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(Securities Code: 5186)  
June 5, 2018

**To Shareholders with Voting Rights:**

Motonobu Nitta  
President and Representative Director  
Nitta Corporation  
4-26 Sakuragawa 4-chome, Naniwa-ku,  
Osaka, Japan

**NOTICE OF THE 89TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

You are cordially invited to attend the 89th Ordinary General Meeting of Shareholders of Nitta Corporation (the "Company") to be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet (available Japanese language version only). Please refer to the Reference Documents for the General Meeting of Shareholders described hereinafter, and exercise your voting rights by 5:30 p.m. on Thursday, June 21, 2018 JST, according to the following procedures.

- 1. Date and Time:** Friday, June 22, 2018 at 10:00 a.m. JST
- 2. Venue:** Conference room, 11th floor of the Company's head office, 4-26 Sakuragawa 4-chome, Naniwa-ku, Osaka, Japan
- 3. Meeting Agenda:**  
**Matters to be reported:**
  1. The Business Report, Consolidated Financial Statements for the Company's 89th Fiscal Year (from April 1, 2017 to March 31, 2018) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 89th Fiscal Year (from April 1, 2017 to March 31, 2018)

**Proposals to be resolved:**

- Proposal No. 1:** Distribution of Surplus
- Proposal No. 2:** Election of One Director
- Proposal No. 3:** Election of One Audit & Supervisory Board Member
- Proposal No. 4:** Election of One Substitute Audit & Supervisory Board Member
- Proposal No. 5:** Approval of Continuation of Countermeasures (Takeover Defense Measures) toward Large-Scale Purchases of the Company's Shares

## **Procedures for Exercise of Voting Rights**

- Attending the meeting  
When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception.

Please be advised that persons other than shareholders of the Company such as proxies and persons accompanying shareholders are not permitted to attend the meeting.

- Not attending the meeting
  - Exercise of voting rights in writing  
Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by mail. The completed form must reach us by 5:30 p.m. on Thursday, June 21, 2018 JST.
  - Exercise of voting rights via the Internet, etc.  
Please see “Procedures for Exercise of Voting Rights via the Internet, etc.” described on page 5 herein (Japanese language version only), and exercise your voting rights by 5:30 p.m. on Thursday, June 21, 2018 JST.

\* If you have exercised your voting rights both in writing and via the Internet, etc., only the vote via the Internet, etc. shall be deemed effective. If you have exercised your voting rights more than once via the Internet, etc., or both via PC and cell phone, only the last vote shall be deemed effective.

## **Other Matters Regarding This Notice of Convocation**

1. Pursuant to the relevant laws and regulations and the provision of Article 14 of the Articles of Incorporation, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are posted on the Company’s website (<http://www.nitta.co.jp/>) and are not included in the attached documents for this notice of convocation.
2. The Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board include the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements posted on the website above in addition to documents listed in the attached documents for this notice of convocation.

## **Note:**

Any updates occurring before the date of the General Meeting of Shareholders to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements will be informed in writing by mail or posted on the Company’s website (<http://www.nitta.co.jp/>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### **Proposal 1:** Distribution of Surplus

Distribution of surplus shall be conducted as follows.

### **Matters concerning the year-end dividend:**

The Company considers shareholder return an important management issue, and follows the basic policy of providing appropriate shareholder return in line with business results, at the same time strengthening and enriching corporate quality. In more practical terms, the Company determines shareholder return based on the fiscal year's business performance and forecast, taking into consideration the consolidated dividend payout ratio, as well as keeping the standard consistent. Retained earnings are utilized, with the long-term in mind, in various efforts to enhance corporate value, such as investments in research and development, in new businesses, and in the strengthening and subsidy of manufacturing equipment.

In accordance with the above policy, the Company proposes the payment of the year-end dividends for its 89th fiscal year as follows.

1. Type of dividend assets  
Cash
2. Allocation of dividend assets and the total amount of dividends  
36 yen per share of common stock of the Company  
Total amount of dividends: 1,053,277,632 yen

(Note) The Company's annual dividends for the current fiscal year are 63 yen per share of common stock of the Company, including interim dividends.

3. Effective date of distribution of surplus  
June 25, 2018

**Proposal 2:** Election of One Director

Director Mr. Osamu Nishimura will retire from office at the close of this General Meeting. We propose the election of one Director.

As the candidate for Director shall be elected as a substitute for Mr. Osamu Nishimura, the candidate's term of office shall end with the original expiry date of the terms of office of other incumbent Directors, in accordance with the provisions stipulated in the Articles of Incorporation of the Company.

The candidate is as follows:

Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
 Takahiko Yoshida (February 20, 1962) Newly appointed	April 1986    Joined the Company April 2011    Department Manager, Research And Development Dept., Technical Center of the Company April 2017    Deputy General Manager, Technical Center and Senior Department Manager, Research And Development Dept. of the Company June 2017    Executive Officer, Deputy General Manager, Technical Center, and General Manager, Research And Development Dept. of the Company April 2018    Executive Officer, Deputy General Manager, Technical Center, General Manager, Research And Development Dept., and General Manager, Intellectual Property Dept. of the Company (to present)	7,400

(Reasons for nomination as a candidate for Director)

Mr. Takahiko Yoshida has focused on research and development over many years, and has accumulated a wealth of experience and high-level expertise. In addition, he has served as an Executive Officer since June 2017. The Company believes that, going forward, he is capable of utilizing these experiences and expertise to properly monitor the management of the Company and contribute to the enhancement of corporate value as Director. Therefore, the Company appointed him as a candidate for Director.

(Note) No conflict of interests exists between Mr. Takahiko Yoshida and the Company.

**Proposal 3:** Election of One Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Hiroaki Shodono will retire from office at the close of this General Meeting. We propose the election of one Audit & Supervisory Member.

As the candidate for Audit & Supervisory Board Member shall be elected as a substitute for Mr. Hiroaki Shodono, the candidate's term of office shall end with the original expiry date of the term of office of the retiring Audit & Supervisory Board Member, in accordance with the provisions stipulated in the Articles of Incorporation of the Company.

The Audit & Supervisory Board has given its consent to this proposal in advance.

The candidate is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company
 <p data-bbox="212 1025 443 1115">Tsuneaki Teshima (October 21, 1960) Newly appointed</p> <p data-bbox="193 1137 456 1272">(Candidate for Outside Audit &amp; Supervisory Board Member) (Candidate for Independent officer)</p>	<p data-bbox="491 589 1106 622">April 1983 Joined Nippon Life Insurance Company</p> <p data-bbox="491 629 1193 719">March 2010 Executive Officer and General Manager of Product Development Department, Nippon Life Insurance Company</p> <p data-bbox="491 725 1185 875">March 2011 Executive Officer and General Manager of Sendai Branch, General Manager of Tohoku Corporate Relations Management Dept., and Earthquake Disaster Recovery Bureau, Nippon Life Insurance Company</p> <p data-bbox="491 882 1185 1032">March 2014 Managing Executive Officer and General Manager of Agency Marketing Headquarters and General Manager of Financial Institution Relations Headquarters, Nippon Life Insurance Company</p> <p data-bbox="491 1039 1193 1189">July 2014 Director and Managing Executive Officer, and General Manager of Agency Marketing Headquarters and General Manager of Financial Institution Relations Headquarters, Nippon Life Insurance Company</p> <p data-bbox="491 1196 1185 1346">March 2017 Director and Senior Managing Executive Officer, and General Manager of Agency Marketing Headquarters and General Manager of Financial Institution Relations Headquarters, Nippon Life Insurance Company</p> <p data-bbox="491 1352 1169 1420">March 2018 Director, Nippon Life Insurance Company (to present)</p> <p data-bbox="491 1426 1018 1460">March 2018 Director, NLI Research Institute</p> <p data-bbox="491 1467 1169 1500">April 2018 President, NLI Research Institute (to present)</p>	-

(Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member)

Mr. Tsuneaki Teshima has a wealth of expertise and extensive knowledge and insight into business management. The Company believes that, going forward, he is capable of utilizing such expertise, knowledge and insight in the Company's audit operations. Therefore, the Company appointed him as a candidate for Outside Audit & Supervisory Member.

Furthermore, he fulfills the requirements for independent officer stipulated by the Tokyo Stock Exchange, and the Company will apply to the Tokyo Stock Exchange and designate him as independent officer, in the event that he is elected Outside Audit & Supervisory Board Member.

(Notes) 1. No conflict of interests exists between Mr. Tsuneaki Teshima and the Company.

2. If Mr. Tsuneaki Teshima is elected Outside Audit & Supervisory Board Member, the Company will enter into an agreement with him to limit his liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations.

**Proposal 4:** Election of One Substitute Audit & Supervisory Board Member

To prepare for any case where the number of Audit & Supervisory Board Members becomes less than the number required by laws and regulations, we propose the election of one Substitute Audit & Supervisory Board Member.

The Audit & Supervisory Board has given its consent to this proposal in advance.

The candidate is as follows:

Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company
 <p>Toshiro Miyabayashi (September 4, 1958)  (Candidate for Substitute Outside Audit &amp; Supervisory Board Member)</p>	<p>July 1982    Joined Deloitte Haskins &amp; Sells (currently Deloitte Touche Tohmatsu LLC)</p> <p>July 1985    Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)</p> <p>June 2007    Partner, Eiwa Audit Corporation (currently KPMG AZSA LLC)</p> <p>August 2016    Owner, Offices of Certified Public Accountant Miyabayashi (to present)</p> <p>June 2017    Independent Committee Member of the Company (to present)</p>	<p style="text-align: center;">-</p>
<p>(Reasons for nomination as a candidate for Substitute Outside Audit &amp; Supervisory Board Member)</p> <p>Mr. Toshiro Miyabayashi has a wealth of experience and expertise as a certified accountant. The Company believes that, going forward, he is capable of utilizing these experiences and expertise in the Company's audit operations. Therefore, the Company appointed him as a candidate for Substitute Outside Audit &amp; Supervisory Member.</p> <p>Additionally, although he has not been involved in corporate management, the Company believes that, due to the above reasons, he would be able to appropriately fulfill his duties.</p> <p>Furthermore, he fulfills the requirements for independent officer stipulated by the Tokyo Stock Exchange, and the Company will apply to the Tokyo Stock Exchange and designate him as independent officer, in the event that he assumes office as Outside Audit &amp; Supervisory Board Member.</p>		

(Notes) 1. No conflict of interests exists between Mr. Toshiro Miyabayashi and the Company.

2. If Mr. Toshiro Miyabayashi assumes the position of Outside Audit & Supervisory Board Member, the Company will enter into an agreement with him to limit his liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations.

**Proposal 5:** Approval of Continuation of Countermeasures (Takeover Defense Measures) toward Large-Scale Purchases of the Company's Shares

At the 78th Ordinary General Meeting of Shareholders held on June 26, 2007, the Company introduced countermeasures (takeover defense measures) against purchases of the Company's share certificates, etc. (Note 3) where the objective is to achieve a voting rights ratio (Note 2) for a specified shareholder group (Note 1) of 20% or more, or purchases of the Company's share certificates, etc. where, as a result of the purchase, the voting rights ratio of a specified shareholder group will be 20% or more (regardless of the specific purchase method, such as market transaction or tender offer, in either case, and excluding purchases that have received the prior approval of the Board of Directors of the Company; such purchases are hereinafter referred to as "large-scale purchases," and a person conducting a large-scale purchase is referred to as a "large-scale purchaser"), and recently continued these countermeasures, with certain amendments to the content thereof, at the 86th Ordinary General Meeting of Shareholders held on June 24, 2015 (the "Existing Policy for Responding"). The effective period of the Existing Policy for Responding is until the conclusion of the 89th Ordinary General Meeting of Shareholders to be held on June 22, 2018 ("this Ordinary General Meeting of Shareholders"), and the Company has considered the status of the Existing Policy for Responding, while taking into consideration subsequent changes in social and economic trends, trends and various discussions surrounding takeover defense measures, and other factors.

As a result, at a meeting of the Board of Directors of the Company held on May 11, 2018, the Company decided to continue the takeover defense measures with substantially the same content ("this Policy for Responding"), subject to receiving the approval of shareholders at this Ordinary General Meeting of Shareholders. The objective of this Policy for Responding is to ensure that, in the event of a proposal for a large-scale purchase related to the Company's shares, the necessary and sufficient information, views, proposals, etc. are promptly presented by both the person proposing the purchase and the Board of Directors of the Company, to facilitate accurate assessment by shareholders in regard to the impact of the content of the proposal on the corporate value of the Company and shareholders' common interests, etc., and, furthermore, to ensure that shareholders have the necessary and sufficient time for the consideration thereof. In addition, this Policy for Responding clarifies that the Board of Directors of the Company may convene a General Meeting of Shareholders and confirm the will of shareholders in regard to the large-scale purchase.

Furthermore, as of the date of this notice, the Company has not received any notification or proposal from any specific third party to the effect that a large-scale purchase for the Company will be conducted.

Note 1: A specified shareholder group refers to either:

- (i) A holder (including persons included as holders pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act; hereinafter, the same applies) of the Company's share certificates, etc. (refers to share certificates, etc. as provided for in Article 27-23, Paragraph 1 of the same) and his or her joint holders (refers to joint holders as provided for in Article 27-23, Paragraph 5 of the same, and includes persons deemed joint holders pursuant to Paragraph 6 of the same; hereinafter, the same applies), together with persons in certain relationships with the holder or joint holders of the holder similar to the relationships between a holder and his or her joint holders ("equivalent joint holders"); or
- (ii) A person conducting a purchase, etc. (refers to a purchase, etc. as provided for in Article 27-2, Paragraph 1 of the same, and includes those conducted on financial instruments exchange markets, regardless of whether an auction method is used) of the Company's share certificates, etc. (refers to share certificates, etc. as provided for in Article 27-2, Paragraph 1 of the same), and his or her specially related parties (refers to specially related parties as provided for in Article 27-2, Paragraph 7 of the same).

Note 2: Voting rights ratio refers to either:

- (i) If the specified shareholder group falls under category (i) in Note 1 above, the total ratio of: 1) the ownership ratio of share certificates, etc. (refers to the ownership ratio of share certificates, etc. as provided for in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; in this case, the number of share certificates, etc. held (refers to share certificates, etc. held as provided for in the same; hereinafter, the same applies) of any joint holders of the holder will also be considered in the calculation) of the holder, and 2) the ownership ratio of share certificates, etc. of any equivalent joint holders of the holder (however, when adding the ratios of the above items 1) and 2), the number of share certificates, etc. held in duplicate between 1) and 2) will be excluded from the calculation); or
- (ii) If the specified shareholder group falls under category (ii) in Note 1 above, the total ownership ratio of share certificates, etc. (refers to the ownership ratio of share certificates, etc. provided for

in Article 27-2, Paragraph 8 of the same) of the large-scale purchaser and his or her specially related parties. When checking or calculating each ownership ratio of share certificates, etc., the most recently submitted annual securities report, quarterly securities report, or report on repurchases may be referred to for the total number of issued shares (as provided for in Article 27-2, Paragraph 8 of the same) and the total number of voting rights (as provided for in Article 27-2, Paragraph 8 of the same).

Note 3: Share certificates, etc. refers to share certificates, etc. as provided for in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.

## I. Basic Policy regarding the Status of Persons Controlling Decisions about the Company's Financial and Business Policies

As a listed company, the free trade of the Company's shares by shareholders and investors is recognized, and the Board of Directors of the Company believes that even if there is a large-scale purchase for the Company's shares or other similar action, it should not be rejected indiscriminately, and should ultimately be judged by the will of shareholders.

Recently, however, in capital markets in Japan, a trend toward large-scale purchases and other similar actions being forced through in a one-sided manner, without the approval of the target company, has become apparent.

The Company believes that persons making decisions on the Company's financial and business policies must sufficiently understand the Company's management philosophy, management policies, various sources of corporate value, relationships of trust with the stakeholders who support the Company, etc., and be persons who will protect and enhance the corporate value of the Company and shareholders' common interests over the medium- to long-term. Accordingly, the Company believes that persons conducting an inappropriate large-scale purchase or other similar action that may harm corporate value and shareholders' common interests are not suitable as persons controlling decisions on the Company's financial and business policies.

## II. Initiatives to Contribute to the Effective Utilization of the Company's Assets, the Formation of an Appropriate Corporate Group, and the Realization of Other Basic Policies Related to Corporate Control

The NITTA Group (the "Group") established a new management philosophy (the "Philosophy") in March 2017. In the Philosophy, we have established our [Mission] as the role of the Group for the stakeholders of the Group, our [Values] as the approach Group employees must hold to achieve the Mission, and our [Principles] as the actions Group employees must take to achieve the Mission. The Philosophy will be the standard by which we judge all the Group's business and social activities, and based on the Philosophy, the Group shall work together as one to create further value as a truly global company.

### ■ NITTA Group Philosophy

#### Mission

## Going ahead with you

NITTA strives to move the world with innovative and meaningful ideas that provide the vision for a more advanced society and a more harmonious way of life.

#### Values

Passion  
Innovation  
Integrity  
Respect

#### Principles

Driving positive change through the relentless pursuit of excellence  
Shaping the future with creative ideas and products  
Exceeding customer expectations through individual dedication  
Respecting and valuing all people leading to beneficial contributions to society and the global environment



Since our founding in 1885, we have expanded our area of operations from the transmission belts that we started with to areas including conveyor belts, conveyor systems, molded rubber products, tubings and fittings, air-conditioning filters, mechatronic products, and sensor products. In addition, the Group also includes companies engaged in businesses in such areas as toothed belts and precision grinding



materials, and has built a firm position in each of its respective business areas. The Group's technical expertise also contributes to its operations in a variety of different areas, from basic technology to cutting-edge technology, and by sharing this technical expertise and knowhow across the Group as a whole, a flexible strength has been created that is not limited to the Company's areas of business. In addition, companies in the Group each have top-class technical expertise in their respective areas, and we believe that we can provide high quality products that meet our customers' needs precisely because of the organic links between each section, and our systems to facilitate immediate integration and backup.

Based on this approach, the Company endeavors to enhance corporate value and shareholders' common interests, to encourage shareholders and investors to continue to invest in the Company over the long-term.

In addition, based on the above policies, the Company has formulated a Medium- to Long-term Management Plan, "V2020" (from fiscal year 2012 to fiscal year 2020), and all Group companies are working together to achieve its targets.

In Phase 1 (from fiscal year 2012 to fiscal year 2014) and Phase 2 (from fiscal year 2015 to fiscal year 2017), the Company set forth the Group Vision, and focused on Three Big Challenges to achieve the Vision: (1) Create new products and new businesses; (2) More progress with globalization; and (3) Become more cost competitive. As a result, we achieved our net sales targets in both Phase 1 and Phase 2.

In Phase 3 of "V2020," which starts in fiscal year 2018, the Company will concentrate the strength of the Group to respond to rapidly changing times and ensure the success of "V2020," while aiming for further growth. Furthermore, taking into consideration our results thus far, we will increase our net sales target for fiscal year 2020 from 80 billion yen to 100 billion yen.

The overview is as follows.

#### 1. Vision

The number one global partner in composite technologies for soft materials.

#### 2. Three Big Challenges of Phase 3 of the "V2020"

The Group will further develop the Three Big Challenges of Phase 2, and prioritize the implementation of the following items.

##### (1) Create new businesses and new products and grow

- Create new businesses and new products by promoting NITTA INNOVATION activities
- Grow in new business fields and maximize synergies within the Group

##### (2) More progress with globalization

- Strengthen the NITTA brand
- Promote the development of global personnel
- Strengthen corporate governance, compliance and risk management

##### (3) Become more cost competitive

- Innovate manufacturing technology
- Develop activities to improve onsite processes
- Take on ambitious operational reforms and promote higher efficiency

#### 3. Sales and Earnings Targets (Consolidated Basis)

	FY 2017 actual results	FY 2020 targets
Net sales	72.9 billion yen	100 billion yen <sup>(*)</sup>
Operating income to net sales	6.7%	8.0%
Sales of new businesses and new products to net sales	9.4%	25.0%
Overseas sales to net sales	31%	35%

<sup>(\*)</sup> Net sales of 100 billion yen in fiscal year 2020 includes sales from new businesses.

The Company believes initiatives such as these will contribute to the realization of the recently determined Basic Policy described in the above item I.

### **III. Details of this Policy for Responding (Measures to Prevent Decisions on the Company's Financial and Business Policies being Controlled by Inappropriate Persons in Light of the Basic Policy on Control of the Company)**

#### **1. Objective of the Establishment of the Large-Scale Purchase Rules and the Introduction of this Policy for Responding**

Wide-ranging expertise, abundant experience, a sufficient understanding of the relationships built with customers, employees, business partners, and other stakeholders, and other factors, are essential to the management of the Company, which aims to enhance and protect corporate value and shareholders' common interests over the medium- to long-term. Without sufficient understanding of these business characteristics of the Company, shareholders will be unable to appropriately assess the shareholder value that may be realized in future. In the event of a sudden large-scale purchase, it is essential that necessary and sufficient information is provided by both the large-scale purchaser and the Board of Directors of the Company for shareholders to appropriately judge, in a short period of time, whether the acquisition consideration for the Company's shares presented by the large-scale purchaser is appropriate compared with the intrinsic corporate value of the Company, and, for shareholders that are considering holding the Company's shares on an ongoing basis, the details of management policies, business plans, etc. that the large-scale purchaser intends to implement when participating in the management of the Company will also be important materials for assessment when considering holding shares on an ongoing basis. Similarly, the Company believes that the opinion of the Board of Directors of the Company in regard to the large-scale purchase will also be an important material for assessment for shareholders.

Taking these factors into consideration, the Board of Directors of the Company has come to the conclusion that, in the event of a large-scale purchase, necessary and sufficient information regarding the large-scale purchase for the judgment of shareholders should be provided in advance by the large-scale purchaser. Once this information is provided, the Board of Directors of the Company shall disclose its opinion regarding the large-scale purchase as the Board of Directors, after engaging in careful consideration while receiving advice, etc. from external experts (financial advisors, Certified Public Accountants, attorneys, consultants, and other experts) as necessary.

Furthermore, if it deems it necessary, the Board of Directors of the Company shall negotiate an improvement in the terms presented by the large-scale purchaser, and present an alternative proposal to shareholders. Through these processes, shareholders shall be able to consider a proposal by a large-scale purchaser and any alternative proposal, in the event that an alternative proposal is presented by the Board of Directors of the Company, while taking the views of the Board of Directors of the Company into consideration, and shall be given the necessary information and opportunities to determine a final assessment.

Based on the above, the Board of Directors of the Company believes that a large-scale purchase being conducted in accordance with certain reasonable rules is consistent with enhancing and protecting corporate value and shareholders' common interests, and has decided to establish certain rules (the "Large-Scale Purchase Rules") regarding the information to be provided in the event of a large-scale purchase, etc., in addition to introducing this Policy for Responding including countermeasures (please refer to the flowchart in Attachment 1), as a measure for preventing financial and business decisions of the Company being controlled by inappropriate persons in light of the Basic Policy described in the above item I, in the event that a large-scale purchase is conducted by such a person.

#### **2. Overview of the Large-Scale Purchase Rules**

The Large-Scale Purchase Rules to be established by the Board of Directors of the Company set forth that 1) the large-scale purchaser shall provide necessary and sufficient information in advance to the Board of Directors of the Company, and 2) the large-scale purchase shall be commenced after a certain period for evaluation by the Board of Directors of the Company has passed. An overview thereof is as follows.

##### **(1) Advance Provision of Statement of Intent to the Company**

If conducting a large-scale purchase, the large-scale purchaser shall first provide to the Representative Director of the Company a Statement of Intent, containing a pledge to comply with the Large-Scale Purchase Rules, and the following content, etc.

- 1) Name and address of the large-scale purchaser
- 2) Governing law of incorporation
- 3) Name of representative
- 4) Contact details in Japan
- 5) Overview of the large-scale purchase presented, etc.

## (2) Provision of Necessary Information

After receipt of the Statement of Intent described in the above item (1), the Board of Directors shall deliver to the large-scale purchaser, within ten (10) business days, a list of the necessary and sufficient information (the “Necessary Information”) that should be provided for the judgment of shareholders and the formation of views by the Board of Directors. The specific content of the Necessary Information shall differ depending on the attributes of the large-scale purchaser and the details of the large-scale purchase, but some of the general items are as follows.

- 1) Details of the large-scale purchaser, etc. and his or her group (including any joint holders, specially related parties, members (in the case of funds), and any other constituent members) (including the name, business details, background or history, capital structure, financial details, etc.)
- 2) Objective, method, and details of the large-scale purchase (including the type and amount of consideration for the purchase, timing of the purchase, structure of any related transactions, legality of the method of purchase, feasibility of the implementation of the purchase, etc.)
- 3) Basis for the calculation of the purchase price (including facts forming the basis for the calculation, calculation method, any numerical data used in the calculation, and the details of any synergy effects expected to arise as a result of the series of transactions related to the purchase)
- 4) Backing for purchase funds (specific names of the providers of funds (including any de facto providers), method of raising funds, and the details of any related transactions)
- 5) Management policies, business plans, capital policies, and dividend policies for the Company and the Group after the large-scale purchase
- 6) Policies pertaining to the treatment of the Company’s employees, business partners, customers, and other stakeholders after the large-scale purchase

Furthermore, if, upon examining the information initially provided, it is deemed insufficient as it is, the Board of Directors shall request the provision of additional information from the large-scale purchaser until the Necessary Information is complete. If it is deemed necessary for the judgment of shareholders, the Company shall disclose the fact that a large-scale purchase was presented together with all or part of the Necessary Information provided, at a time judged appropriate by the Board of Directors.

Whenever information is provided by the large-scale purchaser, the Board of Directors of the Company shall promptly provide it to the Independent Committee as described below, and shall consult the Independent Committee in regard to whether or not it may be judged that the provision of the Necessary Information by the large-scale purchaser has been completed. If it is judged that the provision of the Necessary Information by the large-scale purchaser has been completed, the Independent Committee shall promptly provide a recommendation to that effect to the Board of Directors of the Company, and the provision of the Necessary Information shall be treated as completed at that point. When the Board of Directors of the Company receives this recommendation, it shall promptly disclose information to that effect.

## (3) Disclosure of the Opinion of the Board of Directors, etc.

The Board of Directors believes that a period should be granted (the “Board of Directors Evaluation Period”) after the large-scale purchaser completes the provision of the Necessary Information, for evaluation, consideration, negotiation, opinion formation, and formation of an alternative proposal by the Board of Directors, of either 60 days (for purchases of all of the Company’s shares by tender offer where the consideration is cash (Japanese yen) only) or 90 days (for other large-scale purchases), in accordance with the difficulty of evaluating the large-scale purchase, etc. Accordingly, the large-scale purchase shall only be commenced after the Board of Directors Evaluation Period has passed. Furthermore, the Board of Directors of the Company shall consult the Independent Committee described below in regard to whether or not it may be judged that the large-scale purchaser has completed the provision of the Necessary Information, and shall comply with its judgment, in principle. As described below, if the Board of Directors of the Company requests the reconsideration of the recommendation of the Independent Committee, the aforementioned Board of Directors Evaluation Period may be extended by up to 14 days, and if the Board of Directors of the Company will convene a General Meeting of Shareholders to confirm the will of shareholders, it may be extended by a reasonable period required to hold the General Meeting of Shareholders, but in either of these cases, the reasons for the extension and the number of days of the extension shall be disclosed.

During the Board of Directors Evaluation Period, the Board of Directors of the Company shall sufficiently evaluate and consider the Necessary Information provided, while taking into consideration advice, etc. from external experts (financial advisors, Certified Public Accountants, attorneys, consultants, and other experts) as necessary, and shall carefully formulate and disclose an opinion as the Board of Directors of the Company. In addition, the Board of Directors may also, as necessary, negotiate

an improvement in the terms of the large-scale purchase with the large-scale purchaser and present an alternative proposal to shareholders.

### 3. Response to Large-Scale Purchases

#### (1) If the Large-Scale Purchaser Complies with the Large-Scale Purchase Rules

If the large-scale purchaser complies with the Large-Scale Purchase Rules, then even if it is opposed to the large-scale purchase, the Board of Directors of the Company shall only express an opinion opposing the purchase proposal and present an alternative proposal, and shall not take countermeasures against the large-scale purchase, in principle. Shareholders shall judge whether or not to accept the purchase proposal from the large-scale purchaser, taking into consideration the purchase proposal, and any opinion regarding the purchase proposal or alternative proposal presented by the Company, etc.

However, even if the Large-Scale Purchase Rules are complied with, in the event that it is judged that the large-scale purchase will considerably harm the corporate value of the Company and shareholders' common interests, such as causing harm to the Company from which it will be difficult to recover, the Board of Directors may take countermeasures as described below, as an exception, based on Directors' duty of due care of a prudent manager.

Specifically, if it is judged that the large-scale purchase falls under any of the following categories, the Company shall consider the large-scale purchase to fall under the category of cases recognized as significantly harming the corporate value of the Company and shareholders' common interests.

- 1) Cases when, although there is no true intention to participate in the management of the Company, shares are being acquired with the objective of simply increasing the share price and forcing parties related to the Company to buy back the shares at a high price (cases of a so-called green-mailer);
- 2) Cases when shares are being acquired with the objective of conducting so-called scorched-earth management, such as taking temporary control of the management of the Company and transferring the intellectual property rights, expertise, confidential corporate data, main business partners and customers, and other assets necessary for the management of the Company's businesses to the purchaser or his or her group companies, etc.;
- 3) Cases when shares are being acquired with the intention of taking control of the Company's management and using the Company's assets as collateral or repayment funds for the obligations of the purchaser and his or her group companies, etc.;
- 4) Cases when shares are being acquired with the objective of taking temporary control of the management of the Company, selling or otherwise disposing of real estate, marketable securities, and/or other high-value assets not immediately related to the Company's businesses, etc., and using the proceeds from the disposal to force the payment of a one-time high dividend, or taking advantage of the sudden increase in the share price caused by the one-time high dividend to sell the shares at a high price;
- 5) In addition to cases described in the above items 1) through 4), any cases where it is judged that the large-scale purchaser does not seriously aim to engage in reasonable management, and the acquisition of control by the large-scale purchaser will cause harm to the Company from which it will be difficult to recover;
- 6) Any cases when there is a risk that opportunities for or the freedom of the judgment of shareholders will be constricted, and shareholders will effectively be forced to sell their shares, such as cases when the purchase method of the large-scale purchaser is a coercive two-stage purchase (refers to purchases of shares by tender offer, etc. when all shares are not solicited for purchase in the initial purchase, and unfavorable terms are set for the second-stage, or not made clear).

Furthermore, if it judges that confirming the will of shareholders is appropriate, the Board of Directors of the Company may convene a General Meeting of Shareholders and confirm the will of shareholders regarding the activation of countermeasures and other matters concerning the large-scale purchase.

#### (2) If the Large-Scale Purchaser does not Comply with the Large-Scale Purchase Rules

If the large-scale purchaser does not comply with the Large-Scale Purchase Rules, then regardless of the specific purchase method, the Board of Directors may take countermeasures as described below and resist the large-scale purchase, with the objective of protecting the corporate value of the Company and shareholders' common interests. The details of the countermeasures are as described below, but if the Company actually conducts a gratis allotment of subscription rights to shares, it may create conditions taking into consideration their effectiveness as a countermeasure, including making it a condition for exercising the subscription rights to shares that the holder does not belong to a specified shareholder group with a voting rights ratio higher than a certain ratio, and attaching an acquisition clause to the effect that the Company may acquire the subscription rights to shares in exchange for delivery of the

Company's shares to holders of subscription rights to shares.

#### 4. Details of Countermeasures

In this Policy for Responding, as described in the above item 3. (1), if the large-scale purchaser complies with the Large-Scale Purchase Rules, then the Company shall not take countermeasures against the large-scale purchase, in principle. However, if taking countermeasures as an exception as described in the above item 3. (1), or taking countermeasures as described in the above item 3. (2), the Board of Directors of the Company shall conduct a gratis allotment of subscription rights to shares (the "gratis allotment").

An overview of the gratis allotment to be conducted by the Board of Directors of the Company as a countermeasure is as follows.

##### 1) Shareholders Eligible for the Gratis Allotment and Conditions for Allotment

The Company shall allot subscription rights to shares at a ratio of one subscription right to shares per share held (however, this excludes shares of common stock of the Company held by the Company), to shareholders recorded in the final shareholder register on the allotment date separately determined by the Board of Directors of the Company (refers to shareholders deemed to be recorded in the shareholder register on the allotment date pursuant to Article 152, Paragraph 1 of the Act on Book Entry of Corporate Bonds and Shares).

##### 2) Type and Number of Shares Underlying the Subscription Rights to Shares

The type of shares underlying the subscription rights to shares shall be shares of common stock of the Company, and the number of shares underlying each subscription right to shares shall be one (1) share. However, if the Company conducts a share split or consolidation of shares, it shall make the necessary adjustments.

##### 3) Total Number of Subscription Rights to Shares to be Allotted

The total number of subscription rights to shares to be allotted shall be a number determined by the Board of Directors of the Company, up to a maximum of the total number of issued shares of the Company on the allotment date.

##### 4) Amount of Payment to be Made when Exercising the Subscription Rights to Shares

The amount of payment to be made when exercising the subscription rights to shares shall be one (1) yen per subscription right to shares.

##### 5) Transfer of Subscription Rights to Shares

The transfer of the subscription rights to shares shall require the permission of the Board of Directors of the Company.

##### 6) Exercise Period of the Subscription Rights to Shares

The exercise period of the subscription rights to shares shall be a period determined by the Board of Directors of the Company in the resolution to conduct a gratis allotment of subscription rights to shares, of one to two months, starting from the effective date of the subscription rights to shares (however, if the Board of Directors of the Company separately establishes a date to replace this date in the resolution to conduct a gratis allotment of subscription rights to shares, it shall be that date). However, if the final day of the exercise period falls on a non-business day of the institution handling payment, the next business day shall be considered the final day.

##### 7) Exercise Conditions of the Subscription Rights to Shares

In principle, the following persons shall not be able to exercise subscription rights to shares allotted gratis based on this Policy for Responding: (i) the large-scale purchaser; (ii) his or her joint holders (refers to persons defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act and persons deemed joint holders pursuant to Paragraph 6 of the same, and includes persons to whom the Board of Directors of the Company recognizes that this applies); (iii) his or her specially related parties (refers to persons defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act, and includes persons to whom the Board of Directors of the Company recognizes that this applies); (iv) any persons who have received the transfer of or succeeded to subscription rights to shares that were allotted gratis based on this Policy for Responding from a person falling under any of the categories (i) through (iii), without the permission of the Board of Directors of the Company; and (v) any related parties of persons falling under any of the categories (i) through (iv) (persons whom the Board of Directors of the Company has recognized as effectively controlling that person, being controlled by that person, acting under common control with that person, or acting in concert with that person).

##### 8) Other

Matters related to the acquisition of the subscription rights to shares and other necessary matters shall be separately determined by the Board of Directors of the Company.

## 5. Systems and Procedures to Guarantee the Reasonableness and Fairness of Countermeasures

### (1) Establishment of the Independent Committee

An Independent Committee has been established, in order to ensure that this Policy for Responding is appropriately implemented, prevent arbitrary judgments by the Board of Directors, and ensure the objectivity and reasonableness of those judgments, in regard to whether or not the series of procedures has been implemented in accordance with the Large-Scale Purchase Rules, and, even in cases when the Large-Scale Purchase Rules have been complied with, whether or not to take countermeasures because the large-scale purchase will considerably harm the corporate value of the Company and shareholders' common interests (please refer to Attachment 2 regarding an overview of the Independent Committee regulations). There shall be three (3) or more members of the Independent Committee, and the Directors of the Company shall select them from Outside Directors and Outside Audit & Supervisory Board Members of the Company, and external experts (Note 4), who are independent from the management team of the Company engaged in business execution, in order to make fair and neutral judgments possible.

From June 22, 2018, the Company shall appoint Mr. Mitsuyuki Suga, Mr. Masataka Nakao, Mr. Miyoshi Morimoto, Mr. Tsuneaki Teshima, and Mr. Toshiro Miyabayashi as members of the Independent Committee (please refer to Attachment 3 regarding their past experience).

Note 4: External experts refers to the selection of persons who are corporate managers with abundant experience of management, persons who are familiar with investment banking operations, attorneys, Certified Public Accountants, academics whose research focuses mainly on the Companies Act, etc., and other equivalent persons.

### (2) Completion of Provision of Large-Scale Purchase Information

Whenever information is provided by the large-scale purchaser, the Board of Directors of the Company shall promptly provide it to the Independent Committee, and shall consult the Independent Committee in regard to whether or not it may be judged that the provision of the Necessary Information by the large-scale purchaser has been completed. If it is judged that the provision of the Necessary Information by the large-scale purchaser has been completed, the Independent Committee shall promptly provide a recommendation to that effect to the Board of Directors of the Company, and the provision of the Necessary Information shall be treated as completed at that point.

### (3) Procedures for the Activation of Countermeasures

In this Policy for Responding, as described in the above item 3. (1), if the large-scale purchaser complies with the Large-Scale Purchase Rules, then the Company shall not take countermeasures against the large-scale purchase, in principle. However, if taking countermeasures as an exception as described in the above item 3. (1), or if taking countermeasures as described in the above 3. (2), then ahead of the activation of countermeasures, in order to guarantee the reasonableness and fairness of its judgments, the Board of Directors shall consult the Independent Committee regarding whether or not to activate countermeasures, and the Independent Committee shall make a recommendation regarding the appropriateness of activating countermeasures after sufficiently considering whether or not the Large-Scale Purchase Rules have been complied with, and whether or not the large-scale purchase will considerably harm the corporate value of the Company and shareholders' common interests.

Furthermore, when making a judgment on whether or not to activate countermeasures, the Board of Directors of the Company shall comply with the recommendation of the Independent Committee, in principle, but if there is an important divergence in the understanding of the facts forming the basis for the judgment of the Independent Committee, or if the Board of Directors of the Company judges that the basis for the Independent Committee's judgment is unreasonable, then it may, once only, request that the Independent Committee reconsiders its recommendation. In this case, the Independent Committee shall establish a period recognized as necessary for reconsideration (of up to 14 days), and shall disclose that period and the reasons thereof.

In addition, if it judges it is appropriate to confirm the will of shareholders, the Board of Directors of the Company may convene a General Meeting of Shareholders, and confirm the will of shareholders regarding the activation of countermeasures and other matters concerning the large-scale purchase.

### (4) Suspension of the Activation of Countermeasures, etc.

After the Board of Directors of the Company decides to activate countermeasures as described in the above items 3. (1) or (2), it may suspend the activation of countermeasures if it judges that the activation of countermeasures is not appropriate, such as cases when the large-scale purchaser withdraws or changes the large-scale purchase. For example, if, after the shareholders to receive the gratis allotment of subscription rights to shares have been confirmed, the Board of Directors judges that the activation of countermeasures is not appropriate, such as cases when the large-scale purchaser withdraws or changes

the large-scale purchase, then the activation of countermeasures may be suspended by cancelling the gratis allotment of subscription rights to shares during the period prior to the effective date, or acquiring the subscription rights to shares without consideration, upon receiving the recommendation of the Independent Committee, after the gratis allotment of subscription rights to shares (shareholders shall lose the subscription rights to shares owing to the acquisition of the subscription rights to shares without consideration by the Company).

If it suspends the activation of countermeasures in this way, the Company shall promptly disclose that fact, together with any matters deemed necessary by the Independent Committee.

#### 6. Effect of this Policy for Responding on Shareholders and Investors, etc.

##### (1) Effect of the Large-Scale Purchase Rules on Shareholders and Investors, etc.

The objective of the Large-Scale Purchase Rules in this Policy for Responding is to secure the necessary information for shareholders to judge whether or not to accept the large-scale purchase, and to ensure opportunities for the opinion of the Board of Directors, who are actually responsible for the management of the Company, to be presented, and for shareholders to be presented with an alternative proposal. As a result, shareholders will be able to make an appropriate judgment regarding whether or not to accept the large-scale purchase based on sufficient information, and the Company believes that this will help protect the corporate value of the Company and shareholders' common interests. Accordingly, the Company believes that the establishment of the Large-Scale Purchase Rules is a precondition for appropriate investment judgments by shareholders and investors, and will contribute to the interests of shareholders and investors.

Furthermore, as described in the above item 3., the Company's policy for responding to a large-scale purchase will differ depending on whether the large-scale purchaser complies with the Large-Scale Purchase Rules, so shareholders and investors are advised to pay close attention to the actions of the large-scale purchaser.

##### (2) Effect on Shareholders and Investors when Countermeasures are Activated

If the Board of Directors of the Company decides to take specific countermeasures as described in the above item 4., in order to protect the corporate value of the Company and shareholders' common interests, the Board of Directors shall make timely, appropriate disclosure of that decision, in accordance with laws and regulations, and the listing rules of the securities exchanges where the Company is listed, etc.

When countermeasures are activated, the Company does not expect any circumstances whereby shareholders other than the large-scale purchaser, etc. would suffer any particular loss in terms of their statutory rights or economic interests. If a gratis allotment of subscription rights to shares is conducted as a countermeasure, shareholders on the allotment date shall be allotted subscription rights to shares gratis, in accordance with the number of shares held. If the Company subsequently takes the procedures to acquire subscription rights to shares with an acquisition clause attached, then shareholders other than the large-scale purchaser shall receive shares in the Company as consideration for the acquisition of the subscription rights to shares by the Company, and therefore shall not suffer any particular disadvantage.

Furthermore, if, by determination of the Board of Directors of the Company, the Company suspends the issuance of subscription rights to shares or acquires issued subscription rights to shares without consideration, then no dilution in per share value shall occur, and therefore shareholders and investors who have bought or sold shares based on a dilution occurring in the value of the Company's shares after the shareholders to receive the gratis allotment of subscription rights to shares have been confirmed (on or after the ex-rights date) may suffer an unexpected loss owing to fluctuations in the share price.

In cases when the large-scale purchaser, etc. does not comply with the Large-Scale Purchase Rules, and even in cases when the large-scale purchaser complies with the Large-Scale Purchase Rules, if it is judged that the large-scale purchase will considerably harm the corporate value of the Company and shareholders' common interests, there is possibility that the large-scale purchaser, etc. may suffer a disadvantage in terms of his or her statutory rights or economic interests, as a result of countermeasures being taken. The public announcement of this Policy for Responding provides a warning in advance, such that any large-scale purchaser does not violate the Large-Scale Purchase Rules.

##### (3) Procedures Required of Shareholders in line with the Activation of Countermeasures

If a gratis allotment of subscription rights to shares is conducted as a countermeasure, shareholders on the allotment date shall receive the allotment of subscription rights to shares without being required to apply to receive the subscription rights to shares. In addition, if the Company takes procedures to acquire subscription rights to shares with an attached acquisition clause, then shareholders shall receive the Company's shares as consideration for the acquisition of the subscription rights to shares by the Company, without making payment of an amount of money equivalent to the exercise price of the

subscription rights to shares, and therefore shall not be required to complete any application or payment procedures, etc. in regard to the subscription rights to shares.

The Company shall separately notify shareholders of the details of these procedures when actually conducting a gratis allotment of subscription rights to shares, in accordance with laws and regulations and the listing rules of the securities exchanges where the Company is listed, etc.

#### 7. Application Date of this Policy for Responding, Effective Period, Continuation, Discontinuation, and Changes

This Policy for Responding shall be proposed to shareholders at this Ordinary General Meeting of Shareholders to be held on June 22, 2018, and if it is approved, shall become effective from that time. Its effective period shall be until the conclusion of the Ordinary General Meeting of Shareholders of the Company to be held in June 2021, and its subsequent continuation (including continuation with partial amendments) shall require approval at an Ordinary General Meeting of Shareholders.

In addition, even after approval at this Ordinary General Meeting of Shareholders, if 1) a resolution is passed at a General Meeting of Shareholders to discontinue this Policy for Responding, or 2) the Board of Directors, which comprises Directors elected at the General Meeting of Shareholders of the Company, passes a resolution to discontinue this Policy for Responding, then this Policy for Responding shall be discontinued at that time.

Furthermore, the Board of Directors of the Company may make amendments or changes to this Policy for Responding, with the approval of the Independent Committee, within a scope reasonably recognized as necessary owing to revisions to the Companies Act, the Financial Instruments and Exchange Act, other laws and regulations, the listing rules of securities exchanges where the Company is listed, etc., and/or changes to the interpretation or implementation of the above, or changes to the tax system, judicial precedents, etc.

If this Policy for Responding is discontinued or changed, the Company shall disclose the fact of the discontinuation or changes, the content of the changes (in the case of changes), and any other matters deemed necessary by the Board of Directors of the Company (excluding minor changes, such as changes to words and phrases owing to revisions to laws and regulations, etc.).

### **IV. The Fact that this Policy for Responding is in line with the Basic Policy Regarding Control of the Company, it will not Harm Shareholders' Common Interests, and is not Aimed at Maintaining the Positions of the Company's Officers, and the Reasons thereof**

#### 1. On the Fact that this Policy for Responding is in line with the Basic Policy Regarding Control of the Company

This Policy for Responding sets forth the content of the Large-Scale Purchase Rules, policies for responding in the event of a large-scale purchase, the establishment of the Independent Committee, the effect on shareholders and investors, etc.

This Policy for Responding requests that any large-scale purchaser provides necessary and sufficient information in advance regarding the large-scale purchase to the Board of Directors of the Company, and that the large-scale purchase is commenced only after a certain evaluation period for the Board of Directors of the Company has passed, and also clarifies that the Board of Directors of the Company may take countermeasures against any large-scale purchase that does not comply with these rules.

In addition, it clarifies that even if the Large-Scale Purchase Rules have been complied with, in cases when the Board of Directors of the Company judges that the large-scale purchase by the large-scale purchaser will considerably harm the interests of the Company's shareholders as a whole, it may take countermeasures against this large-scale purchaser in order to protect the interests of the Company's shareholders as a whole.

In this way, it may be said that this Policy for Responding has been designed in line with the approach of the Basic Policy regarding control of the Company.

#### 2. On the Fact that this Policy for Responding will not Harm Shareholders' Common Interests

As described in the above item I., the Basic Policy regarding control of the Company is based on the premise of respecting the common interests of the Company's shareholders. This Policy for Responding has been designed in line with this approach of the Basic Policy regarding control of the Company, and its objective is to guarantee the provision of the necessary information for the Company's shareholders to judge whether or not to accept the large-scale purchase, the provision of views by the Board of Directors of the Company, and the provision of opportunities to be presented with an alternative



proposal. This Policy for Responding will facilitate appropriate investment judgments by shareholders of the Company and investors, and therefore the Company believes that it will not harm the common interests of the Company's shareholders, and will in fact contribute to those interests.

In addition, conducting a gratis allotment of subscription rights to shares as a countermeasure will be limited to cases when strict, objective criteria are fulfilled, such as when the large-scale purchase will considerably harm the corporate value of the Company and shareholders' common interests, and therefore the Company believes that this Policy for Responding will not harm the common interests of the Company's shareholders.

Furthermore, the fact that the continuation of this Policy for Responding is subject to the approval of the Company's shareholders and that this Policy for Responding may be discontinued if the Company's shareholders wish, may be thought to guarantee that this Policy for Responding will not harm the common interests of the Company's shareholders.

### 3. On the Fact that this Policy for Responding is not Aimed at Maintaining the Positions of the Company's Officers

A fundamental principle of this Policy for Responding is that whether or not to accept a large-scale purchase should ultimately be entrusted to the judgment of the Company's shareholders, and requests for compliance with the Large-Scale Purchase Rules and the activation of countermeasures shall be conducted within the scope necessary to protect the common interests of the Company's shareholders. This Policy for Responding discloses the cases under which the Board of Directors of the Company will activate countermeasures in advance and in detail, and the activation of countermeasures by the Board of Directors of the Company shall be conducted in accordance with the provisions of this Policy for Responding. The Board of Directors of the Company shall not be able to continue this Policy for Responding by itself, and shall require the approval of the Company's shareholders.

In addition, when the Board of Directors of the Company evaluates and considers the large-scale purchase, formulates an opinion as the Board of Directors of the Company, presents an alternative proposal, and consults with the large-scale purchaser, or activates countermeasures, then it shall obtain advice from external experts, etc. as necessary, and shall consult an Independent Committee comprising members independent from the management team engaged in the business execution of the Company, and shall follow the recommendation of this committee, in principle. In this way, this Policy for Responding includes procedures to guarantee that it is implemented appropriately by the Board of Directors of the Company.

Based on the above, the Company believes it is clear that this Policy for Responding is not aimed at maintaining the position of the Company's officers.

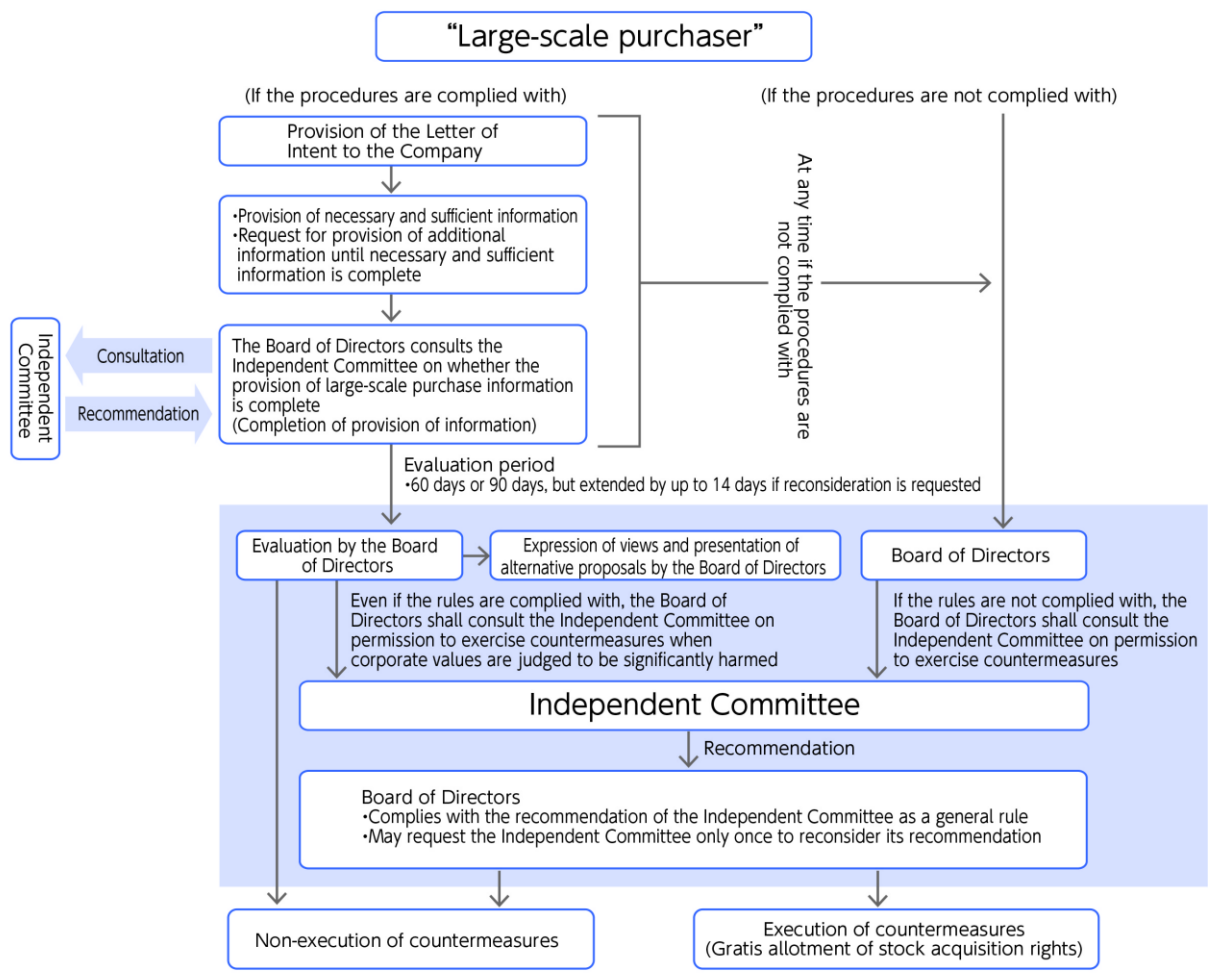
## V. Consistency with Guidelines Regarding Takeover Defense and Timely Disclosure Rules

The content of this Policy for Responding is fully consistent with the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder's Common Interests" (the "Takeover Defense Guidelines") announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, as it fulfills all of the three principles set forth in the Takeover Defense Guidelines: 1) protecting corporate value and the interests of shareholders as a whole, 2) prior disclosure and shareholder will, and 3) ensuring necessity and reasonableness.

In addition, this Policy for Responding also sufficiently takes into consideration the content of the "Takeover Defense Measures in Light of Recent Environmental Changes" announced on June 30, 2008 by the Corporate Value Study Group established by the Ministry of Economy, Trade and Industry.

Furthermore, this Policy for Responding is consistent with the intent of all rules pertaining to the introduction of takeover defense measures set forth by the Tokyo Stock Exchange.

## Large-Scale Purchase Rules Flowchart based on the “Policy for Responding to a Large-Scale Purchase of the Company’s Shares”



## **Overview of the Independent Committee Regulations**

- The Independent Committee shall be established by resolution of the Board of Directors of the Company.
- There shall be three (3) or more members of the Independent Committee, and these members shall be selected by the Board of Directors of the Company from among Outside Director, Outside Audit & Supervisory Board Members, and external experts who are independent from the management team engaged in the business execution of the Company, in order to make fair and neutral judgments possible.
- The Independent Committee shall make recommendations to the Board of Directors on the details of its decisions regarding matters about which it has been consulted by the Board of Directors, in principle, together with the reasons and grounds thereof. Furthermore, each member of the Independent Committee shall make these decisions from the perspective of whether or not there is a contribution to the enhancement of the corporate value of the Company and shareholders' common interests.
- The Independent Committee may obtain advice from investment banks, securities companies, attorneys, and other external experts, at the Company's expense.
- Resolutions of the Independent Committee shall be made by a majority of members when a majority of members are in attendance.

## Past Experience of Independent Committee Members

### Mitsuyuki Suga

- 1970 Registered as lawyer at the Tokyo Bar Association
- 1971 Changed registration to the Osaka Bar Association
- 1974 Lawyer, Sakai-Suji Kyodo Law Offices (to present)
- 2014 Outside Director of the Company (to present)

### Masataka Nakao

- 1976 Joined Asahi & Co. (currently KPMG AZSA LLC)
- 1979 Registered as Certified Public Accountant
- 2001 Partner, Asahi & Co.
- 2015 Owner, Offices of Certified Accountant Masataka Nakao (to present)
- 2016 Outside Director of the Company (to present)

### Miyoshi Morimoto

- 1983 Assistant Professor, Faculty of Business Administration, Matsuyama University of Commerce (currently Matsuyama University)
- 1990 Professor, Faculty of Business Administration, Matsuyama University
- 2007 President, Matsuyama University
- 2013 Professor, Faculty of Business Administration, Matsuyama University
- 2016 Outside Audit & Supervisory Board Member of the Company (to present)

### Tsuneaki Teshima

- 1983 Joined Nippon Life Insurance Company
- 2010 Executive Officer and General Manager of Product Development Department, Nippon Life Insurance Company
- 2014 Director and Managing Executive Officer, and General Manager of Agency Marketing Headquarters and General Manager of Financial Institution Relations Headquarters, Nippon Life Insurance Company
- 2017 Director and Senior Managing Executive Officer, and General Manager of Agency Marketing Headquarters and General Manager of Financial Institution Relations Headquarters, Nippon Life Insurance Company
- 2018 Director, Nippon Life Insurance Company (to present)
- 2018 President, NLI Research Institute (to present)

### Toshiro Miyabayashi

- 1982 Joined Deloitte Haskins & Sells (currently Deloitte Touche Tohmatsu LLC)
- 1985 Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)
- 2007 Partner, Eiwa Audit Corporation (currently KPMG AZSA LLC)
- 2016 Owner, Offices of Certified Public Accountant Miyabayashi (to present)

### Status of the Company's Shares and Shareholders (as of March 31, 2018)

- (1) Total number of shares authorized to be issued  
     Common stock      100,000,000 shares
- (2) Total number of shares issued  
     Common stock      30,272,503 shares
- (3) Number of shareholders  
     4,002
- (4) Major shareholders (top ten)

Shareholder name	Number of shares held (Thousand shares)	Shareholding ratio (%)
NITTA RUBBER INDUSTRIAL CO., Ltd.	2,842	9.71
IBP Co., Ltd.	2,301	7.86
Japan Trustee Services Bank, Ltd. (trust account)	1,564	5.34
Onga Holdings LLC	1,430	4.88
The Master Trust Bank of Japan, Ltd. (trust account)	1,329	4.54
J. P. MORGAN BANK LUXEMBOURG S.A. 380578	1,276	4.36
Nitta Business Partners Shareholder Association	943	3.22
GOLDMAN SACHS & CO.REG	637	2.18
Nitta Kyoekai	582	1.99
Japan Trustee Services Bank, Ltd. (trust account 9)	519	1.77

\*In addition to the above, there are also 1,014 thousands treasury shares held by the Company.

\*Numbers of shares held are rounded down to the nearest thousand shares.