

May 15, 2015

To all concerned,

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### **Renewal of Countermeasures to Large-Scale Acquisitions of transcosmos inc. Shares (Takeover Defense Measures)**

transcosmos, inc. (the "Company") resolved to introduce a plan for countermeasures to large-scale acquisitions of the shares in the Company (the "Former Plan") subject to the approval of shareholders by resolution of its board of directors on May 15, 2012 and obtained approval at the ordinary general meeting of shareholders of the Company held on June 27, 2012 for the 27th fiscal year. The effective period of the Former Plan is until the conclusion of the ordinary general meeting of shareholders of the Company relating to the 30th fiscal year to be held on June 24, 2015 (the "30th Shareholders Meeting").

Before the expiration of the effective period of the Former Plan, the Company announces that the Company's board of directors determined at its board of directors meeting held on May 15, 2015 to partially revise the basic policy regarding the persons who control decisions on the Company's financial and business policies (as provided in Article 118, Item 3 of the Enforcement Regulations of the Companies Act; and the basic policy as revised is referred to as the "Basic Policy") and also to partially revise the contents of the Former Plan and introduce a renewed plan (the "Renewal"; and the plan after the Renewal is referred to as the "Plan") as a measure to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate (Article 118, Item 3(b)(ii) of the Enforcement Regulations of the Companies Act) under the Basic Policy subject to the approval of shareholders at the 27th Shareholders Meeting. At the board of directors meeting described above, all of the Company's directors including four outside directors attended the meeting and unanimously approved the Renewal and all of the Company's statutory auditors including two outside statutory auditors did not raise any objections in respect of the Renewal.

The main changes with this update from the Former Plan include: 1. Reviewing of this required information (defined in III. 3. (1) "Nature of this Plan" below, also the same hereinafter) and 2. Organizing and reviewing of the procedures for the Independent Committee.

#### I Basic policy regarding persons who determine the Company's financial and business directions

The Company considers that, the persons who determine our policy's financial and business directions need to be those who understand the source of the Company's corporate values and enable the Company to secure and increase our corporate values and therefore the stockholders' profit continuously and persistently.

The Company considers that, in case a proposal is made for a purchase which would entail transfer of the Company's management rights, the judgment should be made ultimately by the entire group of stockholders' intentions. Moreover, in case a large-scale purchase of the Company's stocks is made, if such purchase were to contribute to securing and increasing the Company's corporate values and stockholder's mutual benefits, we would not deny it. However, some large-scale purchase of the stocks clearly invade our corporate values and the stockholder's mutual benefits, judged by their purposes; some have in reality a possibility of demanding the stockholders to sell their shares; and some do not provide sufficient time or information for the Company's board of directors or stockholders to discuss the nature of the large-scale purchase or for the board of directors of the applicable company to come up with a

substitute proposal; and some require negotiations with the purchaser for more favorable conditions than those proposed by the purchaser, etc. There are more than a few scenarios which would not prove beneficial to the corporate values and stockholders' mutual benefits of the companies subject to large-scale purchase.

The Company values the degree of our customers' satisfaction and strives for maintenance and improvement of our corporate values. The Company's sources of corporate values are: 1. A total "IT utilization ability," which we have accumulated as a pioneer in information processing outsourcing business since our establishment; 2. Existence of "people" who are able to adopt easily to the changes in the environment and combine the latest technology with creative ideas; 3. Various "stable, long-term trust and relationship with clients" built upon utilizing the strength as an independent corporation. Unless those who make purchases of the Company's stocks understand these sources of the Company's corporate values and secure them in the mid- to long-term and improve them, the Company's corporate values and in turn the stockholders' mutual benefits would be damaged. The Company feels that, in regard with such abusive purchases, we need to secure the Company's corporate values and thus the stockholders' mutual benefits by taking necessary and appropriate countermeasures.

## II Sources of the Company's corporate values and special undertakings which contribute toward realization of our basic policies

### 1. Sources of the Company's corporate values

The Company, since its inception in 1996, has been providing outsourcing service with high added values combining excellent "people," sophisticated "process," and the latest "IT utilization ability" as a pioneer in information processing outsourcing.

The Company started as an information service company specializing in data entry business. Since then, as a result of nurturing our uniqueness and continuing uninhibited efforts for growth, without waiting for our tenth anniversary we became known as "the best data entry company in Japan." Much of the experience built foundation as an outsourcer. Since then, we have expanded areas of business as times have changed. During the 1980's, when personal computers (PC) started becoming prevalent, with the computer knowledge and utilization know-how as a basis, we started PC support business. Currently, it has developed into contact center service and business process outsourcing service as our main services.

Also, during the 1990's when the Internet started becoming popular, under the recognition that the Internet would bring about significant difference in the corporations' management environment, in order to work on development of a service utilizing the Internet technology, we entered a new business area of digital marketing support and laid the foundation for the future business development. In addition, in order to respond to globalization of the rapidly-growing Japanese corporations, we designed a service delivery system with the world standard and set up the business base capable of providing outsourcing service with high added values and uniqueness on a global basis. Through this endeavor, we became capable of offering "Global Marketing Chain Management Service," our own comprehensive and world-class outsourcing service for the corporations' sales increase and cost reduction.

This way, as a result of accurately grasping the changing times and clients' needs, we were able to secure a high ranking as a corporation which is able to accommodate a new corporate trend of "core business with their own; non-core business by outsourcing" with a one-stop service.

And the source of this comprehensive force consists of excellent "people," sophisticated "process," and the latest "IT utilization ability," so the Company believes. The source of the Company's corporate values is the fact that we can standardize best practice and reuse as an organization, by systemizing the "IT utilization ability," the "process" which "people" create. "People" refers to our excellent staff members who are able to make detailed responses, and we standardize the optimal process that each staff member creates, by utilizing the IT, in order to continue providing the most appropriate solutions to our customers. In order to maintain and increase the Company's corporate values, we must continue polishing up the source of the Company's corporate values well into the future, strive at the global development, and ultimately it is extremely important to connect the people with IT through the Company's business to make IT closer and to utilize IT comfortably. Also, the Company not only aims at maximization of the customers' values as a leading company in the outsourcing business but in the area of overseas development continuously takes on CSR including promotion of diversity, including actively employing local employees, and in turn contributes to development of the world-wide economy and society. These efforts unique to the Company are what makes it possible to realize a wide range of customer satisfaction and are the basis to build a trusted relationship with stable and long-term clients, which support creation of the Company's corporate values.

## 2. Efforts for increasing our corporate values

Although on a mild recovery mode after the slump following the consumption tax increase due to improvement of the employment environment and the plant and equipment investment being on the increase, the recent economic environment of our country is moving about with uncertainties toward the future due to the price hike of the raw materials with the continuously weakening yen, lower consumer minds, and the concerns for the overseas economies plummeting due to the slumping economies and political turmoil of the developing countries. In the information service industry to which the Company group belongs, with the corporate needs of strengthening cost competitiveness and increased business efficiency as the background, the demand for BPO (Business Process Outsourcing) services is on the increase. Also, with the popularity and development of the Smartphone and tablet devices, EC (E-Commerce) business development for the corporations is accelerating, and the demand for such services is becoming apparently high.

Under such circumstances, our corporate group concentrated our efforts on the BPO services to accommodate such corporate needs, resulting in an increase in the number of orders. Also, preparing for the service demand which is expected to keep on growing, we have developed and offered a new service called "Omni Channel Support Powered by LINE Business Connect" and established off-shore development sites in Vietnam and Indonesia, in order to strengthen our competitiveness of the service and productivity and continued to further our efforts toward increasing our corporate values and stockholders' mutual benefits.

The Company's net sales increased by 6.8% compared to the previous year, and the term's pure profit increased by 16.9% compared to the previous year, firmly accumulating positive results. Moreover, in the last three years, the following are the actual measures the Company has undertaken.

- In the area of Sales & Marketing, while with our contact center, mobile, web, etc., the contact between corporations and customers became more interactive, we created services to lead to reinforcement of the customer interaction and supported corporations' sales increase by providing solutions to maximize the customers' values
- In order to respond to our corporate clients' needs for cost reduction in the area of BPO business leading to corporations' cost reduction and higher business efficiency, the Company utilized our strengths of standardizing the optimal process created by people by making full use of IT and realized cost optimization
- Along with the designing and development of the service system in the Asian market, mainly in China and South Korea, we not only promoted employment and trained the employees of the overseas subsidiaries but also established "TCA Way," our own, unique management method recognized globally, and by realizing standardization of the best practice and thorough reuse on a global basis, we accelerated our global development, linking our business and management methods
- In South Korea, in order to aim at becoming a leading company as a No. 1 outsourcer, in addition to the existing businesses (contact center, direct mail, and field service), we strengthened the digital marketing business and provided a true MCM (Marketing Chain Management)
- In China, we had different businesses work in cooperation with each other and consolidated them, strengthened the Company's branding power, sales force, and service ability in China and secured a stable base for our MCM business in the Chinese market
- In addition to our corporation's own unique service, we also have many group companies with high expertise in different areas such as analytical and technological powers, and by working in cooperation with these companies and continuing to create high business synergy, we realized services offered with high added values and high quality and reinforced our cost competitiveness with our uniqueness and total capabilities

The Company will, with full understanding of the source of the Company's corporate values, under our philosophy that "our customers come first" which we adhered to since establishment, continue to undertake the following various measures in order to increase the Company's corporate values and in turn our stockholders' mutual benefits.

As our service principles, we list our operational excellence (a condition where our corporate clients' business process has a high competitive edge and could be as high as the source of the competitiveness), and we aim at becoming our clients' "Your Global BPO Partner" by continuously implementing it.

### (1) Providing services with the purpose of increasing our corporate clients' sales

The Company provides, in the area of business with a purpose to increase our corporate clients' sales, service ranging from digital marketing, communication design, management, analysis, to E-Commerce.

As for the actual business effort made by the Company, in an effort to expand into new businesses and technology in the digital marketing business and in response to customer interactions diversifying and advancing, we provide support in drawing up business measures and improvement of profits and business performance, based on research and analysis made by consultants and data scientists with big data utilization know-how.

As development and acceleration of the business-specific contact center service, we will place staff members with expert knowledge to conduct in-person sales promotion, individual customer visits, and sales support, in order to improve the corporate clients' degree of recognition for their products and services and to contribute to the increased sales.

In an effort to reinforce the emphasis on our services for the E-Commerce and mail-order shopping companies, we have business partnerships with major businesses with vast experience in various countries and provide one-stop service for our corporate clients' global E-Commerce business development.

In the area of Sales & Marketing, based on the corporate clients' E-Commerce strategy and brand strategy, we will accelerate the global development and provide various features necessary for the E-Commerce business such as E-Commerce website design, management, and fulfillment (receiving, picking up, packaging, and shipment), customer care, web promotion, and analysis, in one-stop.

(2) Providing services with a purpose of cost reduction for our corporate clients

The Company shall provide services from business consulting, design, and management to support indirect operations of our corporate clients.

Specifically, as a service to make corporate indirect business division more efficient, we will continue providing support for the core shift of the corporations' internal resources by optimizing the processes and costs for various indirect operations, mainly with the core businesses owned by the corporations.

In order to offer a product design processing service, taking advantage of many years of design know-how we have developed, we support our clients in the manufacturing industry in a wide range of design and development processes, contributing to increasing the product development ability.

As for offering the information systems division business and business efficiency service, utilizing the know-how accumulated through abundant experience in offering services and technology such as cloud and thin client, in order to realize the optimal IT environment most appropriate for the customers' needs.

(3) Acceleration of global development utilizing the domestic business know-how

The Company shall utilize our domestic business operations know-how, accelerate the business development in the China and South Korea markets, and will actively explore business opportunities in ASEAN, India, Europe, the Americas, and all over the world.

As an example of actual undertakings, we will strengthen the digital marketing business in South Korea and will offer contact center service, digital marketing service, E-Commerce one-stop service, direct mail service, and field service catered to the South Korea market for those corporate clients who are developing their businesses in South Korea.

In the E-Commerce, financial, and communications markets in China, we will strive for further growth and pursue low cost and high quality of the off-shore services for the Japan market; we will continue offering E-Commerce one-stop service, contact center service, digital marketing service, IT outsourcing service, contact center service, digital marketing service, and IT outsourcing service.

For Europe and the Americas, ASEAN, and India markets, we will design the world-standard service delivery system and offer contact center service, digital marketing service, and E-Commerce one-stop service for the local markets.

3. Reinforcement of Corporate Governance

The Company strives to attain a fair management with a high degree of transparency, and the term of the board of directors is set as one year, and by having 4 out of 15 board of directors who are outside managers with independence, we make an effort to strengthen the monitoring function for the management. In terms of management, each board of director is promised independence which allows him or her to state his or her opinions at his or her discretion, enabling an active discussion. For

example, in regard with the E-Commerce and overseas business development which the Company is currently undertaking, by obtaining from the outside board of directors their expertise knowledge, we are gaining much positive effects in terms of the Company's business promotion. Moreover, the Company has introduced an executive officer system and separated "decision-making and monitoring functions for the management" and "function to conduct business," and the board of directors is responsible for the "decision-making and monitoring function," while the executive officer system is responsible for "function to conduct the business." Through this, the Company has been able to achieve business execution with expedited decision-making process which allows us to respond to the industry's unique changes in the management environment flexibly and with attention to details for the employees. Regarding the auditors, an auditing committee consists of 4 auditors including 2 external auditors, and they attend important meetings such as the board of directors meetings and conducts auditing for the Company and overseas subsidiaries to audit the board of directors' performance.

In addition, the Company holds training and continuing education opportunities for the board of directors and auditors, such as compliance, legal training, and board of directors seminars, inviting external lecturer, as necessary.

Such efforts on reinforcement of the corporate governance, we believe, are the basis to promote the challenges for increasing our corporate values as mentioned in the above 2. and to aim at increasing our corporate values and in turn the shareholders' mutual benefits. Therefore, all our efforts are considered as complying with the basic policy of the company's management.

### III Purpose and nature of this plan

#### 1. Purpose of this plan

The purpose of this plan is to secure and increase the Company's corporate values and thus the stockholders' mutual benefits, and it is to be renewed based on the basic policy indicated in the above I.

The Company's board of directors, as stipulated in the basic policy, considers that those who make large-scale acquisitions which do not contribute to the Company's corporate values and thus the stockholders' mutual benefits are not suitable as the ones to determine the Company's financial and business policies. The purpose of this plan is to prevent control by those individuals unsuitable to make decisions on the Company's financial and business policies, to suppress large-scale purchase which contradicts with the Company's corporate values and thus the stockholders' mutual benefits and at the same time to propose substitute proposals by the Company's board of directors to the stockholders at the time of large-scale purchase is made and secure the necessary information and time for making judgment on whether or not the stockholders should accept the large-scale purchase, and to make it possible to conduct negotiations on behalf of the shareholders.

In addition, at this point, there is not notice or proposal being made from any specific third party to the Company in regard with making such large-scale purchase of the Company's stocks.

#### 2. Outline of this plan

This plan sets forth the necessary procedures when a party attempts to acquire 20% or more of the Company's stocks, such as requiring the purchaser for information beforehand, in order to realize the above-mentioned objectives.

The acquirer shall follow the procedures set forth by this plan, and in case it is decided by the Company's board of directors meeting that this plan shall not be put into effect, only after this decision is made, shall be allowed to make the large-scale purchase of the Company's stocks.

In case the purchaser does not follow the procedures set forth by this plan, or in case there is a concern that the large-scale purchase of the Company's stocks and such might damage the Company's corporate values or the stockholders' mutual benefits, and in case the triggering events stipulated by this plan are satisfied, the Company shall follow the rational measures available under the provisions of rights sharing with a condition that the rights cannot in principle be exercised by the purchaser and that the Company can obtain call options from other parties than the purchaser in exchange for the Company's stocks, other laws and regulations, and the Company's articles of incorporation. In case allotment of share options without contribution is made following this plan, and following its execution or the Company's purchase, and the Company's issues are distributed to the stockholders other than the purchaser, the voting rights ratio of the Company owned by the purchaser could possibly be reduced

down to approximately 50% at the lowest.

The Company shall, regarding whether or not the execution of the allotment of share options without contribution is made in accordance with this plan and judgment regarding purchase, in order to avoid arbitrary decision by the board of directors, a stockholders' meeting shall be held to confirm the intentions of the stockholders in case an Independent Committee 44 Run has been designated, comprising of outside directors independent from the Company's management.

Regarding the processes for such procedures, we shall disclose information to our shareholders as necessary in order to secure its transparency.

3. Nature of this plan (efforts made to prevent control by an unsuitable individual(s) over decisions on the Company's financial and business policies)

(1) Nature of this Plan

(a) Applicable purchases

This plan shall be applicable in case a purchase and other purchases or acts of similar nature as indicated in the ① or ② below (which includes these proposals<sup>1</sup>). (Those separately approved by the Company's board of directors as the ones to whom this plan shall not be applicable; hereinafter, "purchase.")

Notes

- ① For those stock certificates<sup>2</sup> issued by the Company, takeovers and other purchases where the shareholder<sup>3</sup>'s ratio of stock certificate<sup>4</sup> would be 20% or higher.
- ② For those stock certificates<sup>5</sup> issued by the Company, a takeover where the party making a takeover bid<sup>6</sup>, the total of the ratio of the stock certificates owned<sup>7</sup> and ratio owned by its special party<sup>8</sup> would be 20% or higher.

The party making the purchase (hereinafter, the "purchaser") shall follow the procedures set forth in this plan and shall not execute the takeover until the decision regarding whether or not allotment of the share options without contribution (the overall contents are as stipulated in the following (3) "allotment of the share options without contribution," and the pertaining share options are hereinafter referred to as "share options.") is to be made, such purchase shall not be made.

(b) Submission of declaration of intent

The purchaser shall, prior to the start or execution of the purchase, with the separate form designated by the Company, submit a legally-binding written document which includes a clause declaring that the purchaser shall abide by the procedures stipulated by this plan (with the signature and/or with the name and official seal by the representative of the purchasers and without conditions or restrictions) and a certificate of license for the said representative of the purchasers, signed and/or with the official seal (hereinafter, "certificate of license") to the Company. On the declaration of intent, the purchaser's name or business name, address or head office, location of a representative office and such, incorporation laws, the representative's name, contact information in Japan, and outline of the intended purchase shall be listed. In addition, the language used for the declaration of intent, description of the purchase as stipulated in the following (c) below, and other documents submitted to the Company or Independent Committee shall be limited to Japanese.

(c) Requests for providing information to purchasers

Within 10 business days from the date of receiving a letter of intent, the Company will issue a purchase statement (defined below) form to the purchaser (including a list of information to be

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<sup>1</sup> This includes any act of solicitation of purchases to the third party.

<sup>2</sup> This is defined in Financial Instrument and Exchange Law, Article 27, 23 (1). The same shall apply unless stipulated otherwise.

<sup>3</sup> This includes those included in the group of stockholders based upon Financial Instrument and Exchange Law, Article 27, 23 (3) (include those individuals deemed as applicable by the Company's board of directors). The same shall apply here.

<sup>4</sup> Financial Instrument and Exchange Law, Article 27, 23 (4) The same shall apply here.

<sup>5</sup> This is defined in Financial Instrument and Exchange Law, Article 27, 23 (1). The same shall apply unless stipulated otherwise.

<sup>6</sup> This is defined by Financial Instrument and Exchange Law, Article 27, 2 (6). The same shall apply here.

<sup>7</sup> This is defined by Financial Instrument and Exchange Law, Article 27, 2 (8). The same shall apply here.

<sup>8</sup> This is defined by Financial Instrument and Exchange Law, Article 27, 2 (7). (Include those individuals deemed as by the Company's board of directors). However, in regard with the individuals listed in the said clause 1, those defined by Cabinet Office Ordinance on Disclosure Required for purchase for Listed Share Certificates, etc. Conducted by Those Other than the Issuing Corporation, Article 3, 2 shall be excluded. The same shall apply here.

provided to the Company by the purchaser). In accordance with the format that the Company has issued, the purchaser will submit to the board of directors of the Company written documentation (generically designated as the "purchase statement") containing the information set forth in the following paragraphs (hereinafter referred to as the "required information").

When it receives a purchase statement, the board of directors of the Company will immediately send it to an Independent Committee (selection criteria for members of the Independent Committee, resolution requirements and resolution matters, etc., are as described in Attachment 1 "Summary of the Independent Committee Rules," and career summaries, etc., for members of the Independent Committee at the time of this update are as described in Attachment 2 "Independent Committee Biographies"). If the Independent Committee determines that the descriptions contained in the purchase statement are insufficient for this required information, then it may request that the purchaser provide additional information and set an appropriate deadline for a response. In this case, the purchaser will be asked to provide such additional information by the stated deadline.

#### Required Information

- ① Details (including name, capital ties, financial condition, operating results, existence and content of past legal violations, as well as details regarding past transactions by the purchaser of the same type as this purchase) regarding the purchaser and their group (joint holders<sup>9</sup>, special related parties and special related parties for whom the purchaser is a controlled corporation<sup>10,11</sup>)
  - ② The purpose, method and specific details of the purchase (including the amount and type of consideration, timing, structure of related transactions, legality of the method and feasibility, etc.)
  - ③ Price and the calculation basis of the purchase
  - ④ Information regarding the contents of any agreements between the purchaser and any third parties regarding stock certificates, etc., of the Company and regarding any past acquisition of the Company's stock certificates, etc., by the purchaser
  - ⑤ Source of funds for the purchase (including specific names of the providers of funds (including substantial providers), procurement methods and the contents of related transactions)
  - ⑥ Our group's post-purchase business policy, business plan, capital policy and dividend policy
  - ⑦ Post-purchase policies with respect to stakeholders such as the Company's shareholders (except for the purchaser) and our group's, employees, business partners and customers
  - ⑧ Specific measures to avoid conflicts of interest with the Company's other shareholders
  - ⑨ Information regarding relationships with anti-social forces
  - ⑩ Other information that the board of directors of the Company or the Independent Committee determine to be reasonably necessary
- (d) Review of the purchase details, negotiations with the purchaser and consideration of alternatives
- ① Request to provide information to the board of directors of the Company  
When a purchase statement and other information have been submitted by the purchaser (including the submission of additionally requested information, also the same hereinafter) and it is accepted as reasonable, the Independent Committee can also request that the board of directors of the Company provide opinions (assumed to include opinions indicating objections, also the same hereinafter) on the content of the purchase by the purchaser, its supporting documentation, alternatives (if any) and other information deemed necessary by the committee and set an appropriate deadline for a response.
  - ② Review by the Independent Committee  
If the Independent Committee deems that the purchase statement and other information submitted by the purchaser are sufficient, then for a period of 90 days following the receipt of such information, a review of the purchase contents, information collection and comparison related to the management and business plans of the purchaser and the board of directors of the Company, and a review of alternatives provided by the board of directors of the Company will be conducted (hereinafter, the time required for the collection and review of information by the

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<sup>9</sup> This refers to joint holders as defined in Article 27, Section 23, Paragraph 5 of the Financial Instruments and Exchange Act, and includes a person who is regarded as a joint holder pursuant to Paragraph 6 (the board of directors of the Company includes persons deemed to fall under this rule). This shall be the same throughout this document.

<sup>10</sup> This is defined in the Financial Instruments and Exchange Act, Enforcement Order Article 9, Paragraph 5.

<sup>11</sup> If the purchaser is a fund, information conforming to item (1) is included for each association member and other constituent members.

Independent Committee will be referred to as the "Independent Committee deliberation period").

In order to ensure that the Independent Committee's decisions contribute to the Company's corporate value, and therefore the common interests of its shareholders, the Independent Committee may, at the Company's expense, obtain the advice of financial advisors, certified public accountants, attorneys, certified tax accountants, consultants and other experts.

In addition, from the standpoint of ensuring and enhancing the Company's corporate value and the common interests of its shareholders, it is presumed that the Independent Committee may directly or indirectly carry out discussions and negotiations with the purchaser if necessary in order to improve the terms of the purchase. In the event that the Independent Committee directly or indirectly requests the submission of study materials and other information, or discussions and negotiations, etc., the purchaser must respond promptly to this request.

Furthermore, within a reasonable period of time (however, it shall be a maximum of 30 days) required for review of the contents of the purchase by the purchaser, the study of alternatives and negotiations with the purchaser, etc., it shall be possible to extend the Independent Committee deliberation period one or more times.

(e) Recommendations of the Independent Committee

When it is determined that the purchase corresponds to a trigger event (also including a quasi-trigger event as defined in item (2), hereinafter referred to as "the trigger event") as described below in (2) "Requirements for the Gratis Allocation of Stock Acquisition Rights, etc.," except in the case of special circumstances such as when there is a continuing need to receive information provided by the purchaser or to conduct negotiations and consultations with the purchaser, the Independent Committee will recommend that the board of directors of the Company implement reasonable measures<sup>12</sup> (hereinafter referred to as "the Gratis Allocation of Stock Acquisition Rights, etc.") which can be taken under the Gratis Allocation of Stock Acquisition Rights, other laws and regulations, and the Company's articles of incorporation. Furthermore, among the various trigger events if the possibility of applying trigger event item 2 (hereinafter, referred to as "trigger event 2") to a particular purchase becomes problematic, the Independent Committee shall be enabled to attach reservations to the effect that confirmation of the shareholders' intentions should be obtained in advance.

Notwithstanding the foregoing, even after once recommending implementation of the Gratis Allocation of Stock Acquisition Rights, if it is determined that one of the following reasons is applicable, the Independent Committee shall be enabled to cancel the Gratis Allocation of Stock Acquisition Rights up until two business days before the ex-rights date of the Gratis Allocation of Stock Acquisition Rights, or following the effective date of the Gratis Allocation of Stock Acquisition Rights and up until the day before the start date of the exercise period for the Stock Acquisition Rights, the committee may make a new recommendation that the Stock Acquisition Rights should be acquired at no cost.

- (i) If the purchaser withdraws the purchase after the recommendation and no other purchases exist
- (ii) If the trigger event no longer exists by reason of changes in facts that were the premise of the recommendation decision

On the other hand, if a determination is not reached that the purchase corresponds to the trigger event, the Independent Committee shall not make a recommendation to the board of directors of the Company to the effect that the Gratis Allocation of Stock Acquisition Rights should be implemented.

Notwithstanding the foregoing, even after that, if changes occur in facts that were the premise of the decision and the purchase corresponds to the trigger event, then the Independent Committee shall be enabled to make a new recommendation to the effect that the Gratis Allocation of Stock Acquisition Rights, etc., should be implemented.

In addition to the above, if the purchase poses a risk of harm to the Company's corporate value and the common interests of its shareholders, then for that reason, the Independent Committee

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<sup>12</sup> Specifically, at a general meeting of shareholders resolutions may be made calling for the withdrawal of the purchase by the purchaser.



shall also be able to recommend holding a general meeting of shareholders to confirm the intentions of the shareholders with regard to the purchase of the purchaser.

(f) Resolutions of the board of directors

When the above recommendation of the Independent Committee has been made, the board of directors of the Company shall show the highest respect for the recommendation and make a resolution as an organization under the Companies Act regarding the implementation or non-implementation of the Gratis Allocation of Stock Acquisition Rights, etc. However, when holding a general shareholders meeting to confirm their intentions based on item (g) below, the board of directors of the Company shall make a resolution as an organization under the Companies Act in accordance with the resolution of the shareholders general meeting regarding the implementation or non-implementation of the Gratis Allocation of Stock Acquisition Rights, etc.

(g) Holding of shareholders meeting for confirmation of intentions

When the Independent Committee implements the Gratis Allocation of Stock Acquisition Rights, etc., in accordance with item (i) of (e) above, and attaches a reservation that confirmation of the shareholders' intentions should be obtained in advance, or when it makes a recommendation to confirm the shareholders' intentions regarding the purchase of the purchaser, or (ii) when the possibility of applying trigger event 2 to a particular purchase becomes problematic, and in light of the duty of care with consideration for the time, etc., required to call a general meeting of shareholders, the board of directors determines that it is appropriate to confirm the shareholders' intentions, the board of directors of the Company shall be enabled to call a general meeting of shareholders (hereinafter, "shareholders meeting for confirmation of intentions") and to confirm the intentions of all shareholders.

(h) Information disclosure

In the operation of the Plan, the Company will make timely disclosures of information in accordance with applicable laws and regulations, or rules of the financial instruments exchanges, regarding the progress of various procedures in the Plan (including information that a letter of intent and purchase statement have been submitted, the Independent Committee deliberation period has begun, and the Independent Committee deliberation period has been extended), or a summary of recommendations made by the Independent Committee, a summary of resolutions by the board of directors of the Company, and any other matters deemed appropriate by the Independent Committee or the board of directors of the Company.

(2) Requirements for the Gratis Allocation of Stock Acquisition Rights, etc.

As triggers for the Plan, the requirements for implementation of the Gratis Allocation of Stock Acquisition Rights are as follows. Furthermore, as described above in (1) "Procedures for implementation of the Plan" (e), the relevance of the following requirements must be determined through the recommendations of the Independent Committee.

Triggers

Trigger Event 1

A case of a purchase that is not in accordance with the procedures stipulated in the Plan (including cases in which the time and information, etc., that are reasonably necessary to determine the details of the purchase are not provided), and for which it is appropriate to implement the Gratis Allocation of Stock Acquisition Rights

Trigger Event 2

A case corresponding to one of the following, and for which it is appropriate to implement the Gratis Allocation of Stock Acquisition Rights

(a) A case of a purchase that may lead to an obvious infringement of the Company's corporate value and the common interests of its shareholders through any of the acts listed below

- ① Acts of buying up share certificates, etc., and demanding purchase of the share certificates by the Company or its stakeholders at a higher price
- ② Acts such as conducting business to gain temporary control of the Company's management to acquire important assets of the group at low cost and sacrificing the Company to realize profits for the purchaser
- ③ Acts to divert assets of the group as collateral and repayment funds, etc., for debts of the purchaser and its group companies
- ④ Acts such as gaining temporary control of the Company's management to dispose of expensive assets not having an immediate relationship to the group's business, and causing a temporary high dividend with the retained earnings, or aiming for an opportunity to sell at a profit with a spike in the stock price due to the temporary high dividend

- (b) A case of a purchase based on fear in which shareholders are virtually forced to sell shares, such as a coercive two-step acquisition (refers to making a stock purchase where, for example, the first offer does not solicit the sale of all shares and conditions are then set adversely for the second stage of the purchase, or a takeover bid is made without any clear indications)
- (c) A case of purchase conditions (including matters such as amount and type of consideration, timing, legality of methods, feasibility, or post-acquisition policies, etc., with respect to other shareholders, group employees, customers, business partners and other stakeholders of the Company) which are insufficient or inadequate in view of the Company's intrinsic value
- (d) A case of a purchase that poses a significant risk contrary to the corporate value of the Company or the common interests of its shareholders, for example, by compromising relationships with group employees, customers and business partners, etc., which are essential for generating the corporate value of the Company

In addition to the above, when requirements conforming to each Trigger Event listed above are satisfied, and it is appropriate (referred to as "quasi-trigger events" in the Plan.), the Company may take reasonable measures that are possible under laws, regulations and the Company's articles of incorporation as triggers of the Plan. In this case also, as above in (1) "Procedures for implementation of the Plan" (e), this must be determined through the recommendations of the Independent Committee.

(3) Summary of the Gratis Allocation of Stock Acquisition Rights, etc.

A summary of the implementation of the Gratis Allocation of Stock Acquisition Rights under the Plan is as follows.

(a) The number of Stock Acquisition Rights

This will be the same as the final number of the Company's shares outstanding (however, deducting the number of shares held by the Company at that time.) on a certain date (hereinafter referred to as the "allotment date") which is separately determined in a resolution of the board of directors or a resolution of the shareholders meeting regarding the Gratis Allocation of Stock Acquisition Rights (hereinafter referred to as "the Gratis Allocation of Stock Acquisition Rights resolution").

(b) Shareholders eligible for allotment

Stock acquisition rights will be assigned to shareholders, other than the Company, which are recorded in the final list of shareholders on the allotment date (hereinafter referred to as the "Shareholders eligible for allotment") at the ratio of one stock acquisition right for each share of the Company's stock which is held.

(c) Effective date of the Gratis Allocation of Stock Acquisition Rights

This will be a separately determined date within the Gratis Allocation of Stock Acquisition Rights resolution.

(d) Number of shares for the Stock Acquisition Rights

In principle, the number of company shares for one stock acquisition right (hereinafter referred to as the "target number of shares") will be one share.

(e) The value of assets contributed upon exercise of the Stock Acquisition Rights

The purpose of the investment to be made upon exercise of the Stock Acquisition Rights is monetary, and the value per company stock share for assets invested upon exercise of the Stock Acquisition Rights will be a separately determined amount in the Gratis Allocation of Stock Acquisition Rights resolution, within a range of amounts having one yen as the lower limit and one half of the market value of one share of the Company's stock as the upper limit. Furthermore, the "market value" shall be an amount corresponding to the average (including market indication displays) of the closing prices for each day of regular trading of the Company's common stock on the Tokyo Stock Exchange for the 90 days (except days when transactions are not closed) prior to the Gratis Allocation of Stock Acquisition Rights resolution, and any fraction less than one yen shall be rounded up.

(f) Exercise period for the Stock Acquisition Rights

The first day (hereinafter the first day of the exercise period will be referred to as the "Exercise period start date") shall be a date separately established in the Gratis Allocation of Stock Acquisition Rights resolution, and in principle, the period of time will be separately established in the Gratis Allocation of Stock Acquisition Rights resolution within a range of from one to six months.

(g) Conditions for the exercise of Stock Acquisition Rights

(I) Specified Large Holders<sup>13</sup>, (II) Joint holders of Specified Large holders, (III) Specified Large Purchasers<sup>14</sup>, (IV) Specially related parties of Specified Large Purchasers, or (V) Parties who are assignees or successors to the Stock Acquisition Rights from parties who fall under (I) through (IV) above without obtaining the approval of the board of directors of the Company, or (VI) Parties related to parties who fall under (I) through (V) above<sup>15</sup> (hereinafter, parties falling under (I) through (VI) are collectively referred to as " Non-Qualified Parties") will not be able to exercise the Stock Acquisition Rights unless certain exceptional circumstances exist<sup>16</sup>

In addition, as a general rule non-residents who are required to follow certain procedures under applicable foreign laws upon exercise of the Stock Acquisition Rights are also not able to exercise the Stock Acquisition Rights (however, as indicated in (i) (2) below, on condition of confirming that there is no conflict with applicable laws, the Stock Acquisition Rights held by non-residents will also be subject to acquisition by the Company with shares of the Company as consideration). In addition, parties who do not submit a written pledge in a form prescribed by the Company, including representations and warranties regarding the sufficiency of the Stock Acquisition Rights exercise conditions, indemnity clauses and other covenants, will also be unable to exercise the Stock Acquisition Rights.

(h) Assignment of the Stock Acquisition Rights

Acquisition by assignment of the Stock Acquisition Rights requires the approval of the board of directors of the Company.

(i) Acquisition of the Stock Acquisition Rights by the Company

- ① If the board of directors of the Company agrees that it is appropriate for the Company to acquire

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<sup>13</sup> As a general rule, this refers to holders of share certificates, etc., issued by the Company whose percentage of shareholdings related to the share certificates, etc., (including parties considered by the board of directors of the Company to fall under the above). However, parties whose acquisition and holding of the Company's share certificates, etc., are not considered by the board of directors to be contrary to the corporate value of the Company or the common interests of its shareholders, and certain other parties specified separately in the Gratis Allocation of Stock Acquisition Rights resolution by the board of directors, shall not be regarded as Specified Large Holders. This will be the same throughout this document.

<sup>14</sup> As a general rule, this refers to a party that has made a public announcement to the effect that they will carry out a purchase (as defined in Article 27, Section 2, Paragraph 1 of the Financial Instruments and Exchange Act, and hereinafter the same in this footnote) of share certificates, etc., issued by the Company (as defined in Article 27, Section 2, Paragraph 1 of the same Act, hereinafter the same in this footnote) through a takeover bid, and after the acquisition, the percentage of the share certificate holdings related to their ownership (including cases stipulated in Article 7, Paragraph 1 of the Financial Instruments and Exchange Act Enforcement Order as pursuant to this regulation) added to the percentage of shareholdings of their special parties will be 20% or more (including parties considered by the board of directors of the Company to fall under these categories). However, parties whose acquisition and holding of the Company's share certificates, etc., are not considered by the board of directors to be contrary to the corporate value of the Company or the common interests of its shareholders, and certain other parties specified separately in the Gratis Allocation of Stock Acquisition Rights resolution by the board of directors, shall not be regarded as Specified Large Holders. This will be the same throughout this document.

<sup>15</sup> A "related party" of a certain participant is one who substantially dominates that party, who is dominated by that party, or one who is under joint control with that party (including those considered by the board of directors of the Company to fall under this category), or it may refer to one considered by the board of directors of the Company as acting in concert with such a party. Furthermore, "control" refers to "dominating the decisions for financial and business policies" of another company (as defined in the Companies Act Enforcement Order Article 3, Section 3.).

<sup>16</sup> Specifically, (x) after the Gratis Allocation of Stock Acquisition Rights resolution, if a purchaser pledges to discontinue or withdraw their purchase, or that they will not implement a subsequent purchase, and the purchaser and other Non-qualified Parties entrust liquidation of the Company's shares to a securities company recognized by the Company, and, (y) if the percentage of shareholdings of the purchaser (however, when calculating the percentage of shareholdings, the calculation shall be performed with Non-qualified Parties other than the purchaser and their joint holders also being regarded as joint holders of the purchaser, and in addition, the calculation shall be performed by excluding the Stock Acquisition Rights held by Non-qualified Parties which do not satisfy the exercise conditions) as recognized by the board of directors of the Company is below 20%, then the purchaser and other Non-qualified Parties who carried out the liquidation will have Stock Acquisition Rights for the purpose of a number of shares corresponding to the number of shares that were liquidated, and exercise within the scope of the lesser proportion is intended to be established as an exceptional event. Furthermore, the details of the conditions and procedures regarding the exercise of the Stock Acquisition Rights by such Non-qualified Parties shall be separately determined by the board of directors of the Company.

the Stock Acquisition Rights, the Company can acquire all of the Stock Acquisition Rights free of charge on a date separately determined by the board of directors of the Company at any time up until the day before the Exercise period start date.

- ② On a date separately determined by the board of directors of the Company, the Company may acquire all of the outstanding Stock Acquisition Rights held by parties other than Non-Qualified Parties up until the day before a date determined by the board of directors of the Company, and in exchange for this, it shall be possible to issue the number of Company shares corresponding to the target number of Shares for each Stock Acquisition Right.

In addition, on or after the date upon which the acquisition takes place, if the board of directors of the Company deem that parties other than Non-qualified Parties are present among those holding Stock Acquisition Rights, then on a date determined by the board of directors of the Company after the date upon which the acquisition is made, and until the day before a date determined by the board of directors of the Company, the Company may acquire all of the outstanding Stock Acquisition Rights held by those parties, and in exchange for this, it shall be possible to issue the number of Company shares corresponding to the target number of Shares for each Stock Acquisition Right, and this will apply in the same way thereafter.

- (j) Issuance of Stock Acquisition Rights in case of Mergers, Absorption-type splits, Incorporation-type company splits, Share exchanges and Equity transfers  
These shall be separately determined in the Gratis Allocation of Stock Acquisition Rights resolution.

- (k) Issuance of Stock Acquisition Rights  
Stock Acquisition Rights will not be issued according to the subject Stock Acquisition Rights.

- (l) Other  
In addition to the provisions above, the details of the Stock Acquisition Rights shall be separately determined in the Gratis Allocation of Stock Acquisition Rights resolution.

(4) Procedures for this update

In accordance with the provisions of Article 41 of the Company's Articles of Incorporation, with regard to the delegation of authority to the board of directors of the Company to determine matters relating to the Gratis Allocation of Stock Acquisition Rights in accordance with the conditions described in the Plan, this update is subject to the condition of receiving the approval of all shareholders at the Ordinary General Meeting of Shareholders.

(5) Effective period, abolition and change of the Plan

The effective period of the Plan continues until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three years after the conclusion of this Ordinary General Meeting of Shareholders.

However, even before the expiration of the effective period, if a resolution is made at a General Meeting of Shareholders of the Company to withdraw the above-mentioned delegation of authority to the board of directors of the Company to determine matters relating to the Gratis Allocation of Stock Acquisition Rights, or if a resolution is made by the board of directors of the Company to abolish the Plan, the Plan shall be abolished in accordance with the applicable resolution.

In addition, even during the effective period of the Plan, if it is not contrary to the sense of the resolution of this General Meeting of Shareholders, including cases such as when laws or rules and regulations of the financial instruments exchanges related to the Plan are newly established or abolished, and it is appropriate to reflect such changes, when it is appropriate to make revisions of wording because of typographical errors, or when it does not cause a disadvantage for the Company's shareholders, the board of directors of the Company shall be able to correct or change the Plan upon obtaining the approval of the Independent Committee.

In case the Plan is abolished, corrected or changed, information will be promptly disclosed regarding the facts of such abolition, revisions or changes, and (in the case of revisions and changes) the contents and other matters concerning the revisions and changes.

(6) Revisions due to amendment of laws and regulations, etc.

The provisions of laws and regulations referred to in the Plan are assumed to be those provisions which are in force as of May 15, 2015, and if it becomes necessary to make modifications to the

content of provisions and terms set forth in the paragraphs above due to newly established or abolished laws and regulations after that date, it shall be possible to change the reading of the content of provisions and terms set forth in the paragraphs above within a reasonable and appropriate range considering the sense of the newly added or abolished content.

#### 4. Impact on shareholders and investors

##### (1) Impact of this update on shareholders and investors

Based on the resolution of the shareholders meeting, the implementation of this update only delegates decision authority to the board of directors to determine matters relating to the Gratis Allocation of Stock Acquisition Rights, and since the Gratis Allocation of Stock Acquisition Rights itself will not occur, there will be no direct and specific impact on shareholders and investors.

##### (2) Impact on shareholders and investors at the time of the Gratis Allocation of Stock Acquisition Rights

###### (i) Procedures for the Gratis Allocation of Stock Acquisition Rights

In case the Gratis Allocation of Stock Acquisition Rights resolution is carried out by the board of directors or a General Shareholders Meeting of the Company, the allocation date will be established in the resolution and an official announcement will be made. In this case, all shareholders eligible for the allocation will be assigned free of charge one stock acquisition right for each share of Company stock that they hold. Furthermore, since all shareholders eligible for the allocation will of course become Stock Acquisition Rights holders on the effective date of the Gratis Allocation of Stock Acquisition Rights, an application is not required.

Furthermore, even if the Gratis Allocation of Stock Acquisition Rights resolution is made, the Company shall show the highest respect for the recommendation of the Independent Committee described above in 3. (1) "Procedures for the implementation of the Plan" (e), and may cancel the Gratis Allocation of Stock Acquisition Rights up until two business days before the ex-rights date of the Gratis Allocation of Stock Acquisition Rights, or following the effective date of the Gratis Allocation of Stock Acquisition Rights and up until the day before the start date of the exercise period for the Stock Acquisition Rights, it may acquire the Stock Acquisition Rights for no consideration. In these cases, since there will be no dilution of the value per share of the Company's stock, investors who traded on the assumption that such dilution would occur may experience a corresponding impact as a result of fluctuations in the share price.

###### (ii) Procedures for the exercise of Stock Acquisition Rights

As a general rule, the Company will send out the documents to be submitted upon exercise of the Stock Acquisition Rights (these shall be in a form prescribed by the Company, including the content and number of Stock Acquisition Rights to be exercised, required information such as the exercise date for the Stock Acquisition Rights, representations and warranties regarding matters such as the shareholders themselves satisfying the exercise conditions for the Stock Acquisition Rights, indemnity clauses and other covenants, and the information necessary to transfer Company shares to the accounts of all shareholders eligible for the allocation) and other required documents to all shareholders eligible for the allocation. After the Gratis Allocation of Stock Acquisition Rights, in principle, one share of the Company's stock will be issued for each Stock Acquisition Right to all shareholders who submit these necessary documents, and in principle, pay by a predetermined method, and within the exercise period of the Stock Acquisition Rights, the monetary equivalent of the exercise price, which is determined in the Gratis Allocation of Stock Acquisition Rights resolution within a range of amounts having one yen as the lower limit and one half of the market value of one share of the Company's stock as the upper limit. Furthermore, the exercise of the Stock Acquisition Rights by Non-qualified Parties shall be subject to separate provisions established by the Company in accordance with the spirit of the above 3. (3) "Summary of the Gratis Allocation of Stock Acquisition Rights, etc." (g).

If shareholders do not exercise these Stock Acquisition Rights and pay the amount equivalent to the exercise price, then the shares they hold in the Company will be diluted by the exercise of the Stock Acquisition Rights by other shareholders.

However, the Company may acquire the Stock Acquisition Rights from anyone other than Non-qualified Party shareholders in accordance with the terms described in (iii) below, and issue Company shares in exchange for these. If the Company carries out such acquisition procedures, everyone other than Non-qualified Party shareholders will receive shares in the Company without exercising the Stock Acquisition Rights and paying the amount equivalent to the exercise price, and as a general rule the shares they hold in the Company will not be diluted.

(iii) Procedures for acquisition of the Stock Acquisition Rights by the Company

If the board of directors of the Company makes a decision to acquire the Stock Acquisition Rights, then in accordance with legal procedures and on a date separately determined by the board of directors of the Company, the Company may acquire the Stock Acquisition Rights from all shareholders other than the Non-qualified Party shareholders, and issue Company shares in exchange for these. In this case, all such shareholders will in principle receive one share of the Company's stock for each of the Stock Acquisition Rights as consideration for the acquisition of the Stock Acquisition Rights by the Company, without paying the monetary equivalent of the exercise price. However, in this case, in addition to providing the information necessary to make transfers to the accounts of shareholders eligible for the allocation of Company shares, all such shareholders may separately be asked to furnish written pledges in a form prescribed by the Company, including representations and warranties regarding matters such as that they themselves are not Non-Qualified Parties, as well as indemnity clauses and other covenants.

Furthermore, if provisions are made in the Gratis Allocation of Stock Acquisition Rights resolution for matters relating to the acquisition of Stock Acquisition Rights from Non-Qualified Parties and other acquisitions, the Company may take action in accordance with such provisions.

In addition to the above, after being determined in the Gratis Allocation of Stock Acquisition Rights resolution, disclosures of information or notifications will be provided to all shareholders regarding details of the allocation method, exercise method and the company's acquisition method; therefore please confirm this content.

#### IV Rationality of the Plan

1. Ensuring and enhancing corporate value and the common interests of the shareholders

The Plan is based on basic policy and is updated with the aim of securing the Company's corporate value and the common interests of the shareholders, such that when a purchase for Company shares is made, the decision of whether or not to accept the offer is determined by the shareholders, or the board of directors of the Company secures the information, and time, etc., necessary to propose alternatives, and facilitates negotiations with the purchaser on behalf of the shareholders.

2. Fulfillment of requirements for guidelines, etc., concerning takeover defense

The Plan satisfies all three principles ({1} Principle of protecting and enhancing corporate value and the common interests of the shareholders, {2} Principle of prior disclosure and shareholder intentions, and {3} Principle of necessity and proportionality) established in the guidelines concerning Takeover Defense Measures for the Protection or Enhancement of Corporate Value and the Common Interests of shareholders, which was announced on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice.

3. Importance of shareholders intentions

As described above in III 3. (4) "Procedures for this update," the Plan is updated subject to the condition of receiving the approval of all shareholders at the Ordinary General Meeting of Shareholders regarding delegation to the board of directors of the Company under the provisions of the Articles of Incorporation of the Company.

In addition, the board of directors of the Company shall in certain cases confirm the intentions of the shareholders at a shareholders meeting for confirmation of intentions concerning whether or not to activate the Plan.

In addition, a so-called sunset clause is attached to the Plan, with an effective period of approximately three years, and even before the expiration of the effective period, if a resolution is made to the effect of withdrawing the above-mentioned delegation to the board of directors of the Company at a Company Shareholders Meeting, the Plan will be abolished at that time. In that sense, the intentions of the shareholders are reflected in the life of the plan.

4. Importance of assessments by independent outside directors and acquisition of third party expert opinions

In triggering the Plan, it has been determined to invariably go through recommendations of the Independent Committee, which is composed only of outside directors and others who are independent.

In addition, the Independent Committee has been enabled to receive the advice of experts at the

Company's expense, and the fairness and objectivity of decisions made by the Independent Committee have led to a mechanism which is more strongly secured.

5. Setting of rational and objective requirements

As described above in III 3. (1) "Procedures for implementation of the Plan" (e) and III 3. (2) "Requirements for the Gratis Allocation of Stock Acquisition Rights, etc.," the Plan has been set up so that it will not be triggered unless rational and objective requirements have been satisfied, and it may be said that this secures a mechanism to prevent arbitrary triggering by the board of directors of the Company.

6. Not a dead-hand or slow-hand takeover defense measure

Since the Plan can be abolished by the board of directors, which is composed of directors elected at a general meeting of shareholders based on the nominations of parties who have purchased share certificates in large quantities, it is not a dead-hand takeover defense measure (a takeover defense measure by means of which it is not possible to prevent triggering even by replacing a majority of the members of the board of directors). In addition, since the term of office for the directors of the Company is one year, and a staggered term system has not been adopted, the Plan is also not a slow-hand takeover defense measure (a takeover defense measure by means of which more time is required to stop the triggering, since it is not possible to replace the members of the board of directors at the same time).

The End

## Outline of the Rules of the Independent Committee

- The Independent Committee shall be installed by a resolution of the board of directors of the Company.
- There will be three or more Members of the Independent Committee who are independent from the executive team that manages company business, and are appointed by the board of directors of the Company from any of the following persons: (i) Outside directors of the Company, (ii) Outside auditors of the Company, or (iii) Experts. However, experts must be persons who are proven corporate managers, persons from government agencies, those familiar with the investment banking business or the Company's business area, attorneys, certified public accountants or researchers whose main subject of study is corporate law, etc., or persons comparable to these, and in addition, they must also be persons who have entered into a contract with the Company, including duty of care provisions, etc., specified separately by the board of directors of the Company.
- The term of office for members of the Independent Committee continues until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three years after the conclusion of this Ordinary General Meeting of Shareholders. However, this limit shall not apply in cases otherwise provided for by a resolution of the board of directors of the Company.  
In addition, for Independent Committee members who were outside directors or outside auditors of the Company, but who have lost those positions (except in cases where they have been re-appointed), their term of office as an Independent Committee member will also end at the same time.
- The Independent Committee is able to decide on matters that are described in each of the following items, and it can then make recommendations to the board of directors of the Company regarding the contents of their decisions together with their reasons. The board of directors of the Company shall show the highest respect for the recommendations of the Independent Committee and make resolutions as an organization under the Companies Act (however, if another resolution has been made in the shareholders meeting for confirmation of intentions, the resolution of the shareholders meeting will be followed). Furthermore, each member of the Independent Committee must make such decisions from the standpoint of whether or not they are conducive to the Company's corporate value and the common interests of its shareholders, and they should not be for the purpose of achieving personal gain exclusively for themselves or for the management of the Company.
  - ① Implementation or non-implementation of reasonable measures that can be taken under the Gratis Allocation of Stock Acquisition Rights, other laws and the Company's Articles of Incorporation (hereinafter referred to as "the Gratis Allocation of Stock Acquisition Rights, etc.")
  - ② Discontinuation of the Gratis Allocation of Stock Acquisition Rights, etc., or the free acquisition of the Stock Acquisition Rights
  - ③ Determination of relevance to a purchase which is subject to the Plan
  - ④ Determination of information which the purchaser and the board of directors of the Company should provide to the Independent Committee and the applicable deadlines
  - ⑤ Detailed examination and review of the contents of the purchase by the purchaser
  - ⑥ Discussions and negotiations with the purchaser
  - ⑦ Request to the board of directors of the Company for the submission of alternatives and review of the alternatives submitted by the board of directors of the Company
  - ⑧ Decision for extension of the Independent Committee Review Period
  - ⑨ Assessment of the necessity for convening a General Shareholders meeting regarding implementation of the Gratis Allocation of Stock Acquisition Rights, etc.
  - ⑩ Approval for revision or change of the Plan
  - ⑪ Assessment of pros and cons regarding the introduction of takeover defense measures other than the Plan
  - ⑫ Other matters involving the Plan which are determined to be achievable by the Independent Committee
  - ⑬ Matters regarding which the board of directors of the Company separately consult with the Independent Committee, or which are determined to be achievable separately by the Independent Committee
- In order to collect the necessary information, the Independent Committee can request the attendance of the Company's board members, auditors, employees, and other persons deemed necessary by the Independent Committee, and it may seek explanations related to matters



requested by the Independent Committee.

- The Independent Committee may, for example, obtain the advice of financial advisors, certified public accountants, attorneys, certified tax accountants, consultants and other experts at the Company's expense.
- Any member of the Independent Committee may convene a meeting of the Independent Committee when a purchase is made or at any other time.
- As a general rule, resolutions of the Independent Committee are made with all members of the Independent Committee in attendance (including attendance via video conference or telephone conference, also the same hereinafter), and they are carried out by a majority of the voting rights. However, if there are unavoidable grounds, resolutions can be made with a majority of the Independent Committee in attendance, and by a majority of the voting rights.

The End

Profiles of the Members of the Independent Committee

The following three persons are scheduled to be the members of the Independent Committee upon the Renewal.

Name: Takeshi Natsuno

Date of birth: March 17, 1965

Biography: Apr. 1988 Joined Tokyo Gas Co., Ltd.  
 Sep. 1997 Joined NTT Mobile Communications Network Inc. (now NTT Docomo Inc.)  
 Jun. 2005 Appointed executive officer and manager in charge of multimedia services  
 Jun. 2008 Appointed outside director of the Company (current)  
 Appointed outside director of Sega Sammy Holdings Inc. (current)  
 Appointed director of Pia Corporation (current)  
 Appointed part-time director of NTT Resonant Inc. (current)  
 Appointed outside director of SBI Holdings, Inc. (current)  
 Dec. 2008 Appointed director of Dwango Co., Ltd. (current)  
 Sep. 2009 Appointed outside director of Gree, Inc. (current)  
 Dec. 2010 Appointed outside director of U-NEXT Co., Ltd. (current)  
 Nov. 2013 Appointed guest professor at Graduate School of Media and Governance, Keio University (current)  
 Oct. 2014 Appointed director of KADOKAWA DWANGO CORPORATION (current)  
 Up to the present

Takeshi Natsuno is an outside director of the Company. He is scheduled to be reappointed as an outside director of the Company upon approval of the proposal regarding appointment of directors at the 30th Shareholders Meeting.

Name: Eiji Uda

Date of birth: August 3, 1956

Biography: Apr. 1981 Joined IBM Japan, Ltd.  
 Jan. 1999 Appointed director of the Information Services Industry Senior Executive Manager  
 Jan. 2001 SoftBank Commerce & Service Corp. (now SoftBank BB Corp.)  
 Mar. 2004 salesforce.com, Inc. Senior Vice President  
 Apr. 2004 salesforce.com, Inc. President  
 Apr. 2012 salesforce.com, Inc. Executive Vice President  
 Apr. 2014 salesforce.com, Inc. Director and Senior Advisor  
 Jun. 2014 Appointed outside director of the Company (current)  
 Jan. 2015 salesforce.com, Inc. Special Adviser (current)  
 Up to the present

Eiji Uda is an outside director of the Company. He is scheduled to be reappointed as an outside director of the Company upon approval of the proposal regarding appointment of directors at the 30th Shareholders Meeting.

Name: Setsuo Yamane

Date of birth: January 23, 1948

Biography: Apr. 1966 Joined the Metropolitan Police Department as a police officer  
 Feb. 1983 Police inspector of the Metropolitan Police Department  
 Mar. 1984 Sent to the National Police Agency  
 Mar. 1988 Director of the Enforcement Division of Hisamitsu Police Station  
 Mar. 1991 Police superintendent of the Metropolitan Police Department

Mar. 1996 Vice chief of Akasaka Police Station  
Feb. 1997 Chief of Oshima Police Station  
Feb. 1999 Chief of Otuka Police Station  
Feb. 2002 Senior superintendent and Chief of Tokyo Metropolitan Police Info-Communications Department First Mobile Communication Division  
Feb. 2004 Vice-president of Metropolitan Police Academy  
Feb. 2006 Councilor of Administrative Services  
Mar. 2007 Chief Superintendent  
Apr. 2007 Assistant general manager of Grand Arc Hanzomon  
Apr. 2009 Appointed Advisor of Tokyo Gas Co., Ltd.  
Jun. 2013 Appointed outside statutory auditor of the Company (current)  
Up to the present

Kichiro Takao is a statutory auditor of the Company. He does not have any special interest in the Company.

The End

## Major Shareholders of the Company

Following is an outline of major shareholders of the Company as of March 31, 2015.

Name	Investment in the Company	
	Number of shares (thousand of shares)	Ratio of shares (%)
Koki Okuda	7,498	18.3
Masataka Okuda	5,910	14.4
Okuda Ikueikai, Foundation	1,753	4.3
Mihoko Hirai	1,463	3.6
The Master Trust Bank of Japan, Ltd. (Account in Trust)	1,380	3.4
Japan Trustee Services Bank, Ltd. (Account in Trust)	1,116	2.7
GOLDMAN, SACHS & CO. REG	914	2.2
Limited company HM Kosan	722	1.8
Employee Shareholding Association of transcocosmos inc.	613	1.5
STATE STREET BANK AND TRUST COMPANY	559	1.4

Notes: 1. Other than the above, our company retains 7,654 thousand shares of its own stock.  
 2. Number of shares less than one thousand is rounded down to the nearest thousand.  
 3. Shareholding ratio is rounded off to two decimal places.

The End