (i) through (iii) hereinafter, within the Board of Directors' Evaluation Period. Note that in making a recommendation regarding the Large-Scale Purchase, the Special Committee may recommend that the Board of Directors of the Company confirm the shareholders' intent regarding the implementation of countermeasures in advance.

(i) When the Large-Scale Purchase Rules are not complied with

If the Large-Scale Purchaser violates the Large-Scale Purchase Rules in any material respect, and such violation is not corrected within 10 business days (not counting the first day) after the Board of Directors of the Company gives such Large-Scale Purchaser a written request to correct such violation, then the Special Committee, in principle, will recommend that the Board of Directors of the Company implement a countermeasure against the Large-Scale Purchase except where it is clearly necessary to refrain from implementing the countermeasure in order to protect and enhance the corporate value of the Company and the common interests of its shareholders or when any other particular circumstances exist. If such recommendation is made, the Company shall disclose the Special Committee's opinion, reasons therefor, and such other information as deemed appropriate to shareholders promptly in accordance with the applicable laws and regulations and financial instruments exchange rules.

Even after the Special Committee has recommended that the Board of Directors of the Company implement a countermeasure against the Large-Scale Purchase, if the Large-Scale Purchase is withdrawn, or if otherwise the facts and other circumstances that formed the basis for such recommendation are altered, then the Special Committee may recommend that the Board of Directors of the Company discontinue the countermeasures,

or make other recommendations. If such further recommendation is made, the Company will disclose the Special Committee's opinion, reasons therefor, and such other information as deemed appropriate to its shareholders promptly in accordance with the applicable laws and regulations and financial instruments exchange rules.

(ii) When the Large-Scale Acquisition Rules are complied with

When the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Special Committee shall, in principle, recommend that the Board of Directors of the Company refrain from implementing the countermeasure against the Large-Scale Purchase.

However, even if the Large-Scale Purchase Rules are complied with, the Special Committee will recommend that the Board of Directors of the Company implement the countermeasure against such Large-Scale Purchase if such Large-Scale Purchaser is recognized to be a person having any of the circumstances set out in (a) to (j) below:

- (a) When the Large-Scale Purchaser does not have an intention of actually participating in the management of the Company but attempts a takeover of the Company's share certificates, etc., for the purpose of making parties related to the Company buy back the shares at an inflated stock price (so-called "green mailer"), or when the main purpose of acquiring the Company's share certificates, etc. is to earn a short-term margin
- (b) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and cause it to transfer to the Large-Scale Purchaser or its group companies, etc., the Company's intellectual property, know-how, trade secrets, or major business partners and clients, etc., which are essential to the Company's business operation
- (c) When the Large-Scale Purchaser is acquiring the Company's share certificates, etc. with the intent of inappropriately utilizing the Company's assets as collateral or funds for repayment of the obligations of such Large-Scale Purchaser or its group companies, etc., after taking control over the management of the Company
- (d) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and sell or otherwise dispose of its real estate properties, securities, and other high-priced assets which are irrelevant to the Company's business for the time being, and then distribute high dividends temporarily from the profits of such disposals or sell the shares at a high price, taking advantage of the opportunity from the sudden rise in share price created by the temporarily high dividends
- (e) When the conditions proposed by the Large-Scale Purchaser for the acquisition of the Company's share certificates, etc. (such conditions include, but are not limited to, the type and amount of and the calculation basis for the consideration of the purchase, the content, timing, method, the presence or absence of illegality, and feasibility) are determined to be insufficient or inadequate, on reasonable grounds, in view of the Company's corporate value
- (f) When the method of takeover proposed by the Large-Scale Purchaser is such an oppressive method that the shareholders' opportunity or freedom for decision may be restricted due to the structure of such method, as exemplified by a two-stage purchase (purchase of share certificates, etc. in a manner wherein the terms of the second-stage purchase are set more disadvantageously or are unclear, or otherwise concerns of the future liquidity of the Company's share certificates, etc. are raised by suggesting delisting, etc. in the event all of the Company's share certificates, etc. are not purchased during the first-stage of purchase and the shareholders are thereby effectively coerced into accepting the purchase) and partial tender offer (a tender offer to purchase some, but not all, of the share certificates, etc. of the Company)
- (g) When the Large-Scale Purchaser's acquisition of control of the Company is expected to cause significant damage to the corporate value of the Company, including the interests of the Company's stakeholders such as not only shareholders but also clients and employees, or there are reasonable grounds to determine that the protecting and enhancement of the Company's corporate value may be seriously hindered; or when the Company's corporate value in the event of its control being acquired by the Large-Scale Purchaser, is determined to be clearly lesser than

otherwise, assuming its medium to long-term corporate value without change in its control

- (h) The fact of the Large-Scale Purchaser's acquisition of control of the Company itself would cause significant damage to the corporate value of the Company in such cases where the Company would lose an important business partner
- (i) When there are reasonable grounds to determine that the Large-Scale Purchaser is inappropriate as the controlling shareholder of the Company from the viewpoint of public order and morals in such cases where any of the management team members, major shareholders or investors of the Large-Scale Purchaser has an association with antisocial forces
- (j) Other cases which are equivalent to cases stated in (a) through (i) above and determined that the corporate value of the Company or the common interests of its shareholders would be significantly damaged

Note that the procedures of disclosure relating to such recommendation or the procedures relating to the subsequent further recommendation shall be in accordance with (i) above.

(iii) Other recommendations, etc. by the Special Committee

In addition to the above, the Special Committee may make decisions, etc. for the Board of Directors of the Company on matters on which the Board of Directors consult with the Special Committee as needed.

Note that the procedures of disclosure relating to such recommendation or the procedures relating to the subsequent further recommendation shall be in accordance with (i) above.

(B) Resolution by the Board of Directors of the Company

The Board of Directors of the Company shall make a resolution, while giving maximum respect to the Special Committee's recommendation, whether or not to implement the countermeasure or other necessary resolutions in accordance with the Guideline.

Note that even after the Special Committee has made a recommendation to the Board of Directors of the Company to implement the countermeasure, the Board of Directors of the Company may make a decision to suspend the implementation of the countermeasure or other decisions if the Large-Scale Purchase is withdrawn, or if otherwise the facts and other circumstances that formed the basis for such recommendation are altered.

If such resolutions are passed, the Company will disclose the opinion of the Board of Directors of the Company, reasons therefor, and such other information as deemed appropriate to its shareholders promptly in accordance with the applicable laws and regulations and financial instruments exchange rules.

(C) Holding a General Meeting of Shareholders to confirm the shareholders' intent

Notwithstanding (B) above, the Company may confirm its shareholders' intent regarding the implementation of the countermeasure at a General Meeting of Shareholders (hereinafter, the "General Meeting of Shareholders to Confirm the Shareholders' Intent") if any of the following conditions are met and the Board of Directors of the Company, after taking into consideration various conditions, such as the time required for holding a General Meeting of Shareholders, determines that it is appropriate to confirm the shareholders' intent in light of the Director's duty of care.

- (i) When the Special Committee has added a reservation to require the preliminary approval of the General Meeting of Shareholders regarding the implementation of the countermeasure
- (ii) When the Board of Directors of the Company has determined that such Large-Scale Purchase may significantly harm the corporate value of the Company or the common interests of its shareholders

If the General Meeting of Shareholders to Confirm the Shareholders' Intent has adopted a resolution to or not to implement the countermeasure, the Board of Directors of the Company shall make a resolution to or not to implement the countermeasure in accordance with the resolution passed at such General Meeting of Shareholders to Confirm the Shareholders' Intent and will disclose the result thereof in accordance with the applicable

laws and regulations and financial instruments exchange rules.

Note that if the General Meeting of Shareholders to Confirm the Shareholders' Intent is called, the Large-Scale Purchaser shall not be allowed to commence the Large-Scale Purchase until the closure of such General Meeting of Shareholders to Confirm the Shareholders' Intent.

Even if the General Meeting of Shareholders to Confirm the Shareholders' Intent has passed a resolution to implement the countermeasure, the Board of Directors of the Company may make a decision to suspend the implementation of the countermeasure or other decisions if the Large-Scale Purchase is withdrawn, or if otherwise the facts and other circumstances that formed the basis for such recommendation are altered.

If such resolutions are passed, the Company will disclose the opinion of the Board of Directors of the Company, reasons therefor, and such other information as deemed appropriate to its shareholders promptly in accordance with the applicable laws and regulations and financial instruments exchange rules.

7) Modification of the Large-Scale Purchase Information

If the Board of Directors of the Company or the Special Committee determines that any material modification has been made by the Large-Scale Purchaser to the Large-Scale Purchase Information after the Company disclosed its determination that the furnishing of the Large-Scale Purchase Information in accordance with the provision in 3) above has been completed, then the Company will disclose to that effect, reasons therefor, and such other information as deemed appropriate to its shareholders promptly in accordance with the applicable laws and regulations and financial instruments exchange rules, and thereupon, the procedures under the Plan in connection with the Large-Scale Purchase based on the previous Large-Scale Purchase Information (hereinafter, the "Large-Scale Purchase before the Modification") shall be suspended, and the Large-Scale Purchase based on the modified Large-Scale Purchase Information shall be treated as another Large-Scale Purchase, separate from the Large-Scale Purchase before the Modification, and the procedures under the Plan shall apply anew.

8) Specific contents of the countermeasure

The countermeasure to be implemented by the Company against the Large-Scale Purchase under the Plan shall be the allotment of stock acquisition rights without consideration and other measures for which the Board of Directors has the authority to implement under the Companies Act, other laws and regulations and the Articles of Incorporation of the Company. The outline of the allotment of stock acquisition rights without consideration (hereinafter, the stock acquisition rights to be issued are referred to as the "Stock Acquisition Rights") as a countermeasure against the Large-Scale Purchase is as set out in Appendix 5, and when the Stock Acquisition Rights are actually allotted without consideration, the Company may set the exercise period, conditions for exercise, terms of acquisition, etc., including (i) a condition for exercise that prohibits the Persons Who Fall Under Exceptional Reasons from exercising their stock acquisition rights and (ii) a term of acquisition that, when acquiring part of the Stock Acquisition Rights, allows the Company to only acquire the Stock Acquisition Rights held by stock acquisition rights holders other than the Persons Who Fall Under Exceptional Reasons, in view of its effectiveness as a countermeasure against the Large-Scale Purchase and reasonableness as a countermeasure.

If the proposal for approval of the continuation of takeover defense measures under the Plan is adopted by the shareholders at the Ordinary General Meeting of Shareholders, the Company plans to file a shelf registration regarding the issuance of the Stock Acquisition Rights upon a resolution by the Board of Directors of the Company to enable the flexible allotment of the Stock Acquisition Rights without consideration as a countermeasure.

3. Continuation of takeover defense measures under the Plan and duration, continuance, abolishment and amendment of the Plan

In continuing the takeover defense measures under the Plan, the Company will submit the proposal for approval of continuation of the takeover defense measures under the Plan to the Ordinary General Meeting of Shareholders in order to afford an opportunity to reflect its shareholders' intent appropriately.

The duration of the Plan shall be from the time when the proposal for approval of continuation of the takeover defense measures under the Plan is adopted at the Ordinary General Meeting of Shareholders until March 31, 2019. However, even if prior to the expiration of such duration, if the Board of Directors of the Company adopts a resolution to abolish the Plan, then the Plan shall be abolished at

the time. Note that the term of office of the Company's Directors (excluding Directors who act as Audit and Supervisory Committee Members) shall be one year; hence, the Company can confirm its shareholders' intent regarding continuation or abolishment of the Plan through the exercise of voting rights regarding the proposal for appointment of Directors at an Ordinary General Meeting of Shareholders each year.

The Company may review or amend the Plan as needed at its Board of Directors meeting, from the viewpoint of protecting and enhancing the corporate value or the common interests of its shareholders. However, when making a material amendment to the Plan, the Company shall submit a proposal for approval for the introduction of the amended Plan to the General Meeting of Shareholders, in order to get an opportunity to appropriately reflect the shareholders' intent. The amended Plan shall take effect on the condition that the shareholders' approval of the proposal is obtained.

In the event that a resolution is adopted for the abolishment, amendment, etc. of the Plan, the Company will disclose such matters as the Board of Directors of the Company finds appropriate to shareholders promptly in accordance with the applicable laws and regulations and financial instruments exchange rules.

At present, the Company is aware of no indication of a specific proposal for a Large-Scale Purchase of the share certificates, etc. of the Company.

4. Impact on shareholders and investors

(1) Impact on shareholders and investors when the Plan takes effect

Upon the time when the Plan takes effect, measures, such as allotment of the stock acquisition rights without consideration, for which the Board of Directors has the authority to determine under the Companies Act, other laws and regulations and the Articles of Incorporation of the Company, will not be implemented. Therefore, the Plan does not have any direct, specific impact on the rights and economic interests of the shareholders and investors when it takes effect.

(2) Impact on shareholders and investors at the time of issuance of the Stock Acquisition Rights

The Board of Directors of the Company may implement the countermeasure against the Large-Scale Purchase under the Plan for the purpose of protecting and enhancing the corporate value and the common interests of its shareholders. However, given the structure of the countermeasure currently assumed, while the per share value of the Company's shares would be diluted at the time of the allotment of the Stock Acquisition Rights, the value of the entire shares of the Company held by the shareholders will not be diluted. Therefore, the Board of Directors of the Company does not expect the issuance of the Stock Acquisition Rights will have any direct, specific impact on the legal rights and economic interests of the shareholders and investors.

However, with respect to the Persons Who Fall Under Exceptional Reasons, if the countermeasure is implemented, they may in the end have some impact on the legal rights or economic interests of such party.

In addition, if the resolution of the allotment of the Stock Acquisition Rights without consideration is adopted to serve as a countermeasure and after the shareholders who are eligible for the allotment of the Stock Acquisition Rights without consideration are determined, and if the Company suspends the allotment of the Stock Acquisition Rights without consideration, or acquires without consideration the Stock Acquisition Rights once allotted without consideration, it will not result in dilution of the per share value of the Company's shares and hence the investors who have sold or purchased the Company's shares on the assumption that the per share value of the Company's shares would be diluted may suffer a fair amount of loss due to stock price movement.

The procedures to be taken by the shareholders for the exercise and acquisition of the Stock Acquisition Rights allotted without consideration are as follows:

In the event that the Board of Directors of the Company adopts a resolution to make an allotment of the Stock Acquisition Rights without consideration, the Company shall fix the record date for the allotment of the Stock Acquisition Rights and publicly announce to that effect in accordance with the laws and regulations and the Articles of Incorporation of the Company. The Stock Acquisition Rights will be allotted to the shareholders registered on the last register of shareholders on the record date in proportion to the number of shares held by them respectively.

If the Stock Acquisition Rights are to be allotted without consideration, the shareholders who are registered on the last register of shareholders on the record date will become holders of the Stock Acquisition Rights by rights on the effective date of the allotment of the Stock Acquisition Rights without consideration.

The Company will send to the shareholders registered on the last register of shareholders on the

record date a request form for the exercise of the Stock Acquisition Rights (such form shall be designated by the Company, and may include a statement for shareholders declaring that they are not Persons Who Fall Under Exceptional Reasons) and other documents required for the exercise of the Stock Acquisition Rights. When a shareholder pays the amount equivalent to the exercise price to the place handling such payments and submits the necessary documents within the exercise period for the Stock Acquisition Rights separately designated by the Board of Directors of the Company, such shareholder will receive one share of the Company's common stock for each Stock Acquisition Right. However, Persons Who Fall Under Exceptional Reasons may not exercise such Stock Acquisition Rights.

On the other hand, if the Company acquires the Stock Acquisition Rights, the shareholders will receive the shares of the Company's common stock as consideration for the Company's acquisition of such Stock Acquisition Rights, without paying the amount equivalent to the exercise price of the Stock Acquisition Rights (in such event, the shareholders may be required to submit an identity verification document, documents containing information on the account for book-entry transfer of the shares of the Company's common stock and a document wherein the relevant shareholder declares that such shareholder is not a Person Who Falls Under Exceptional Reasons and that such shareholder will immediately return the shares of the Company's stock issued if such declaration is found to be false). However, with regard to the Persons Who Fall Under Exceptional Reasons, their Stock Acquisition Rights may not be eligible for acquisition.

The details of these procedures will be disclosed to the shareholders in an appropriate and timely manner in accordance with the applicable laws and regulations and financial instruments exchange rules when an actual situation that requires such procedures takes place. Please check such details of the procedures.

5. Reasonableness of the Plan

The Plan meets the three principles (1) the principle of protecting and enhancing corporate value and shareholders' common interests, 2) the principle of prior disclosure and shareholders' will, and 3) the principle of necessity and reasonableness of defensive measures) as stipulated in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. In addition, the details of the Plan are founded upon the business practice and discussions regarding takeover defense measures such as the "Takeover Defense Measures in Light of Recent Environmental Changes" published on June 30, 2008, by the Corporate Value Study Group established within the Ministry of Economy, Trade and Industry and "Principle 1.5 Anti-Takeover Measures" of "Japan's Corporate Governance Code" released by the Tokyo Stock Exchange on June 1, 2015, and thus the Plan is highly reasonable.

(1) Protecting and enhancing of corporate value or shareholders' common interests

As stated in 2. (1) above, the purpose of the Plan is to protect and enhance the corporate value of the Company or the common interests of its shareholders by ensuring, through requesting the Large-Scale Purchaser to provide necessary information regarding the relevant Large-Scale Purchase in advance and secure time for consideration and negotiation, that the shareholders are able to make an appropriate decision on whether or not to accept such Large-Scale Purchase, and that the Board of Directors of the Company presents to shareholders its opinions on whether or not to accept such Large-Scale Purchase or Alternative Proposals, or negotiate with the Large-Scale Purchaser for the benefit of the shareholders.

(2) Prior disclosure

The Company makes prior disclosure of the Plan in order to increase predictability for the shareholders and investors as well as the Large-Scale Purchaser and secure an opportunity for the shareholders to make a fair choice.

The Company intends to continue making appropriate and timely disclosure as needed in accordance with the applicable laws and regulations and financial instruments exchange rules.

(3) Emphasis on the shareholders' intent

The Company intends to reflect the shareholders' intent on continuation of takeover defense measures by submitting to the Ordinary General Meeting of Shareholders the proposal for the continuation of takeover defense measures under the Plan, which shall take effect on the condition that the approval of the shareholders is obtained.

In addition, the Board of Directors of the Company, in certain cases, shall confirm the shareholders' intent on whether or not to implement the countermeasure prescribed in the Plan at the General Meeting of Shareholders to Confirm the Shareholders' Intent.

(4) Procurement of external specialists' opinion

As stated in 2. (2) 4) above, in implementing the countermeasure, the Board of Directors of the Company will conduct examinations upon obtaining the advice of external specialists (financial advisors, lawyers, certified public accountants, etc.) as needed. As a result, the objectivity and reasonableness of the decision of the Board of Directors of the Company will be secured.

(5) Establishment of the Special Committee

As stated in Item 2 (2) 5) above, the Company shall establish the Special Committee with the aim to ensure the necessity and reasonableness of the Plan and prevent management team members of the Company from abusing the Plan to protect their own interest. In the case where the Board of Directors implements the countermeasures, the Company shall give maximum respect to recommendation of the Special Committee in order to ensure the fairness of such decisions and prevent arbitrary decisions by the Board of Directors of the Company.

(6) Establishment of the Guideline

The Company has established the Guideline as internal standards incorporating objective requirements, in order to prevent the Board of Directors of the Company from making arbitrary decisions and treatment in various procedures under the Plan and to ensure procedural transparency. The establishment of the Guideline will increase the objectivity and transparency of the standards to be relied upon in making decisions to implement, not to implement, or to suspend the countermeasure, and provide sufficient predictability with respect to the Plan.

(7) No dead-hand or slow-hand takeover defense measures

As stated in 3. above, the Plan may be abolished at any time by the Board of Directors of the Company comprising Directors appointed at the General Meeting of Shareholders of the Company. Therefore, the Plan is not the so-called dead-hand-type takeover defense measure (a takeover defense measure which cannot be stopped implementing even if the majority of members on the Board of Directors are replaced).

In addition, the Company does not employ the so-called system of staggered terms of office for the Board of Directors and sets the term of office of Directors (excluding Directors who act as Audit and Supervisory Committee Members) at one year. Therefore, the Plan is not the slow-hand-type takeover defense measure (a takeover defense measure which takes more time to stop implementation due to the fact that all members on the Board of Directors cannot be replaced at once), either.

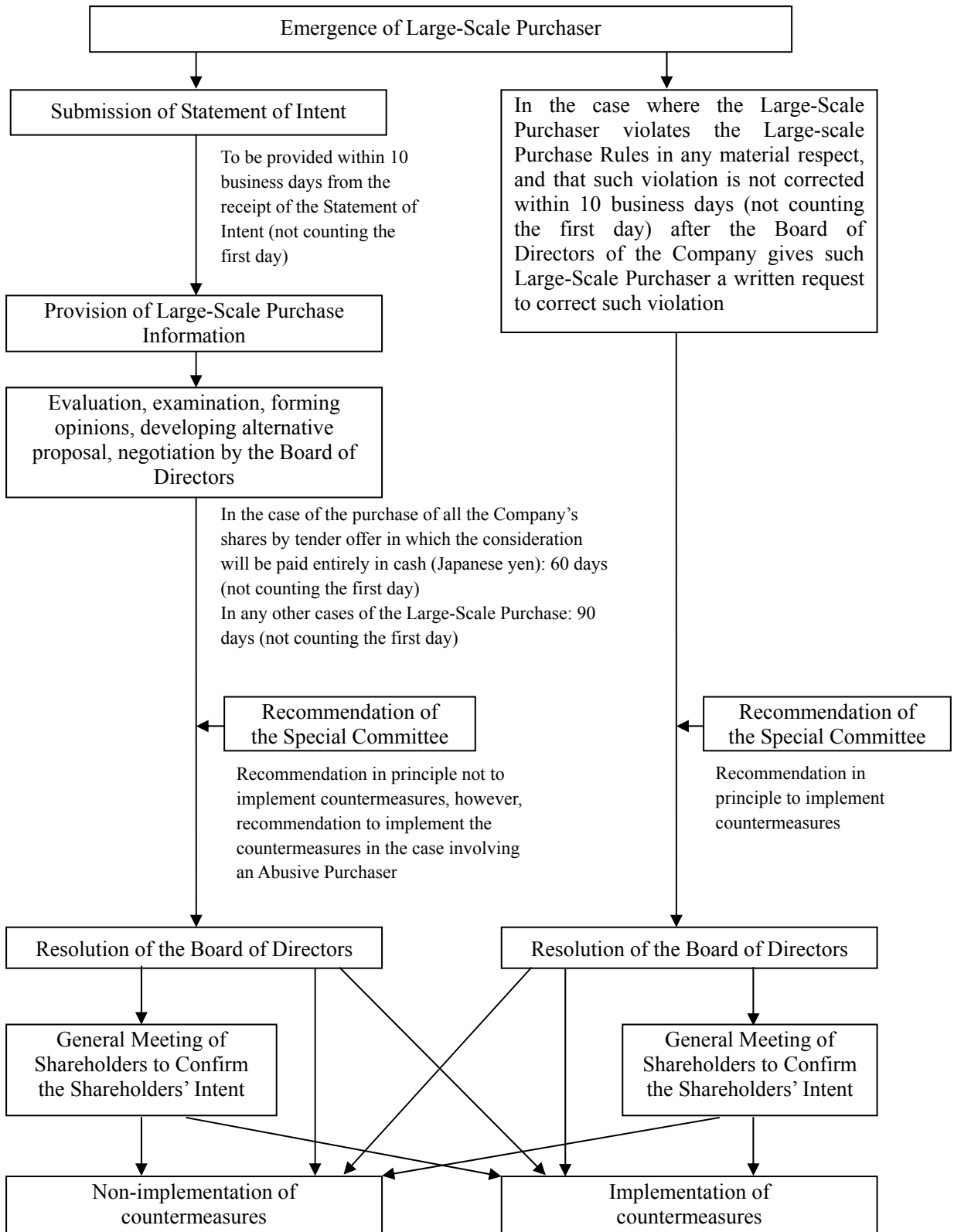
Major Shareholders

As of December 31, 2015

Name of shareholder	Number of shares held	Percentage of shares held
	(Thousands of shares)	(%)
Sumitomo Mitsui Banking Corporation	5,818	4.42
Japan Trustee Services Bank, Ltd. (Trust account)	4,583	3.48
The Master Trust Bank of Japan, Ltd. (Trust account)	4,434	3.37
NORTHERN TRUST CO. (AVFC) RE THE KILTEARN GLOBAL EQUITY FUND	4,189	3.18
Business Partner Shareholders' Committee	3,928	2.98
Employee Shareholders' Committee	3,006	2.28
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,824	2.15
THE BANK OF NEW YORK MELLON SA/NV 10	2,262	1.72
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,992	1.51
The Norinchukin Bank	1,972	1.50

(Note) The percentage of shares held is calculated after deducting the number of treasury stock (345,500 shares).

Procedure flow of the Plan



Framework of the Guideline for Implementation of Countermeasures

1. Objectives

The Guideline for Implementation of Countermeasures (hereinafter, the “Guideline”) shall set out in advance the procedure and action guidelines with respect to the Policies on Response to Large-Scale Purchase of the Company’s Shares (hereinafter, the “Plan”) so that, in the event of emergence of the Large-scale Purchaser, the Board of Directors as well as the Special Committee (defined in 5 below) of the Company make resolutions on the matters, including implementation or non-implementation of the countermeasures including allotment of stock acquisition rights without consideration, for protecting and enhancing the corporate value of the Company and the common interests of its shareholders.

For the purpose of the Guideline, the “Large-Scale Purchase” refers to an act which falls or may fall into any of the following (1), (2) and (3) (excluding, however, the acts approved beforehand by the Board of Directors of the Company), while the “Large-Scale Purchaser” refers to a person that intends or actually carries out the Large-Scale Purchase.

- (1) Any purchase or other type of acquisition¹ of share certificates, etc. issued by the Company² where the holding ratio of share certificates, etc. of a specific shareholder of the Company³ accounts for 20% or more
- (2) Any purchase or other type of acquisition⁴ of share certificates, etc. issued by the Company⁵ where the combined total of a holding ratio of share certificates, etc. by a specific shareholder of the Company⁶ and that by persons in special relationship with a specific shareholder of the Company⁷ accounts for 20% or more
- (3) Consent or other type of act, regardless of whether an act as stated in (1) or (2) above has been taken or not, between a group of shareholders of the Company⁸ and other shareholder(s) of the Company, which makes the said other shareholder(s) fall under the category of a joint holder of shares held by a shareholder who belongs to the said group of shareholders, or any act⁹ which establishes a relationship between the said group of shareholders and the said other shareholder in which either party substantially controls the other, or all parties act jointly or cooperatively¹⁰ (provided, however, it shall apply only when the total ratio of share certificates, etc. issued by the Company held by all shareholders who belong to the said group and the said other shareholder accounts for 20% or more)

1 Includes cases where having a claim for delivery of share certificates, etc. in accordance with a purchase agreement or other agreements, and carrying out transactions as provided for in Article 14-6 of the Order for Enforcement of the Financial Instruments and Exchange Act.

2 Refers to share certificates, etc. as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply unless otherwise prescribed.

3 Refers to the share certificates, etc. holding ratio as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply unless otherwise prescribed. However, in the calculation of such holding ratio of share certificates, etc., (i) persons in special relationship as defined in Article 27-2, Paragraph 7 of the said Act, and (ii) investment banks, securities companies and other financial institutions which entered into a financial advising agreement with the said specific shareholders, and tender offer agents and lead managing underwriters for the said specific shareholders (hereinafter, the “Contracted Financial Institutions, etc.”) are deemed to be a joint holder of shares of the said specific shareholders in the Plan (refers to a joint holder as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, including persons deemed to be a joint holder in accordance with Paragraph 6 of the said Article; hereinafter, the same shall apply). For the total number of shares issued by the Company that is used in the calculation of such holding ratio of share certificates, etc., the Company may refer to the most recent information made public by the Company.

4 Includes purchase and other type of acceptance of transfers for value, and cases classified as similar to acceptance of transfers for value as provided for in Article 6, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act.

5 Refers to share certificates, etc. as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply in (2).

6 Refers to the holding ratio of share certificates, etc. as defined in Article 27-2, Paragraph 8. Hereinafter, the same shall apply unless otherwise prescribed. For the total number of voting rights of the Company that is used in the calculation of such holding ratio of share certificates, etc., the Company may refer to the most recent information made public by the Company.

- 7 Refers to persons in special relationship as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. Provided, however, that with regard to persons listed in item 1 of the same Paragraph, parties specified in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by a Person Other than the Issuer are excluded. Furthermore, (i) joint holders, and (ii) Contracted Financial Institutions, etc. are deemed to be persons in special relationship with the said specific shareholders under the Plan. Hereinafter, the same shall apply unless otherwise prescribed.
- 8 A specific shareholder group refers to a group combining (i) shareholders of the Company, and joint holders thereof or persons in special relationship therewith, with (ii) persons affiliated with the persons stated in (i) above (including Contracted Financial Institutions, etc., persons substantively sharing a stake with the persons stated in (i) above, lawyers, accountants or other advisors, and persons reasonably deemed by the Company's Board of Directors based on the recommendation of the Special Committee as being substantially controlled by such given persons or acting jointly or in concert with such given persons)
- 9 Whether or not an act prescribed in (3) above has been conducted shall be determined by the Company's Board of Directors by following recommendations of the Special Committee. The Company's Board of Directors may request its shareholders to provide necessary information to the extent necessary for determining whether or not the act falls under the criteria described in (3) above.
- 10 Criteria to determine whether or not "a relationship between the said group of shareholders and the said other shareholder in which either party substantially controls the other, or all parties act jointly or cooperatively" has been established is based on the creation of any relationship in terms of new investment, business partnership, transaction or contractual agreement, concurrent positions served by Officers, funding, credit granting, substantive stake with regard to the Company's share certificates through derivative and lending share and others, as well as direct or indirect impacts on the Company caused by the said specific shareholder group and the said other shareholders, and others.

2. Implementation of countermeasures

The Special Committee shall, (1) if the Large-Scale Purchaser violates the Large-Scale Purchase Rules in any material respect (including cases where the Large-Scale Purchaser does not provide necessary additional information within the reasonable period of time designated by the Board of Directors of the Company, or where the Large-Scale Purchaser does not agree to hold a discussion and negotiation with the Board of Directors of the Company), and such violation is not corrected within 10 business days (not counting the first day) after the Board of Directors of the Company gives such Large-Scale Purchaser a written request to correct such violation, recommend that the Board of Directors of the Company implement a countermeasure in principle, except where it is clearly necessary to refrain from implementing the countermeasure in order to protect and enhance the corporate value of the Company and the common interests of its shareholders or when any other particular circumstances exist, or (2) even in the case where the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if the Large-Scale Purchaser is recognized to be a person having any of the circumstances set out in 1) to 10) below (hereinafter, "Abusive Purchaser"), recommend that the Board of Directors of the Company implement the countermeasure. The Board of Directors of the Company shall make a resolution, upon placing maximum value on the Special Committee's recommendation, to implement the countermeasure.

Also, if a proposal for implementing countermeasures under the Plan is approved at the General Meeting of Shareholders to Confirm the Shareholders' Intent, which is held for the purpose of consulting as to whether it is appropriate to implement countermeasures or not, the Board of Directors of the Company shall make a resolution to implement the countermeasures.

However, even after the Special Committee has made a recommendation to the Board of Directors of the Company to implement the countermeasure, or after the General Meeting of Shareholders to Confirm the Shareholders' Intent has resolved to implement countermeasures, the Board of Directors of the Company may make a decision to suspend the implementation of the countermeasure or other decisions if the Large-Scale Purchase is withdrawn, or if otherwise the facts and other circumstances that formed the basis for such recommendation are altered.

- 1) When the Large-Scale Purchaser does not have an intention of actually participating in the management of the Company but attempts takeover of the Company's share certificates, etc. for the purpose of making parties related to the Company buy back the shares at an inflated stock price (so-called "green mailer"), or when the main purpose of acquiring the Company's share certificates, etc. is to earn a short-term margin
- 2) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and cause it to transfer to the Large-Scale Purchaser or its group

companies, etc., the Company's intellectual property, know-how, trade secrets, or major business partners and clients, etc., which are essential to the Company's business operation

- 3) When the Large-Scale Purchaser is acquiring the Company's share certificates, etc. with the intent of inappropriately utilizing the Company's assets as collateral or funds for repayment of the obligations of such Large-Scale Purchaser or its group companies, etc., after taking control over the management of the Company
 - 4) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and sell or otherwise dispose of its real properties, securities, and other high-priced assets which are irrelevant to the Company's business for the time being, and then distribute high dividends temporarily from the profits of such disposals or sell the shares at a high price, taking advantage of the opportunity from the sudden rise in share price created by the temporarily high dividends
 - 5) When the conditions proposed by the Large-Scale Purchaser for the acquisition of the Company's share certificates, etc. (such conditions include, but are not limited to, the type and amount of and the calculation basis for the consideration of the purchase, the content, timing, method, the presence or absence of illegality, and feasibility) are determined to be insufficient or inadequate, on reasonable grounds, in view of the Company's corporate value
 - 6) When the method of takeover proposed by the Large-Scale Purchaser is such an oppressive method that the shareholders' opportunity or freedom for decision may be restricted due to the structure of such method, as exemplified by a two-stage purchase (purchase of share certificates, etc. in a manner wherein the terms of the second-stage purchase are set more disadvantageously or are unclear, or otherwise concerns of the future liquidity of the Company's share certificates, etc. are raised by suggesting delisting, etc. in the event all of the Company's share certificates, etc. are not purchased during the first-stage of purchase and the shareholders are thereby effectively coerced into accepting the purchase) and partial tender offer (a tender offer to purchase some, but not all, of the share certificates, etc. of the Company)
 - 7) When the Large-Scale Purchaser's acquisition of control of the Company is expected to cause significant damage to the corporate value of the Company, including the interests of the Company's stakeholders such as not only shareholders but also clients and employees, or there are reasonable grounds to determine that the protecting and enhancement of the Company's corporate value may be seriously hindered; or when the Company's corporate value in the event of its control being acquired by the Large-Scale Purchaser, is determined to be clearly lesser than otherwise, assuming its medium- to long-term corporate value without change in its control.
 - 8) The fact that the Large-Scale Purchaser's acquisition of control of the Company itself would cause significant damage to the corporate value of the Company in such cases where the Company would lose an important business partner
 - 9) When there are reasonable grounds to determine that the Large-Scale Purchaser is inappropriate as the controlling shareholder of the Company from the viewpoint of public order and morals in such cases where any of the management team members, major shareholders or investors of the Large-Scale Purchaser has an association with antisocial forces
 - 10) Other cases which are equivalent to cases stated in 1) through 9) above and determined that the corporate value of the Company or the common interests of its shareholders would be significantly damaged
3. Non-implementation of countermeasures
- The Board of Directors of the Company will not implement countermeasures in the following circumstances.
- (1) In the case where the Board of Directors of the Company decides that the Large-Scale Purchaser is not considered to be an Abusive Purchaser, as a result of its sufficient discussion and negotiation with the Large-Scale Purchaser.
 - (2) In the case where the Special Committee recommends the Board of Directors of the Company not to implement countermeasures against the Large-Scale Purchase, and that the Board of Directors of the Company, while giving maximum respect to the Special Committee's recommendation, appreciates that there are no circumstances in which complying with such recommendation are likely to constitute a breach of directors' duty of care
 - (3) In the case where the Special Committee recommends the Board of Directors of the Company to implement countermeasures against the Large-Scale Purchase, but that the Board of Directors of the Company, while giving maximum respect to the Special Committee's recommendation, appreciates that there are certain circumstances in which complying with such recommendation are likely to

constitute a breach of directors' duty of care

- (4) In the case where a proposal for implementing countermeasures under the Plan is rejected at the General Meeting of Shareholders to Confirm the Shareholders' Intent, which is held for the purpose of consulting as to whether it is appropriate to implement countermeasures or not
- (5) In other cases as otherwise specified by the Board of Directors of the Company

4. Contents of countermeasures

The countermeasures shall be the allotment of stock acquisition rights without consideration and other measures for which the Board of Directors has the authority to implement under the Companies Act, other laws and regulations and the Articles of Incorporation of the Company.

An Outline of the allotment of stock acquisition rights without consideration (hereinafter, the stock acquisition rights to be issued are referred to as the "Stock Acquisition Rights") as a countermeasure against the Large-Scale Purchase is as set out in Appendix 5, and the Company may set the exercise period, conditions for exercise, terms of acquisition, etc., including (i) a condition for exercise that prohibits the Persons Who Fall Under Exceptional Reasons from exercising their stock acquisition rights and (ii) a term of acquisition that, when acquiring part of the Stock Acquisition Rights, allows the Company to only acquire the Stock Acquisition Rights held by stock acquisition rights holders other than the Persons Who Fall Under Exceptional Reasons, in view of its effectiveness as a countermeasure against the Large-Scale Purchase and reasonableness as a countermeasure.

5. The Special Committee

The Special Committee comprises three or more members who are elected by the Board of Directors of the Company, from among Outside Directors (including Substitute Outside Directors) and outside experts (such as lawyers, certified public accountants and university professors, etc.) who are independent from the executive management team of the Company. Outside experts appointed as members of the Special Committee shall enter into an agreement with the Company, accepting duty of diligence towards the Company incorporated therein.

A resolution of the Special Committee shall be made, in principle, by a majority of the attendants at a meeting attended by all incumbent members, provided, however, that the resolution may be made by a majority of the attendants at a meeting attended by a majority of the members, in the event of an unavoidable circumstance such as an accident happening to members.

6. Timely disclosure

The Board of Directors of the Company shall make timely and appropriate disclosures to shareholders and investors, regarding the matters required to be disclosed under the Plan, in accordance with the applicable laws and regulations and financial instruments exchange rules.

7. Continuation of takeover defense measures under the Plan and duration, continuance, abolishment and amendment of the Plan

The Plan shall become effective, subject to shareholders' approval on the proposal for the continuance of the takeover defense measures under the Plan, at the 103rd Ordinary General Meeting of Shareholders scheduled to be held on March 30, 2016 (hereinafter, the "Ordinary General Meeting of Shareholders"). The duration of the Plan shall be from the time when the proposal for approval of continuance of the takeover defense measures under the Plan is adopted at the Ordinary General Meeting of Shareholders until March 31, 2019. However, even if prior to the expiration of such duration, if the Board of Directors of the Company adopts a resolution to abolish the Plan, then the Plan shall be abolished at the time.

The Company may review or amend the Plan as needed at its Board of Directors meeting, from the viewpoint of protecting and enhancing the corporate value or the common interests of its shareholders. However, when making a material amendment to the Plan, the Company shall submit a proposal for approval for the introduction of the amended Plan to the General Meeting of Shareholders, in order to get an opportunity to appropriately reflect the shareholders' intent. The amended Plan shall take effect on the condition that the shareholders' approval of the proposal is obtained.

Appendix 4

Names and career summary of the members of the Special Committee

Yasuo Kitamura Date of birth: March 8, 1965

[Career Summary]

April 1988	Joined The Industrial Bank of Japan, Limited
April 1996	Registered as a lawyer
February 2001	Registered as a lawyer in New York State, the United States
October 2007	Opened Kitamura & Hiraga Law Office (to present)
November 2013	Director, Zakkaya Bulldog Co., Ltd.
March 2015	Corporate Auditor of the Company (to present)

Sho Sato Date of birth: August 26, 1944

[Career Summary]

April 1975	Registered as a lawyer (Tokyo Bar Association)
April 1981	Opened Sato Sho Law Office
April 1999	Vice-President of Tokyo Bar Association
April 2001	Joined Kobayashi Sogo Law Office (to present)
March 2003	Corporate Auditor of the Company

Masahiko Yasuda Date of birth: September 15, 1963

[Career Summary]

November 1988	Joined Aoyama Audit Corporation
March 1993	Registered as a Certified Public Accountant
October 2006	Managing Director of PricewaterhouseCoopers Co., Ltd.
July 2008	Partner of PricewaterhouseCoopers Co., Ltd. and Daihyo-shain of PricewaterhouseCoopers Aarata
March 2012	President and Representative Director of Benedi Consulting Co., Ltd. (to present)
August 2012	Representative of Yasuda Masahiko Certified Public Accountant Office (to present)

- (Notes)
1. There are no special interests between each member and the Company.
 2. Mr. Yasuo Kitamura is an Outside Corporate Auditor of the Company, and is scheduled to assume office as a Director who acts as an Audit and Supervisory Committee Member, subject to the approval on the proposal for his appointment at the Ordinary General Meeting of Shareholders. The Company has designated him as an independent officer as stipulated under the regulations of the Tokyo Stock Exchange and submitted a notification of the designation to the same Exchange.

Outline of the case for implementing allotment of stock acquisition rights without consideration

1. Shareholders entitled to allotment

One stock acquisition right shall be allotted without consideration for one share held by shareholders (excluding, however, the shares of common stock of the Company held by the Company) registered on the last register of shareholders as of the record date separately designated by the Board of Directors.

2. Class and number of shares to be delivered upon exercise of stock acquisition rights

One share of the common stock of the Company shall be delivered upon exercise of one stock acquisition right.

3. Effective date of the allotment of stock acquisition rights without consideration

Shall be separately designated by the Board of Directors.

4. The amount of property to be contributed upon exercise of each stock acquisition right

Contributions upon exercise of the stock acquisition rights are to be made in cash, and the amount of property to be contributed upon exercise of each stock acquisition right, shall be one yen for each share of common stock of the Company.

5. Restriction on the transfer of stock acquisition rights

Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors.

6. Conditions for exercise of stock acquisition rights

Conditions for exercise of stock acquisition rights shall be separately designated by the Board of Directors (which may set a condition for exercise which prohibits the Persons Who Fall Under Exceptional Reasons from exercising their stock acquisition rights)

7. Acquisition of stock acquisition rights by the Company

(1) The Board of Directors of the Company may establish terms of acquisition which allow the Company to acquire, following the resolution of the Board of Directors, all of the stock acquisition rights issued, or only the stock acquisition rights held by stock acquisition rights holders other than the Persons Who Fall Under Exceptional Reasons, subject to certain circumstances arising, such as the violation of the Large-Scale Purchase Rules by the Large-Scale Purchaser, or upon the arrival of a certain date designated by the Board of Directors.

(2) The aforementioned terms of acquisition shall be formulated, with a view to establishing effective and adequate countermeasures against the Large-Scale Purchase.

8. Circumstances that acquisition of stock acquisition rights without consideration (circumstances that abolition of countermeasures)

The Company may acquire the whole of stock acquisition rights without consideration, if either of the following circumstances arises.

(1) If all of the candidates for Directors as proposed by the party conducting the Large-scale Purchase have been elected at the General Meeting of Shareholders

(2) Other circumstances separately designated by the Board of Directors

9. Cooperation with the disposal of stock acquisition rights

If the Persons Who Fall Under Exceptional Reasons, who received an allotment of stock acquisition rights, are no longer considered, on reasonable grounds, to be a threat to the corporate value of the Company or the common interests of its shareholders, the Company shall, subject to consultation with the Special Committee, cooperate to a reasonable extent with such Persons Who Fall Under Exceptional Reasons in the disposal of the stock acquisition rights, or the stock acquisition rights granted as consideration for acquiring such stock acquisition rights, including the transfer thereof to a third party at a fair price as of the purchase (as calculated excluding the effect of an inflated market price as a result of being a target of speculation). However, that the Company shall be under no obligations in this respect.

10. Exercise period of stock acquisition rights

Exercise period of stock acquisition rights and other necessary matters shall be separately determined by the Board of Directors.