

English translation for reference only (Original Japanese remains definitive)

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## **Update of Measures to Prevent Large-scale Purchase of Wacom's Shares**

**May 11, 2016, Tokyo**—The Measures to Prevent Large-scale Purchase of Wacom Shares (hereafter the “Former Plan”) was approved at Wacom’s (hereafter the “Company”) 27<sup>th</sup> Ordinary General Meeting of Shareholders held on June 24, 2010. The term of the Former Plan was further extended at the Company’s 30<sup>th</sup> Ordinary General Meeting of Shareholders held on June 27, 2013, with an expiration date set for June 22, 2016, or at the end of the Company’s 33<sup>rd</sup> Ordinary General Meeting of Shareholders.

In advance of the expiration, a meeting of the Board of Directors was held on May 11, 2016, during which the Board decided to renew and update the Former Plan on the condition of receiving approval from shareholders at the Ordinary General Meeting of Shareholders. The Board of Directors based this action as measures (according to the Ordinance for Enforcement of the Companies Act, Article 118, Paragraph 3, Section 2 (2)) to prevent decisions concerning the Company's financial and business policies from becoming controlled by persons deemed unsuitable to the Company's basic policy (referring to that defined in the Ordinance for Enforcement of the Companies Act, Article 118, Paragraph 3, hereafter, the “Basic Policy”). All seven directors present at the meeting of the Board of Directors, including four outside directors, unanimously supported the proposal for an updated Former Plan (hereafter “the Plan”). The Company’s Independent Committee also unanimously approved the update.

For your information, the company has been under new corporate organization scheme since April 1, 2015, and announced a new mid-term business plan on April 30, 2015. The company also made a transition to the Company with Audit and Supervisory Committee as a result of an action by the Company’s 32<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 26, 2015.

### **Part 1. Basic Policy concerning persons deemed appropriate to control the Company’s financial and business policies**

Under the corporate vision of “a world alive with creativity”, Wacom has been developing and supplying digital technology and products that expand human creativity. Today, our products are used in broad industry categories such as movie production, industry design, education and others, contributing to the realization of a creative environment that is natural and intuitive for customers.

In order for Wacom Group to pursue this goal and to continue consistent efforts to enhance corporate value and the common interest of its shareholders, the management believes that it is only possible through long-term effort for the growth and improvement of corporate values, including enhancement of intellectual properties such as patents and know-know, development of technology and products that realize high customer value, enhancement of global corporate culture that promotes creativity and innovation, as well as development of a competitive global business model. As the foundation for such activities, it is important to establish and maintain stable relationships with all stakeholders including shareholders, customers, business partners, and employees. The management of the Group must give ample consideration to these stakeholders as long-term partners.

When a request to purchase Wacom shares is received, in order to properly determine the influence of the purchase on Wacom’s corporate value and the common interests of its shareholders, the management need to have a process to fully understand the following: the feasibility and legality of the purchaser’s proposed business plan; the effect the purchase will have on Wacom’s tangible and intangible management resources and on its stakeholders, and how this will influence Wacom’s corporate value; the potential effect of measures in the future; and, the synergistic effects that may be achieved through the organic integration among regions around the world, and the current status of business relative to the elements that constitute Wacom’s corporate value.

In view of these factors, Wacom’s Board of Directors determined that persons who engage in large-scale purchase of Wacom shares that does not contribute to ensuring or improving our corporate value and the common interests of our shareholders, or persons who propose such a purchase, are not suitable for controlling Wacom’s financial and business policies.

## **Part 2. Sources of corporate value for the Company and special efforts to contribute to the achievement of the Basic Policy**

### **1. Sources of corporate value for Wacom**

“A world alive with creativity” is our corporate vision, and the purpose of our business is

to contribute to the expansion of human creativity through business activities.

With the belief that technology should be natural, intuitive, and easy to understand, and should enhance creativity, Wacom has developed its own digital pen technology, pioneered the industry and user categories and established Wacom's brand recognition. We believe that the sources of Wacom's corporate value consist of: a high level of technical capabilities that have been developed over the years; our intellectual property which includes patents and know-how; our ability to plan and develop advanced products; our long term relationship with key industry leaders; our highly competitive business model; our global organization and culture built up over a long period of time; and the establishment, maintenance, and expansion of relationships with shareholders, customers, business partners, employees, and other stakeholders. Wacom believes that these have become the main sources of common interests of our shareholders.

Since our development of the world's first cordless pen in 1984, Wacom has been the technology leader of the pen tablet industry. We have pioneered new product segments, and have become a global leader in this sector. In addition, Wacom's pen sensor technology is used by a broad range of customers in the field of digital expression such as multi-media contents, industry design, and publications. Our pen technology solutions are supplied as key components to a wide range of mobile devices, including smartphones and tablets.

Looking ahead to the future development and expansion of user interface technologies, Wacom believes that the further enhancement of technology development capabilities, human resources, competitive global business models and organization, global culture, and banding will lead to a long-term and steady business expansion, continued improvement of corporate value, and positive contributions to society.

## **2. Special efforts to enhance corporate value**

Under the theme of, "expanding the business platform from PC to mobile and cloud, creating new and growing existing businesses, and improving speed and profitability by leveraging global business infrastructure," the Company has formulated the Strategic Business Plan SBP-2019, and is working on strengthening its global competitiveness and improving its business performance to achieve the goals outlined therein. As part of the Medium-term Business Plan, we are extending the business model to enhance human creativity, seeking new talent to accelerate innovation, enhancing the culture of global collaboration, and developing our business organization around customer segments. Under this basic direction and organization, we aim to accelerate growth and achieve our financial goal of 120 billion yen in consolidated sales, 12% consolidated

operating profit margin, and 20% consolidated ROE by the end of the fiscal year ended March 2019.

Wacom has been making effort to develop new products and cultivate new market in order to accomplish our Medium-term Business Plan called SBP-2019, and our digital pen and digital ink technology solutions have been widely adopted by major IT industry leaders as the key competitive factors for their business subject to our open partnership policy. In the field of newly emerging digital stationery, Wacom also has been formulating unconventional frameworks for cooperation with partners worldwide by promoting standardization of digital ink. Wacom is working on the following specific strategies and initiatives to achieve targets set out in the Medium-term Business Plan:

**(1) Evolve the business model from PC to mobile devices and cloud platforms**

In response to rapid expansion of new IT platforms based on mobile devices such as smartphones, tablets, and cloud platforms, Wacom is expanding its product lines beyond PCs to an ecosystem solution that integrates mobile devices, applications, and services based on cloud. We are investing to develop our own cloud business platform. Already we have established a global e-commerce system that offers information and services to customers across the world in a richer and more direct manner, and we are also developing a cloud-based business platform to allow us to collaborate with global partners.

**(2) Accelerate growth through new global business organization**

Wacom reorganized its global business from the previous regional entity-based model to global business units based around customer categories. With this change effective from April 2015, it has now become possible to execute global strategy around the world and across regional boundaries. We believe this customer-centric business organization will enable us to further strengthen our relationship with creative customers, one of the key factors for our competitive strength. In addition, the new global organization can accelerate the speed with which we are able to translate customer needs into actions, leverage the global scale of our business, and collaborate with global partners. We will evolve the organization to support the specific needs of business in an optimal manner.

**(3) Accelerate Creative Business by enhancing our Mobile product line, expanding to the 3D market, integrating color management, and investing in emerging markets**

In addition to previous product lines mainly targeting the desktop PC platform, we introduced a new Mobile product line in March 2015, and we expect a high rate of growth as creative users continue to adopt mobile environments. We will continue to grow the business by extending the product line and developing new market segments. In the field

of digital design, 3D modelling and 3D printing are quickly gaining momentum as new growth segments, and color management is also evolving as an important new technology field for professionals. We will also evolve the product line to support the needs for professional 3D design processes. Furthermore, digital design is rapidly gaining ground in emerging markets such as China, India, and Latin America, and we will introduce new products to meet emerging market needs and continue to develop global business infrastructure. We will also offer an entire creative workflow solution integrating traditional analog pen and paper with digital ink technology. Through this approach, Wacom will further expand our customers' creativity.

#### **(4) Attain new general consumer and educational user base with new-generation digital stationery and cloud integration**

The capacity for users to create original work and broadcast their content is dramatically expanding with the advance of mobile technology and social network services. Beyond smartphones and tablets, there is a growing need for simple and intuitive "digital stationery" devices that enable us to capture and share ideas as we do with traditional pen-and-paper methods. We will invest in the development of a new digital stationery market and a unique ecosystem that support a wide range of users in their day-to-day life. To establish recognition for a new category and develop a new market segment we will develop cross-industry global partnerships. We believe that digital stationery will drive innovation in broad industry segments including education, medicine, and finance; coupled with digital signature and security, it can contribute to the advancement of social infrastructure by seamlessly bridging analog and digital workflows.

#### **(5) Expand Technology Solution Business with WILL (Wacom Ink Layer Language) and Active ES pen technology**

Wacom's Active ES technology has been adopted by a large number of customer projects and is growing its importance in the market. In addition to EMR pen technology, we are offering multiple pen technology choices to meet the diverse future needs of customers. We will continue to invest in size and cost reduction to lead the mass adoption of pen technologies. In parallel to the effort of enhancing technology leadership, we will expand our customers in a broad range of industries under an open partnership policy.

We also developed WILL, a new digital ink format that enables users to capture and share digital ink across various operating systems. This will lead to wide adoption of digital ink applications as well as broader use of pen technologies as a whole. Traditional methods of ink on paper have been used for creating and recording ideas for centuries. By integrating digital technology, we can make digital ink a powerful online content

creation tool for capturing and sharing ideas. We have already begun to work with industry partners under the concept of an open partnership policy, and as digital ink becomes increasingly important in the IT environment, our technology is fast becoming a key component of competitive advantage for industry leaders. We believe that proliferation of WILL and expansion of our partnerships will create long-term value for the business

#### **(6) Evolve digital workflow and security solutions with WILL and digital signature solutions**

As the industry comes to understand the improvement of workflow efficiency and high security level achieved by digital signature solution, we expect to see accelerated adoption of digital signature technology in the business field. Rather than simply producing signature tablets, we will strengthen our digital signature solutions through integration with WILL and signature verification software to provide secure and efficient business workflow solutions. We aim to extend this to the financial and distribution industries as well as other business sectors by providing integrated solutions of hardware and software.

#### **(7) Improve efficiency, speed, and profitability by leveraging the global business system**

We have been working on the development of an integrated global business system. Most of the system (aside from global ERP, which is still underway), including global e-Commerce and global SCM, has been implemented and is fully operational. By leveraging the system to its greatest extent, we have streamlined our process from manufacturing to sales and customer support to improve efficiency, speed, and profitability. The new business system under development is the critical foundation for our global strategy, which both links global organization and staff, and allows for globally consistent management and execution of our growth strategy.

### **3. Strengthening corporate governance**

Companies that are successful and respected all tend to have a clear and easily-understood set of purpose and values. This code is more about “why we do business, and how we think and live in business” rather than “what we do as a business”.

Wacom embraces these principles as a basic theme of business. We clearly define our “Vision, Mission, Values and Brand,” which we continue to share and strengthen with our global organizations. In the Human Resources function, they are translated to a leadership model and performance evaluation system, and also serve as the guideline for recruitment and training.

To achieve a highly transparent and fair management system, we have set the term of each director to one year to clarify management's business responsibilities towards shareholders, and have four (4) independent outside directors among seven (7) directors in total. We also formed an Audit Committee within the Board of Directors to strengthen the monitoring of the executive management.

### **Part 3. Purpose and Details of the Plan**

#### **1. Purpose of the Plan**

The Plan is prepared for the purpose of ensuring and enhancing the corporate value of Wacom and, in turn, the common interests of our shareholders, and is in accordance with the Basic Policy set out in Part 1 above.

The Company's Board of Directors believes that, as provided for in the Basic Policy, persons who propose a large-scale acquisition of shares of the Company in a manner that does not contribute to the corporate value of Wacom or, in turn, the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The purpose of the Plan is to prevent decisions about the Company's financial and business policies from being controlled by persons deemed inappropriate, and to deter large-scale acquisitions that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders, as well as, in the event that the Company receives a large-scale acquisition proposal, to enable the Company's Board of Directors to present an alternative proposal or to ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and to enable the Company to negotiate for the benefit of the shareholders.

Please note that the Company has not received any proposal of a large-scale acquisition of shares in the Company from a specific third party at present. Please refer to Attachment 1 for the status of major shareholders of the Company as of March 31, 2016.

#### **2. Plan Outline**

The Plan sets out procedures necessary to achieve the purpose stated above, including the requirement for the acquirer to provide information in advance if the acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other equity securities.

The acquirer must not effect a large-scale acquisition of shares in the Company until and unless the Company's Board of Directors or the Company's Ordinary General Meeting of Shareholders determine not to trigger the Plan in accordance with the procedures for the Plan.

In cases such as where an acquirer does not follow the procedures set out in the Plan, or a large-scale acquisition of shares in the Company could harm the corporate value of the Company and, in turn, the common interests of its shareholders, and if the acquisition satisfies the triggering requirements set out in the Plan, the Company will allot stock acquisition rights to all shareholders on record as of that time other than the Company, by means of a gratis allotment of Stock Acquisition Rights (shinkabu yoyakuken mushou wariate) that will have (a) an exercise condition that does not allow the acquirer to exercise the rights as a general rule and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from holders of the stock acquisition rights other than the acquirer.

In case such as where a gratis allotment of Stock Acquisition Rights is executed, and shareholders excluding the acquirer have an allotment of shares in the Company in connection with an execution or an acquisition of the Stock Acquisition Rights, proportion of voting right held by the acquirer to the Company may be diluted to not more than 50% at a maximum.

In order to eliminate arbitrary decisions by directors, the Company will establish an Independent Committee (standards for appointing members, requirements for resolutions, resolution matters and other matters concerning the Independent Committee are as described in Attachment 2 'Outline of the Rules of the Independent Committee' and the members of the Independent Committee at the time of the update areas described in Attachment 3 'Brief History of the Members of the Independent Committee') solely composed of outside directors who are independent from the management of the Company to make objective decisions with respect to matters such as the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, or the acquisition of stock acquisition rights under the Plan. In addition, the Company's Board of Directors may, if prescribed in the Plan, convene a Confirmation Meeting (as defined in (g) of 3(1) 'Procedures for Triggering the Plan' below; the same shall apply hereinafter) and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights.

Transparency with respect to the course of those procedures will be ensured by timely disclosure to all of the Company's shareholders.

### 3. Plan Details (The measure for preventing decisions about the Company's business and finance policies from being governed by unsuitable persons in light of the basic policy)

#### (1) Procedures for Triggering the Plan

##### (a) Targeted Acquisitions

A renewed plan for countermeasures against large-scale acquisitions of the Company's shares (the introduction of the renewed plan is hereafter referred to as the "Renewal") will be applied in cases where any purchase or other acquisition of share certificates of the Company that falls under ① or ② below, or any similar action or a proposal<sup>1</sup> for such action (hereafter the "Acquisition", which excludes actions the Company's Board of Directors has separately determined not to be subject to the Plan) takes place.

- ① A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariai*)<sup>2</sup> of a holder (*hoyuusha*)<sup>3</sup> totaling at least 20% of the share certificates, etc. (*kabuken tou*)<sup>4</sup> issued by the Company; or
- ② A tender offer (*koukai kaitsuke*)<sup>5</sup> that would result in the ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)<sup>6</sup> of the party conducting the tender offers and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)<sup>7</sup> totaling at least 20% of the share certificates, etc. (*kabuken tou*)<sup>8</sup> issued by the Company.

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<sup>1</sup> "Proposal" includes solicitation of a third party.

<sup>2</sup> Defined in Article 27-23(4) of the Financial Instruments and Exchange Act. The same applies throughout this document.

<sup>3</sup> Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Company's Board of Directors). The same applies throughout this document.

<sup>4</sup> Defined in Article 27-23(1) of the Financial Instruments and Exchange Act. The same applies throughout this document unless otherwise provided for.

<sup>5</sup> Defined in Article 27-2(6) of the Financial Instruments and Exchange Act. The same applies throughout this document.

<sup>6</sup> Defined in Article 27-2(8) of the Financial Instruments and Exchange Act. The same applies throughout this document.

<sup>7</sup> Defined in Article 27-2(7) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Company's Board of Directors); provided, however, that persons provided for in Article 3(2) of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2(7)(i) of the Financial Instruments and Exchange Act. The same applies throughout this document.

<sup>8</sup> Defined in Article 27-2(1) of the Financial Instruments and Exchange Act.

The party intending to affect the Acquisition (hereafter the “Acquirer”) shall follow the procedures set out in the Plan, and the Acquirer must not affect the Acquisition until and unless the Company’s Board of Directors passes a resolution not to implement the gratis allotment of the Stock Acquisition Rights (defined in (i) of (e) below) in accordance with the Plan.

(b) Submission of Acquirer’s Statement

The Company will request the Acquirer to submit to the Company, in the form separately prescribed by the Company, a document which includes an undertaking that the Acquirer will comply with the procedures set out in the Plan (signed by or affixed with the name and seal of the representative of the Acquirer) and a qualification certificate of the person who signed or affixed its name and seal to that document (collectively, “Acquirer’s Statement”) before commencing or effecting the Acquisition. The Acquirer’s Statement must include the name, address or location of headquarters, location of offices, the governing law for establishment, name of the representative, contact information in Japan for the Acquirer and an outline of the intended Acquisition. The Acquirer’s Statement and the Acquisition Document set out in (c) below must be written in Japanese.

(c) Request to the Acquirer for the Provision of Information

The Company will provide the Acquirer the format for the Acquisition Document (defined below), including a list of information that the Acquirer should submit to the Company, no later than 10 business days after receiving the Acquirer’s Statement. The Acquirer must submit to the Company’s Board of Directors the document in the form provided by the Company (hereafter “Acquisition Document”), which must include the information described in each item of the list below (hereafter “Essential Information”).

If the Company’s Board of Directors receives the Acquisition Document, it will promptly send it to the Independent Committee. If the Independent Committee determines that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period and directly or indirectly request that the Acquirer submit additional information. In such case, the Acquirer should submit the additional information within the set time limit.

- ① Details (including name, capital ties, financial position, operation results, details of violation of laws and ordinances in the past (if any), and terms of previous transactions by the Acquirer similar to the Acquisition) of the Acquirer and its group (including joint holders,<sup>9</sup> persons having a special relationship, and

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<sup>9</sup> Defined in Article 27-23(5) of the Financial Instruments and Exchange Act, including persons

persons having a special relationship with an individual to whom the Acquirer is the controlled corporation<sup>10</sup>).<sup>11</sup>

- ② The purpose, method and terms of the Acquisition (including the amount and type of consideration, the timeframe, the structure of any related transactions, the legality of the method, and the feasibility).
- ③ The purchase price of the Acquisition and the basis for the calculation of the purchase price (including matters such as the preconditions for the calculation, the calculation method, numerical information used for the calculation, details concerning the synergies that are expected to be realized by the series of transactions related to the Acquisition, and details of synergies to be distributed to other shareholders).
- ④ Information relating to any agreement between the Acquirer and a third party regarding the share certificates, etc. of the Company and any previous acquisition of share certificates, etc. of the Company by the Acquirer.
- ⑤ Financial support for the Acquisition (specifically including information such as the names of providers of funds for the Acquisition (including all indirect providers of funds), financing methods and the terms of any related transactions).
- ⑥ Post-Acquisition management policy, business plan, capital and dividend policies for the Company's group (hereafter the "Company Group").
- ⑦ Policies for dealing with the Company Group's shareholders (other than the Acquirer), employees, business partners, customers, and any other stakeholders in the Company Group after the Acquisition.
- ⑧ Specific measures to avoid any conflict of interest between the Acquirer and other shareholders of the Company if there is a possibility of such conflict of interest.
- ⑨ Any relationship with an anti-social force.
- ⑩ Any other information that the Independent Committee, etc. reasonably considers necessary.

If the Independent Committee determines that the Acquirer has started the process of an Acquisition without following the procedures set out in the Plan, the

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regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Company's Board of directors). The same applies throughout this document.

<sup>10</sup> Defined in Article 9(5) of the Enforcement Regulations of the Financial Instruments and Exchange Act.

<sup>11</sup> If an Acquirer is a fund, information relating to the matters described in (i) about each partner and other constituent members is required.

Independent Committee will, as a general rule, recommend that the Company's Board of Directors should implement the gratis allotment of Stock Acquisition Rights as set out in (e)① below, except where there are particular circumstances in which it would be appropriate to continue to conduct discussion or negotiation with the Acquirer upon requesting the submission of the Acquisition Document and the Essential Information.

(d) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal

① Request to the Company's Board of Directors for the Provision of Information  
If the Acquirer submits the Acquisition Document and any other information additionally requested by the Independent Committee (if any), the Independent Committee may set a reply period (up to 60 days), considering the time required for the Company's Board of Directors to collect information, consider company value, or take any other actions, and request that the Company's Board of Directors present an opinion (including the opinion to refrain from giving such opinion) on the Acquirer's Acquisition terms, the materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

③ Independent Committee Consideration

If the Independent Committee receives the information from the Acquirer and (in case the Independent Committee requested the Company's Board of Directors to submit information as detailed above) the Company's Board of Directors, the Independent Committee will consider the Acquisition terms, collect information such as the management and business plans of the Acquirer and the Company's Board of Directors, and make a comparison thereof, and consider any alternative plan presented by the Company's Board of Directors for a period of 60 days after the date upon which the Independent Committee receives the information. (The period for information collection and consideration by the Independent Committee is hereafter referred to as the "Independent Committee Consideration Period.")

Further, if it is necessary to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer or present alternative proposals presented by the Company's Board of Directors to shareholders, etc.

In order to ensure that the Independent Committee's decision contributes to the

corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee may at the cost of the Company obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, tax accountants, consultants or any other experts). If the Independent Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Independent Committee, the Acquirer must promptly respond to such request.

(e) Procedures such as Recommendation by the Independent Committee

The Independent Committee will make recommendations to the Company's Board of Directors as follows based on the abovementioned procedures.

① Recommendations for the Triggering of the Plan

If the Independent Committee determines that the Acquisition falls under any of the trigger events set out below at (2), 'Requirements for the Gratis Allotment of Stock Acquisition Rights' (hereafter "Trigger Event"), the Independent Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights (as detailed in (3) 'Outline of the Gratis Allotment of Stock Acquisition Rights;' such stock acquisition rights hereafter referred to as "Stock Acquisition Rights") to the Company's Board of Directors except in any specific case where further information disclosure by the Acquirer or negotiation or discussion with the Acquirer is necessary. If there is concern that an Acquisition may fall under the second Trigger Event ("Trigger Event (2)") set out in (2), 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' the Independent Committee may recommend implementation of the gratis allotment of Stock Acquisition Rights subject to confirmation of the intent of the Company's shareholders in advance.

Notwithstanding the foregoing paragraph, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines that either of the events (i) or (ii) below applies, it may make a new recommendation that (A) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights) the Company should cancel the gratis allotment of Stock Acquisition Rights, or (B) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) the Company should acquire the Stock Acquisition Rights for no consideration.

- (i) The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation.
- (ii) There is no longer any Trigger Event due to a change or suchlike in the facts or other matters on which the recommendation decision was made.

② Recommendations for the Non-Triggering of the Plan

If the Independent Committee determines there is no Trigger Event with respect to the Acquisition, the Independent Committee will recommend the non-implementation of the gratis allotment of Stock Acquisition Rights to the Company's Board of Directors, regardless of whether the Independent Committee Consideration Period has ended.

Notwithstanding the foregoing paragraph, even after the Independent Committee has already made one recommendation for the non-implementation of the gratis allotment of Stock Acquisition Rights, if there is a change in the facts or other matters on which the recommendation decision was made and a Trigger Event arises, the Independent Committee may make a new recommendation that the Company should implement the gratis allotment of Stock Acquisition Rights.

③ Extension of the Independent Committee Consideration Period

If the Independent Committee does not reach a recommendation for either the Implementation or non-implementation of the gratis allotment of Stock Acquisition Rights during the initial Independent Committee Consideration Period, the Independent Committee may, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Acquirer's Acquisition and consideration of an alternative proposal and negotiation with the Acquirer, extend the Independent Committee Consideration Period (up to 30 days).

If the Independent Committee Consideration Period is extended, the Independent Committee will continue to collect information, deliberate and perform similar activities, and use its best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights within the extended period.

(f) Resolutions of the Board of Directors

The Company's Board of Directors, in exercising their role under the Companies Act, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights respecting to the maximum extent any recommendation made by the Independent Committee as described above. If

a Confirmation Meeting (defined in (g) below, same shall apply hereinafter) is convened in accordance with (g) below, the Company's Board of Directors will be subject to any resolution at the Confirmation Meeting.

The Acquirer must not affect the Acquisition until the Company's Board of Directors resolves not to trigger the Plan.

(g) Convocation of the Confirmation Meeting

Upon the implementation of the gratis allotment of the Stock Acquisition Rights pursuant to the Plan, the Company's Board of Directors may convene an Ordinary General Meeting of Shareholders (hereafter "Confirmation Meeting") to confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights, if (A) the Independent Committee recommends implementation of the gratis allotment of Stock Acquisition Rights subject to confirmation of the intent of the shareholders in advance in accordance with (i)(e) ① above, or (B) the applicability of Trigger Event (2) becomes an issue and the Company's Board of Directors determines it appropriate to confirm the shareholders' intent for the Acquisition taking into consideration the time required to convene an Ordinary General Meeting of Shareholders or other matters pursuant to the duty of care of a good manager.

(h) Information Disclosure

When operating the Plan, the Company will disclose information in a timely manner on matters that the Independent Committee or the Company's Board of Directors consider appropriate, including the progress of each procedure set out in the Plan (including the fact that the Acquirer's Statement and Acquisition Document have been submitted, that the Independent Committee Consideration Period has commenced, and that the Independent Committee Consideration Period has been extended), an outline of recommendations made by the Independent Committee, an outline of resolutions by the Company's Board of Directors, and the details of the resolution at the Confirmation Meeting in accordance with the applicable laws and ordinances or the rules of the financial instruments exchange.

**(2) Requirements for the Gratis Allotment of Stock Acquisition Rights**

The requirements to trigger the Plan to implement gratis allotment of Stock Acquisition Rights are as follows. As described above at (e) of (1), 'Procedures for Triggering the Plan,' the Company's Board of Directors will make a decision as to whether any of the

following requirements apply to an Acquisition for which the recommendation by the Independent Committee has been obtained.

Trigger Event (1)

The Acquisition is not in compliance with the procedures set out in the Plan (including cases where reasonable time and information necessary to consider the details of the Acquisition is not provided) and it is reasonable to implement the gratis allotment of Stock Acquisition Rights.

Trigger Event (2)

The Acquisition falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights.

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through any of the following actions:
  - ① A buyout of share certificates to require such share certificates to be purchased by parties related to the Company at a high price.
  - ② Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company Group's material assets.
  - ③ Diversion of the Company Group's assets to secure or repay debts of the Acquirer or its group company.
  - ④ Temporary control of the Company's management to bring about a disposal of high-value assets that do not relate to the business of the Company Group for the time being and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (b) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear).
- (c) Acquisitions of which terms (including the amount and type of consideration, timing, legality of the method, feasibility, management policies or business plans after the Acquisitions, and policies dealing with the Company's other

shareholders, employees, customers, business partners and any other stakeholders in the Company after the Acquisitions) are inadequate or inappropriate in light of the Company's primary corporate value.

- (d) Acquisitions that bring about material threats that are contrary to the corporate value of the Company and, in turn, the common interests of its shareholders, such as an Acquisition that harms the Company Group's relationships with its employees, customers, business partners and the like or the brand value and the corporate culture of the Company Group.

### **(3) Outline of the Gratis Allotment of Stock Acquisition Rights**

An outline of the gratis allotment of Stock Acquisition Rights to be implemented under the Plan is described below.

#### **(a) Number of Stock Acquisition Rights**

The Company will implement a gratis allotment of Stock Acquisition Rights in the same number as the most recent total number of issued shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (hereafter the "Allotment Date") that is separately determined in a resolution by the Company's Board of Directors or by the general meeting of shareholders relating to the gratis allotment of Stock Acquisition Rights (hereafter "Gratis Allotment Resolution").

#### **(b) Shareholders Eligible for Allotment**

The Company will allot the Stock Acquisition Rights to those shareholders, other than the Company, who are recorded in the Company's latest register of shareholders on the Allotment Date, at a ratio of one Stock Acquisition Right for each share in the Company held.

#### **(c) Effective Date of Gratis Allotment of Stock Acquisition Rights**

The effective date of the gratis allotment of Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

#### **(d) Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights**

The number of shares in the Company to be acquired upon exercise of each Stock Acquisition Right (hereafter the "Applicable Number of Shares") shall be one share, unless adjusted otherwise.

#### **(e) Amount of Contributions upon Exercise of Stock Acquisition Rights**

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the

amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum of the amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means an amount equivalent to the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the 30-day period prior to the Gratis Allotment Resolution (excluding the days on which trades are not made), with any fraction less than one yen after such calculation to be rounded up to the nearest whole yen.

(f) Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period is hereafter referred to as the “Exercise Period Commencement Date”), and the period will be a period from one month to six months as separately determined in the Gratis Allotment Resolution. However, if the Company acquires the Stock Acquisition Rights in accordance with (i)② below, the exercise period of the Stock Acquisition Rights acquired will be until the business day immediately before the date of the acquisition. In addition, if the last day of the exercise period falls on any date on which the place where the payment of the amount to be paid upon the exercise is not open for business, the business day immediately before the date in question will be the last day of the exercise period.

(g) Conditions for Exercise of Stock Acquisition Rights

Except where any exceptional event<sup>12</sup> occurs, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below is hereafter collectively referred to as “Non-Qualified Parties”):

(I) Specified Large Holders;<sup>13</sup>

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<sup>12</sup> Specifically, the Company intends to set out that an “exceptional event” means when (x) an Acquirer cancels or revokes an Acquisition, or promises that it will not conduct any subsequent Acquisition, after the Gratis Allotment Resolution and the Acquirer or other Non-Qualified Parties dispose of their shares in the Company through a securities firm appointed and authorized by the Company to do so and (y) the Acquirer’s shareholding ratio determined by the Company’s Board of Directors (when calculating the shareholding ratio, Non-Qualified Parties other than the Acquirer and its Joint Holders are deemed to be Acquirer’s Joint Holders, and Stock Acquisition Rights held by Non-Qualified Parties, the conditions of which have not been satisfied, are excluded) (the “Non-Qualified Parties’ Shareholding Ratio”) falls below the lower of (i) the Non-Qualified Parties’ Shareholding Ratio before the Acquisition or (ii) 20%, the Acquirer or other Non-Qualified Parties making the disposal may exercise Stock Acquisition Rights to the extent that the number of shares to be issued or delivered upon exercise of the Stock Acquisition Rights is up to the number of shares disposed of and to the extent of the ratio under either (i) or (ii) above. Detailed conditions and procedures for exercise of Stock Acquisition Rights by Non-Qualified Parties will be determined separately by the Company’s Board of Directors.

<sup>13</sup> “Specified Large Holder” means, in principle, a party who is a holder of share certificates, etc., issued

- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers;<sup>14</sup>
- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) Any transferee of, or successor to, the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Company's Board of Directors; or
- (VI) Any Affiliated Party<sup>15</sup> of any party falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and ordinances to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of paragraph (i) below, 'Acquisition of the Stock Acquisition Rights by the Company,' subject to confirmation of compliance with applicable laws and ordinances).

In addition, anyone who fails to submit a written undertaking, in the form prescribed by

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by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed to fall under the above by the Company's Board of Directors); provided, however, that a party that the Company's Board of Directors recognizes as a party that unintentionally falls under the foregoing definition such as in case of the acquisition of own shares by the Company (this does not apply if the party subsequently intentionally acquires shares in the Company), a party that the Company's Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or, in turn, the common interests of shareholders or any specific other party that the Company's Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same applies throughout this document.

<sup>14</sup> "Specified Large Purchaser" means, in principle, a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same applies throughout this Note 14) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same applies throughout this Note 14) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order for Enforcement of the Financial Instruments and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including any party who is deemed to fall under the above by the Company's Board of Directors); provided, however, that a party that the Company's Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders or certain other party that the Company's Board of Directors determines is not a Specified Large Purchaser. The same applies throughout this document.

<sup>15</sup> An "Affiliated Party" of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Company's Board of Directors), or a party deemed by the Company's Board of Directors to act in concert with such given party. "Control" means to "control the determination of the financial and business policies" (as defined in Article 3(3) of the Enforcement Regulations of the Companies Act) of other corporations or entities.

the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, may not exercise the Stock Acquisition Rights.

(h) Restriction on Assignment of Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Company's Board of Directors.

(i) Acquisition of Stock Acquisition Rights by the Company

- ① At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's Board of Directors deems that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately determined by the Company's Board of Directors, acquire all of the Stock Acquisition Rights for no consideration.
- ② On a date separately determined by the Company's Board of Directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to such date determined by the Company's Board of Directors, that are held by parties other than Non-Qualified Parties (if any) and, in exchange, deliver shares in the Company in the number equivalent to the Applicable Number of Shares for each Stock Acquisition Right. Further, if, on or after the date upon which the Acquisition takes place, the Company's Board of Directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a date determined by the Company's Board of Directors that falls after the date upon which the Acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Company's Board of Directors (if any) and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for each Stock Acquisition Right. The same will apply thereafter.

(j) Delivery of Stock Acquisition Rights in Case of Merger, Absorption-type Demerger (*kyushu bunkatsu*), Incorporation-type Demerger (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)

These matters will be separately determined in the Gratis Allotment Resolution.

(k) Issuance of Certificates Representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

(l) Other

In addition, the details of the Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

**(4) Procedures for the Renewal**

The Renewal is subject to the shareholder approval at the Ordinary General Meeting of Shareholders for the 30th fiscal year to be held on June 27, 2013 of the agenda item proposed by the Company that the authority to determine matters relating to the gratis allotment of Stock Acquisition Rights subject to the terms set out in the Plan will be delegated to the Company's Board of Directors, in accordance with the provisions of Article 7 of the Company's Articles of Incorporation.

**(5) Effective Period, Abolition and Amendment of the Plan**

The effective period of the Plan will be until the conclusion of the Ordinary General Meeting of Shareholders relating to the final fiscal year ending within three years of the conclusion of the Ordinary General Meeting of Shareholders.

However, if, before the expiration of the effective period of the Plan (hereafter the "Effective Period"), (A) the Company's Ordinary General Meeting of Shareholders resolves to revoke the delegation of authority to determine matters relating to the gratis allotment of Stock Acquisition Rights to the Company's Board of Directors as set out above or (B) the Company's Board of Directors resolves to abolish the Plan, the Plan will be abolished in accordance with the resolution.

Further, the Company's Board of Directors may revise or amend the Plan even during the Effective Period, if such revision or amendment is not against the purpose of a resolution at the Ordinary General Meeting of Shareholders such as cases where any law, ordinance, or rules of the financial instruments exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, or cases where such revision or amendment is not detrimental to the Company's shareholders, and subject to the approval of the Independent Committee.

If the Plan is abolished, revised or amended, the Company will promptly disclose the fact that such abolition, revision or amendment has taken place, and (in the event of a

revision or amendment) the details of the revision, amendment and any other matters.

#### **(6) Revision Due to Amendment to Laws and Ordinances**

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of April 30, 2013. If it becomes necessary after such date to amend the terms and conditions or definitions of terms set out in the paragraphs above due to the formulation, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read accordingly as required to a reasonable extent, taking into consideration the purposes of such formulation, amendment or abolishment.

### **4. Impact on Shareholders and Investors**

#### **(1) Impact on Shareholders and Investors Upon the Renewal**

The Renewal merely has the effect of delegating the authority to determine matters relating to the gratis allotment of Stock Acquisition Rights to the Company's Board of Directors in accordance with the resolution at the Ordinary General Meeting of Shareholders, and the Plan will have no direct or material impact on shareholders and investors. This is because, at that time, no actual gratis allotment of Stock Acquisition Rights will be implemented.

#### **(2) Impact on Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights**

(a) Procedures for Shareholders upon Gratis Allotment of Stock Acquisition Rights  
If the Company's Board of Directors or the Company's Ordinary General Meeting of Shareholders pass a Gratis Allotment Resolution, the Company will also decide the Allotment Date in the same resolution and give public notice of the Allotment Date. In this case, the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders who are recorded in the Company's latest register of shareholders as of the Allotment Date (hereafter the "Entitled Shareholders") for, in principle, one Stock Acquisition Right per share in the Company held by the Entitled Shareholders. All Entitled Shareholders will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights, and no further procedures, such as applying for such gratis allotment, will be necessary.

In addition, even after the Company passes a Gratis Allotment Resolution, the Company may, by respecting any recommendation of the Independent Committee described above at (e) of 3(1), 'Procedures for Triggering the Plan,' to the maximum extent, (i) (on or

before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights), cancel the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period) acquire the Stock Acquisition Rights for no consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is likely that any investors who have sold or bought the shares in the Company expecting to see such a dilution will be affected correspondingly, including losses, as a result of a fluctuation in the share price.

(b) Procedures for Exercising Stock Acquisition Rights

The Company will deliver, as a general rule, a document necessary to be submitted for the exercise of the Stock Acquisition Rights (in the form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, and information necessary to deliver the shares in the Company to the account of the Entitled Shareholders) and other documents necessary for the exercise of the Stock Acquisition Rights to the Entitled Shareholders. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued one share in the Company for each Stock Acquisition Right, as a general rule, upon submitting these necessary documents during the exercise period of Stock Acquisition Rights and by paying in the prescribed manner an amount equivalent to the exercise price determined in the Gratis Allotment Resolution, which will be an amount within the range of one yen and one-half of the fair market value of the Company's stock per Stock Acquisition Right, as a general rule. The Non-Qualified Parties intending to exercise Stock Acquisition Rights must follow the Company's separate determination in accordance with (g) of 3(3), 'Outline of the Gratis Allotment of Stock Acquisition Rights.'

If the Company's shareholders do not exercise their Stock Acquisition Rights or pay the amount equivalent to the exercise price, the shares they hold in the Company will be diluted by the exercise of Stock Acquisition Rights by other shareholders.

However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (c) below. If the Company carries out such a procedure, all shareholders other than Non-Qualified Parties will, as a general rule, come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price and, in principle, there will be no subsequent dilution of the shares they hold in the Company.

(c) Procedures for the Acquisition of Stock Acquisition Rights by the Company

If the Company's Board of Directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures on the date separately determined by the Company's Board of Directors. If the Company delivers shares in the Company to the shareholders in exchange for the acquisition of the Stock Acquisition Rights, the Company will deliver such shares promptly. In this case, the shareholders concerned will as a general rule come to receive one share in the Company for each Stock Acquisition Right as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying an amount equivalent to the exercise price. However, in such case, the shareholders concerned will be separately requested to submit, in the form prescribed by the Company, a written document including representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants, and information necessary to deliver the shares in the Company to the account of the Entitled Shareholders.

If the Gratis Allotment Resolution provides for the matters relating to acquisition of the Stock Acquisition Rights from the Non-Qualified Parties or other acquisition, the Company may take procedures in accordance with the provisions of the Gratis Allotment Resolution.

In addition, the Company will disclose information to or notify all of its shareholders with respect to the particulars of the allotment method, exercise method and method for acquisition by the Company after any resolution in relation to a gratis allotment of Stock Acquisition Rights, so we request that shareholders check these details at that time.

#### **Part 4. Rationale of the Plan**

##### **1. Ensure the Corporate Value of the Company and, in turn, the Common Interests of Shareholders**

The Plan is in line with 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 will be introduced for the purpose of maintaining the corporate value of the Company and, in turn, the common interests of its shareholders by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept the Acquisition of share certificates of the Company and for the Company's Board of Directors to present an alternative proposal to the shareholders, and by enabling the Company to negotiate with the Acquirer for the benefit of the shareholders when the Acquisition is to be effected.

## **2. Satisfying the Requirements of the Guidelines for Takeover Defense Measures**

The Plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. These principles are namely:

① ensuring and enhancing the corporate value and shareholders' common interests; ② prior disclosure and shareholder intent; and ③ ensuring necessity and appropriateness.

## **3. Placing High Value on the Intent of Shareholders**

As described above in 3(4), 'Procedures for the Renewal,' the Renewal will be subject to the shareholders' approving the agenda item regarding the delegation of authority to the Company's Board of Directors at the Ordinary General Meeting of Shareholders of the Company in accordance with the provisions of Article 7 of the Company's Articles of Incorporation. Further, as described above in (g) of 3(1), 'Procedures for Triggering the Plan,' the Company's Board of Directors shall, in certain cases, confirm the intent of the Company's shareholders as to whether the triggering of the Plan is appropriate or not at the Confirmation Meeting.

In addition, as described above in 3(5), 'Effective Period, Abolition and Amendment of the Plan,' the Plan is subject to a so-called sunset clause setting the Effective Period of approximately three years, and if, even before the expiration of the Effective Period, the Company's Ordinary General Meeting of Shareholders resolves to abolish the resolution for the abovementioned delegation of authority, the Plan will be abolished at the time of the resolution. In this regard, the life of the Plan depends on the intent of the Company's shareholders.

## **4. Emphasis on the Decisions of Highly Independent Parties Such as Outside Directors and the Advice of Third-Party Experts**

The Company must obtain a recommendation from the Independent Committee, solely composed of outside directors and other highly independent persons, when making decisions for triggering the Plan.

Further, the Independent Committee may obtain advice from independent third-party experts at the Company's expense, which is a mechanism to further ensure the objectivity and fairness of the decisions made by the Independent Committee.

## **5. Establishment of Reasonable Objective Requirements**

As set out above at 3(1), 'Procedures for Triggering the Plan,' and 3(2), 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company's Board of Directors.

#### **6. No Dead-Hand or Slow-Hand Takeover Defense Measures**

The Plan may be abolished by a meeting of the Board of Directors composed of directors who are nominated by a person who acquires a large number of share certificates of the Company and appointed at the Company's Ordinary General Meeting of Shareholders. Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped).

Also, as the Company has not adopted staggered terms of office for the Company's directors, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that all members of the Board of Directors cannot be replaced at once).

Concluded

## Attachment 1

### Status of Major Shareholders

Major shareholders of the Company as of March 31, 2016 are as follows.

Name of Shareholder	Investment in the Company	
	Number of shares held	Shareholding ratio (%)
The Master Trust Bank of Japan, Limited (Trust Account)	9,096,200	5.530
Samsung Asia Pte. Ltd.	8,398,400	5.106
Japan Trustee Services Bank, Limited (Trust Account 9)	5,269,300	3.203
Wilnou Co.	4,840,000	2.942
BNYLM—Non Treaty Account NT	4,729,900	2.875
Yoji Eto	4,425,000	2.690
The Bank of New York 133524	4,272,500	2.597
Japan Trustee Services Bank, Limited (Trust Account)	4,138,900	2.516
CBNY—Orbis Sicav	4,074,177	2.477
Eto Yoji Office	3,904,900	2.374

(Note) The shareholding ratio is calculated after deducting the 4,568,000 shares of treasury stock.

## **Attachment 2**

### **Outline of the Rules of the Independent Committee**

- The Independent Committee will be established by resolution of the Company's Board of Directors.
  - There will be no less than three members of the Independent Committee, and the Company's Board of Directors shall elect the members from (i) outside directors of the Company, (ii) outside corporate auditors of the Company and (iii) other outside experts, who are independent from the management that executes the business of the Company. However, such outside experts must be experienced corporate managers, parties with knowledge of the investment banking industry, lawyers, certified public accountants, researchers whose research focuses on the Companies Act or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company's Board of Directors that contains a provision obligating them to exercise the duty of care of a good manager or similar provision.
  - The term of office of members of the Independent Committee will be until the conclusion of the Ordinary General Meeting of Shareholders relating to the final fiscal year ending within three years of the Ordinary General Meeting of Shareholders. Also, the term of office of any member of the Independent Committee who is an outside director or an outside corporate auditor of the Company will end at the same time they cease to be an outside director or an outside corporate auditor (except in the case of their re-appointment).
  - The Independent Committee will make decisions on the matters listed below and make recommendations to the Company's Board of Directors containing the details of and reasons for the decisions. Respecting such recommendations of the Independent Committee to the maximum extent, the Company's Board of Directors shall pass a resolution regarding implementation or non-implementation of the gratis allotment of Stock Acquisition Rights as an organization under the Companies Act (or, if the Confirmation Meeting otherwise resolves the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights as set out in (a) below, in accordance with such resolution). Each member of the Independent Committee and each director of the Company must make such decisions solely with a view to whether or not the corporate value of the Company and, in turn, the common interests of its shareholders will be enhanced, and they must not serve their own interests or those of the management of the Company.
- (a) The implementation or non-implementation of the gratis allotment of Stock

#### Acquisition Rights.

- (b) The cancellation of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights.
  - (c) Any other matters that are for determination by the Company's Board of Directors in respect to which it has consulted the Independent Committee.
- In addition to the matters prescribed above, the Independent Committee may conduct the matters listed below.
    - (a) Determination of whether the Acquisition should be made subject to the Plan.
    - (b) Determination of the information that the Acquirer and the Company's Board of Directors should provide to the Independent Committee, and the deadline for the provision of that information.
    - (c) Examination and consideration of the terms of the Acquirer's Acquisition.
    - (d) Discussion and negotiation with the Acquirer.
    - (e) Request for an alternative proposal to the Company's Board of Directors and consideration of the alternative proposal.
    - (f) Determination regarding extension of the Independent Committee Consideration Period.
    - (g) Determination whether an Ordinary General Meeting of Shareholders should be convened in relation to the implementation of the gratis allotment of Stock Acquisition Rights.
    - (h) Approval of revision or amendment to the Plan.
    - (i) Determination whether to introduce takeover defense measures other than the Plan.
    - (j) Any other matters prescribed in the Plan that the Independent Committee may conduct.
    - (k) Any matters that the Company's Board of Directors separately determines that the Independent Committee may conduct.
  - If the Independent Committee decides that the details stated in the Acquisition Document are inadequate as Essential Information, it will request that the Acquirer submit additional information. Further, if the Independent Committee receives from the Acquirer the Acquisition Document and any additional information that it requests, it may request that the Company's Board of Directors submit within a certain period an opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal (if any), and any other information that the Independent Committee may consider necessary from time to time.
  - If it is necessary in order to have the terms of the Acquirer's Acquisition improved from the standpoint of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the

Independent Committee will either directly or indirectly discuss and negotiate with the Acquirer, and present an alternative proposal by the Company's Board of Directors, etc. (if any) to shareholders.

- In order to collect the necessary information, the Independent Committee may request the attendance of a director, corporate auditor, or employee of the Company, or any other party that the Independent Committee considers necessary, and may require explanation of any matter it requests.
- The Independent Committee may, at the Company's expense, obtain the advice of an independent third party (including financial advisers, certified public accountants, lawyers, tax accountants, consultants and other experts) or conduct similar actions.
- Any member of the Independent Committee may convene a meeting of the Independent Committee when an Acquisition arises, or at any other time.
- Each member of the Independent Committee has one voting right, and resolutions by the Independent Committee will pass with at least two-thirds of the voting rights cast by the members present at the meeting when at least two-thirds of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference; hereinafter the same). However, if a member of the Independent Committee is not able to attend the meeting for an unavoidable reason, that member will be excluded when calculating the quorum of the meeting.

### Attachment 3

#### Brief Career History of the Members of the Independent Committee

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

**Yasuyuki Fujishima**      Outside Director of the Company  
President and CEO of Mutual Service Aid Guarantee Corporation

##### Brief Career History:

Born in 1947

July 1969	Entered the Ministry of International Trade and Industry
July 1997	Joined the Policy Board of the Bank of Japan Served as delegate of the Economic Planning Agency
July 1998	Entered the Ministry of Foreign Affairs as Ambassador of the Republic of Panama
August 2001	Joined Nissho Iwai Corporation as Advisor
June 2002	Appointed Managing Executive Officer of Nissho Iwai Corporation
November 2002	Appointed Outside Director of the Company (current position)
April 2003	Appointed Senior Managing Executive Officer of Nissho Iwai Corporation
April 2004	Appointed Senior Managing Executive Officer of Sojitz Corporation
October 2005	Appointed Representative Director and Senior Managing Executive Officer of Sojitz Corporation
April 2008	Appointed Executive Vice President of Sojitz Corporation
April 2010	Appointed Advisor of Sojitz Corporation
August 2010	Joined Mutual Service Aid Guarantee Corporation as President and CEO (current position)

Mr. Yasuyuki Fujishima is an outside director as provided for in Article 2, Item 15 of the Companies Act.

He does not have any special interests in the Company.

The Company has designated him as an independent director as required by the Tokyo Stock Exchange and submitted notification of such designation to the Tokyo Stock Exchange.

**Haruo Mizuno** Outside Director of the Company (Full-time Audit and Supervisory Committee Member)

Brief Biographical Outline:

Born in 1943

April 1967	Joined Nippon Remington Univac Kaisha, Ltd. (currently Nihon Unisys, Ltd.)
April 1989	Appointed General Manager of Documentation Division (currently General Manager of Legal Division) of Nihon Unisys, Ltd.
July 1999	Appointed Director of Nihon Unisys, Ltd.
July 2002	Appointed Counselor of Nihon Unisys, Ltd.
July 2004	Became Company Friend of Nihon Unisys, Ltd.
June 2004	Appointed Statutory Auditor of the Company
June 2015	Appointed Outside Director of the Company (full-time Audit and Supervisory Committee Member)(current position)

Mr. Haruo Mizuno is an outside corporate auditor as provided for in Article 2, Item 16 of the Companies Act.

He does not have any special interests in the Company.

**Takeshi Ebitani** Outside Director of the Company (Audit and Supervisory Committee Member)

Representative of Ebitani Certified Public Accountants

Brief Biographical Outline:

Born in 1943

April 1968	Joined Takakura Certified Public Accountants (currently Ernst & Young Shin Nihon LLC)
September 1972	Registered as certified public accountant
June 1985	Established Ebitani Certified Public Accountants
June 1999	Appointed Outside Auditor of the Company
June 2015	Appointed Outside Director of the Company (Audit and Supervisory Committee Member)(current position)

Mr. Takeshi Ebitani is an outside corporate auditor as provided for in Article 2, Item 16 of the Companies Act.

He does not have any special interests in the Company.

**Takashi Kamura** Outside Director of the Company (Audit and Supervisory Committee Member)

## Representative of Urbantry Law Office

### Brief Biographical Outline:

Born in 1950

April 1975            Became legal apprentice

April 1977            Appointed judge

May 1983            Registered as attorney-at-law

April 1985            Established Takashi Kamura Law Office  
(currently Urbantry Law Office)

April 2000            Appointed lecturer at the Graduate School at Meiji University

June 2002            Appointed Outside Auditor of the Company

June 2015            Appointed Outside Director of the Company (Audit and  
Supervisory Committee Member)(current position)

Mr. Takashi Kamura is an outside corporate auditor as provided for in Article 2, Item 16 of the Companies Act.

He does not have any special interests in the Company.