

This notice together with its attached documents, in its entirety, was retroactively prepared and presented solely as translated reference for information purpose. Thus, it is not intended to serve as valid alternative to the genuine convocation notice that was actually and dully made available in Japanese language. Therefore, any peripheral document such as “Guidance to the Exercise of Voting Right via the Internet” or any other form or document that is referred to in this translated information is omitted.

(Securities Code 8616)  
June 7, 2016

**To Shareholders with Voting Rights:**

Tateaki Ishida  
President & CEO  
Tokai Tokyo Financial  
Holdings, Inc.  
6-2 Nihonbashi 3-chome,  
Chuo-ku, Tokyo, Japan

**NOTICE OF CONVOCAION OF  
THE 104TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We hereby inform you that we hold the 104th Ordinary General Meeting of Shareholders of Tokai Tokyo Financial Holdings, Inc. (the “Company”) in accordance with the schedule described below.

If you are unable to attend the meeting, you can exercise your voting rights either in writing or by electronic methods (e.g. via the Internet, etc.). Please review the attached “Reference Document for the Ordinary General Meeting of Shareholders” and refer to “Guidance to the Exercise of Voting Right” which is omitted from this English translation, and you are requested to exercise your voting rights by 5:00 p.m. on Tuesday, June 28, 2016 Japan time.

\* Schedule

- 1. Date and Time:** Wednesday, June 29, 2016 at 10:00 a.m. Japan time
- 2. Place:** Fifth floor Midland Hall at Midland Square, located at  
7-1 Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi, Japan
- 3. Meeting Agenda:**  
**Matters to be reported:**
  1. The Business Report, Consolidated Financial Statements for the Company’s 104th Fiscal Year (April 1, 2015 - March 31, 2016) 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 104th Fiscal Year (April 1, 2015 - March 31, 2016)

**Proposals to be resolved:**

- Proposal No. 1:** Distribution of Retained Earnings  
**Proposal No. 2:** Partial Amendments to the Articles of Incorporation

- Proposal No. 3:** Election of Five (5) Directors (Excluding Directors serving on the Audit and Supervisory Committee)
- Proposal No. 4:** Election of Four (4) Directors serving on the Audit and Supervisory Committee
- Proposal No. 5:** Determination of the Amount of Remuneration for Directors (Excluding Directors serving on the Audit and Supervisory Committee)
- Proposal No. 6:** Determination of the Amount of Remuneration for Directors serving on the Audit and Supervisory Committee
- Proposal No. 7:** Payment of Bonuses to Directors
- Proposal No. 8:** The Issuance of Stock Acquisition Rights as Stock Options Granted to Directors and Employees of the Company and Its Subsidiaries
- Proposal No. 9:** Renewal of Countermeasures against the Large-scale Purchase of the Company's Shares (Anti-Takeover Policy)
- Proposal No. 10:** Disposition of Treasury Shares through Third Party Allocation

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- Among the documents attached to the original written notice in Japanese, the following items are posted on the Company's website in accordance with the relevant laws and regulations and Article 20 of the Company's Articles of Incorporation. Therefore, we do not include them in this notice.
    - (1) Notes to the Consolidated Accounting Statements
    - (2) Notes to the Accounting Statements
  - In case any circumstances require us to revise the Reference Document for the Ordinary General Meeting of Shareholders, the Business Report, Non-consolidated Financial Statements, and/or Consolidated Financial Statements will be posted on the Company's Web site.

Company's website
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<http://www.tokaitokyo-fh.jp/>

## **Reference Documents for the Ordinary General Meeting of Shareholders**

### **Proposals and References**

#### **Proposal No. 1: Distribution of Retained Earnings**

The Company's basic policy calls for paying dividends to shareholders in a stable and proper manner while enhancing retained earnings with the aim of increasing corporate value by medium, long-term growth.

Taking into account the above policy, We, the Company, plan to distribute profits for this fiscal year under review as set out below.

With the interim dividend of ¥14.00 per share already paid, the total dividend for the year will be ¥28.00 per share.

#### **The Matter Regarding Year-End Dividend**

##### **(1) Type of dividend property**

Cash

##### **(2) Allotment of dividend property and the total allotment amount**

¥14.00 ordinary dividend per share of common stock of the Company

Total amount: ¥3,694,257,658

##### **(3) Effective date of distribution of surplus**

June 30, 2016

## **Proposal No. 2: Partial Amendment to the Articles of Incorporation**

### **1. Reasons for the amendment**

We, the Company, consider fulfilling corporate governance as one of the primarily important managerial issues, and we have made endeavors to enhance management fairness and transparency as well as to improve continuously corporate value. Specific measures we have taken therefore include appointing i) one of the Outside Directors as a Chairperson of the Board of Directors, and at the same time ii) all the Outside Directors as Directors to realize their majority representation at the Board of the Directors, etc.

In addition to the aforementioned governance practices, we will appoint Audit and Supervisory Committee Members as Directors. Thus, we intend to further enhance corporate governance by reinforcing audit and supervisory functions. We will introduce then an Audit and Supervisory Committee. The aim is to streamline decision-making procedures by delegating authorities and powers from the Board of Directors to Executive Directors. We expect that the Board of Directors meetings will serve better the purpose of conducting deeper and more strategic discussions. In conjunction with this move, we, at the Company, will make the changes to the current Articles of Incorporation to meet the following necessities.

#### **(1) Changes necessary for becoming a company with an Audit and Supervisory Committee**

1) New article will be added to become a company with an Audit and Supervisory Committee. (proposed as a new Article 4)

2) New articles will be added pursuant to the Directors to be appointed from the Audit and Supervisory Committee Members as well as to the Director(s) to be appointed from the substitute Audit and Supervisory Committee Member(s). (proposed all as new Articles 21 Paragraph 2, Article 22 Paragraph 1, and Article 23 Paragraphs 2 to 4)

In order to maintain appropriate number of Board of Director members including those chosen from Audit and Supervisory Committee Members, we will set a limit of 10 overall, and 5 on the Directors chosen from Audit and Supervisory Committee Members. (proposed as new articles: Article 21 Paragraphs 1 and 2).

3) The part of Chapter 5 of the current Articles that is pursuant to "Audit & Supervisory Board Members and Audit & Supervisory Board" (i.e., Articles 30 through 37) will be deleted. Instead, new articles will be introduced into Chapter 5 pursuant to the "Audit and Supervisory Committee". (proposed as new articles: Articles 33, 34, and 35).

Appointment of full-time Audit and Supervisory Committee Members is not a mandatory requirement under the Companies Act. However, we will establish new articles that allow us to do so. (proposed new article: Article 32).

4) New articles will be introduced to entrust the Directors with an authority to perform in part or entity important business matters when respective relevant resolution is adopted by the Board of Directors Meeting. (except for the matters outlined in each item of paragraph (5) of Article 399-13 under the Companies Act) (proposed as a new article: Article 28).

Moreover, relevant changes will be made to the articles that refer to the important business matters to be delegated to Directors (proposed new articles: Article 10 Paragraph 2, Article 12 Paragraph 2, and Article 13)

5) Accompanying the change to become a company with an Audit and Supervisory Committee, other relevant changes will be made to the existing articles (proposed articles: Article 23 Paragraph 1, Article 24 Paragraph 1 and 3, Article 25 Paragraphs 2 and 3, Article 29 Paragraph 1, Article 30, and Article 38).

6) New supplementary provisions will be established due to the deletion of the current Article 37.

#### **(2) Other general changes**

Accompanying the introduction of the new articles and the deletion of some of the existing articles necessary for becoming a company with a committee governance structure, the numbering of the articles will be rearranged and letters/wording will be partly modified. Further, amendment will be made to the current Article 23 Paragraph 2 in order to make future management structure

more flexible. For the purpose of achieving all the aforementioned changes, amendments will be made to the articles regarding Convener and Chairperson of both General Meeting of Shareholders and the Board of Directors meeting. (proposed article: Article 14 Paragraph 2, Article 17 and Article 25 Paragraph 1).

## 2. Nature of changes

The amendments are set out as follows. Amendments to the Articles of Incorporation relating to this proposal become effective at the time of the conclusion of this Ordinary General Meeting of Shareholders.

(Underlined parts will be amended.)

Current Articles of Incorporation	Proposed Amendments
Chapter 1 General Provisions Articles 1 to 3 (Omitted)	Chapter 1 General Provisions Articles 1 to 3 (Unchanged)
Article 4 (Governing Bodies) In addition to the General Meeting of Shareholders and Directors, the Company shall have the following bodies. (1) Board of Directors; (2) <u>Audit &amp; Supervisory Board Members</u> (3) <u>Audit &amp; Supervisory Board</u> ; and (4) Accounting Auditor.	Article 4 (Governing Bodies) In addition to the General Meeting of Shareholders and Directors, the Company shall have the following bodies. (1) Board of Directors; (2) <u>Audit and Supervisory Committee</u> ; and (Deleted) (3) Accounting Auditor.
Article 5 (Method of Public Notice) The Company's public notices shall be by electronic public notices; provided, however, that, in case that it is impossible to provide electronic public notices due to accidents or for other unavoidable reasons, public notices shall <u>be made</u> by posting on The Nikkei and The Chunichi Shimbun.	Article 5 (Method of Public Notice) The Company's public notices shall be by electronic public notices; provided, however, that, in case that it is impossible to provide electronic public notices due to accidents or for other unavoidable reasons, public notices shall <u>be made (here, with only Japanese-language expressions differing from those in the current the Articles of Incorporation)</u> by posting on The Nikkei and The Chunichi Shimbun.
Chapter 2 Shares Articles 6 to 9 (Omitted)	Chapter 2 Shares Articles 6 to 9 (Unchanged)
Article 10 (Adding to Holdings of Shares of Less than One Unit) 1 <u>Subject to</u> the Share Handling Regulations, shareholders holding shares of less than one unit of the Company may request that the Company sell such shareholders a number of shares that would, in conjunction with the shares that they already hold, allow them to hold one full unit (hereinafter referred to as "Additional Purchase Request"); provided, however, that, the same shall not apply to cases in which the Company does not own the requisite number of shares to be sold at the time of Additional Purchase Request. 2 The period, method, etc., that allows <u>Additional Purchase Request</u> to be made shall be subject to the Share Handling Regulations <u>regulated by the Board of Directors</u> .	Article 10 (Adding to Holdings of Shares of Less than One Unit) 1 Subject to the Share Handling Regulations <u>regulated by the Company</u> , shareholders holding shares of less than one unit of the Company may request that the Company sell such shareholders a number of shares that would, in conjunction with the shares that they already hold, allow them to hold one full unit (hereinafter referred to as "Additional Purchase Request"); provided, however, that, the same shall not apply to cases in which the Company does not own the requisite number of shares to be sold at the time of an Additional Purchase Request. 2 The period, method, or the like, that allows <u>Additional Purchase Request</u> to be made shall be subject to the Share Handling Regulations.
Article 11 (Omitted)	Article 11 (Unchanged)
Article 12 (Shareholder Registry Administrator) 1 The Company shall establish a shareholder registry administrator. 2 A shareholder registry administrator and the location for the handling of its business affairs shall be <u>regulated by a resolution of the Board of Directors, and</u> announced by public notice. 3 The compilation and storage of the shareholder registry and the registry of stock acquisition rights of the Company as well as business affairs relating to the aforementioned	Article 12 (Shareholder Registry Administrator) 1 (Unchanged) 2 <u>Information on</u> a shareholder registry administrator and the location for the handling of its business affairs shall be announced by public notice. 3 (Unchanged)

<p>registries shall be delegated to a shareholder registry administrator, and the Company shall not handle the same.</p> <p>Article 13 (Record Date)</p> <p>In addition to the regulations under the Articles of Incorporation, if necessary, the Company shall allow shareholders or registered share pledgees stated or recorded in the shareholder registry as of a certain date to be shareholders or registered share pledgees who are able to exercise their rights <u>by a resolution of the Board of Directors</u> by prior public notice.</p> <p>Chapter 3 General Meeting of Shareholders</p> <p>Article 14 (Convocation)</p> <p>1 The Ordinary General Meeting of Shareholders shall be convened within three (3) months following April 1 each year, and an Extraordinary General Meeting of Shareholders shall be convened as necessary.</p> <p>2 Unless separately required under laws and regulations, a General Meeting of Shareholders shall be convened by the President; provided, however, that, when the President is unable to act, another Representative Director shall convene the same in accordance with the order of priority set in advance by the Board of Directors.</p> <p>Articles 15 and 16 (Omitted)</p> <p>Article 17 (Chairperson)</p> <p>The President shall act as the Chairperson of the General Meeting of Shareholders; provided, however, that, when the President is unable to act, another Director shall act as the Chairperson of the General Meeting of Shareholders in accordance with the order of priority set in advance by the Board of Directors.</p> <p>Article 18 to 20 (Omitted)</p> <p>Chapter 4 Directors and Board of Directors</p> <p>Article 21 (Number <u>and Election</u>)</p> <p>1 There shall be <u>up to twelve (12) Directors of the Company, to be elected at a General Meeting of Shareholders.</u></p> <p>(Newly Established)</p> <p>2 <u>A resolution for the election under the preceding Paragraph shall be made by a majority vote of attending shareholders holding one-third (1/3) or more of the total voting rights.</u></p> <p>3 <u>The election of Directors shall not be by cumulative voting.</u></p> <p>(Newly Established)</p>	<p>Article 13 (Record Date)</p> <p>In addition to the regulations under the Articles of Incorporation, if necessary, the Company shall allow shareholders or registered share pledgees stated or recorded in the shareholder registry as of a certain date to be shareholders or registered share pledgees who are able to exercise their rights by prior public notice..</p> <p>Chapter 3 General Meeting of Shareholders</p> <p>Article 14 (Convocation)</p> <p>1 (Unchanged)</p> <p>2. Unless separately required under laws and regulations, a General Meeting of Shareholders shall be convened by <u>the Chairman or</u> the President; provided, however, that, when <u>both the Chairman and</u> the President are unable to act, another Representative Director shall convene the same in accordance with the order of priority set in advance by the Board of Directors.</p> <p>Articles 15 and 16 (Omitted)</p> <p>Article 17 (Chairperson)</p> <p><u>Of the Chairman and</u> the President, <u>the Director previously determined by resolution of the Board of Directors</u> shall act as the Chairperson of the General Meeting of Shareholders; provided, however, that, when <u>both the Chairman and</u> the President are unable to act, another Director shall act as the Chairperson of the General Meeting of Shareholders in accordance with the order of priority set in advance by the Board of Directors.</p> <p>Article 18 to 20 (Unchanged)</p> <p>Chapter 4 Directors and Board of Directors</p> <p>Article 21 (Number)</p> <p>1 There shall be <u>up to ten (10) Directors of the Company.</u></p> <p>2 <u>From among the Directors under the preceding Paragraph, up to five (5) shall be Audit and Supervisory Committee Directors.</u></p> <p>(Deleted)</p> <p>(Deleted)</p> <p><u>Article 22 (Method for Election)</u></p> <p>1 <u>Election of Directors shall be conducted by distinguishing Audit and Supervisory Committee Directors and Directors who are not, by resolution at a General Meeting of Shareholders.</u></p>
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<p>Article <u>22</u> (Term of Office)</p> <p>The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the latest business year ending within one (1) year after his or her election to the office.</p> <p>(Newly Established)</p> <p>(Newly Established)</p> <p>(Newly Established)</p> <p>Article <u>23</u> (Representative Directors and <u>Directors with Title</u>)</p> <p>1 The Company shall select one (1) or more Representative Directors by resolution of the Board of Directors.</p> <p>2 The Board of Directors shall select one (1) President from among Representative Directors.</p> <p>3 The Board of Directors may select other <u>Directors with titles</u> from among Directors.</p> <p>Article <u>24</u> (Convocation)</p> <p>1 Unless separately required under laws and regulations, a Board of Directors meeting shall be convened by the Chairman of the Board of Directors or the President; provided, however, that, when the Chairman of the Board of Directors or the President is unable to act, another Director shall convene the same in accordance with the order of priority set in advance by the Board of Directors.</p> <p>2 The convocation of a Board of Directors Meeting under <u>the preceding Paragraph</u> shall be conducted by dispatching the notice of convocation to <u>each Director and each Audit &amp; Supervisory Board Member</u> at least three (3) days prior to the date of such meeting; provided, however, that in case of an emergency, such period may be shortened.</p> <p>3 A Board of Directors meeting may be held without undergoing relevant convocation procedures <u>with the</u></p>	<p><u>2 A resolution for the election of Directors shall be made by a majority vote of attending shareholders holding one-third (1/3) or more of the total voting rights.</u></p> <p><u>3 The election of Directors shall not be by cumulative voting.</u></p> <p>Article <u>23</u> (Term of Office)</p> <p>1 The term of office of a Director (excluding Audit and Supervisory Committee Directors) shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the latest business year ending within one (1) year after his or her election to the office.</p> <p><u>2 The term of office of an Audit and Supervisory Committee Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the latest business year ending within two (2) years after his or her election to the office.</u></p> <p><u>3 The term of office of an Audit and Supervisory Committee Director elected to fill a vacancy created by the retirement of an Audit and Supervisory Committee Director before the expiration of his or her term of office shall expire at the time of expiration of the term of office of the retired Audit and Supervisory Committee Director.</u></p> <p><u>4 The effective period for the resolution for election of a substitute Audit and Supervisory Committee Director elected based on Paragraph 3, Article 329 of the Companies Act shall expire at the beginning of the Ordinary General Meeting of Shareholders held with respect to the latest business year ending within two (2) years after such resolution for election.</u></p> <p>Article <u>24</u> (Representative Directors and <u>Executive Directors</u>)</p> <p>1 The Company shall select one (1) or more Representative Directors <u>from among Directors (Excluding Directors serving on the Audit and Supervisory Committee)</u> by resolution of the Board of Directors.</p> <p>2 The Board of Directors <u>may</u> select <u>one (1) Chairman and one (1) President</u> from among Representative Directors.</p> <p>3 The Board of Directors may select other <u>Executive Directors</u> from among Directors <u>(Excluding Directors serving on the Audit and Supervisory Committee).</u></p> <p>Article <u>25</u> (Convocation)</p> <p>1 Unless separately required under laws and regulations, a Board of Directors meeting shall be convened by the Chairman of the Board of Directors, <u>the Chairman</u> or the President; provided, however, that, when the Chairman of the Board of Directors, <u>the Chairman</u> and the President are <u>all</u> unable to act, another Director shall convene the same in accordance with the order of priority set in advance by the Board of Directors.</p> <p>2 The convocation of <u>a Board of Directors Meeting</u>, shall be conducted by dispatching the notice of convocation to <u>each Director</u> at least three (3) days prior to the date of such meeting; provided, however, that in case of an emergency, such period may be shortened.</p> <p>3 A Board of Directors meeting may be held without undergoing relevant convocation procedures <u>with the</u></p>
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<p><u>consent of all Directors and Audit &amp; Supervisory Board Members.</u></p> <p>Article <u>25</u> (Chairperson of the Board of Directors)  The Board of Directors shall select one (1) Chairperson of the Board of Directors from among Directors; provided, however, that, when the Chairman of the Board of Directors <u>is</u> unable to act, another Director shall assume the chair in accordance with the order of priority set in advance by the Board of Directors.</p> <p>Article <u>26</u> (Method for Resolution)  (Omitted)</p> <p>(Newly Established)</p> <p>Article <u>27</u> (Minutes)  1 The proceedings of a Board of Directors meeting, the outline of the course of proceedings and the results as well as matters regulated under laws and regulations shall be recorded in the minutes, and the <u>Directors and Audit &amp; Supervisory Board Members</u> present shall sign or seal their names thereon.  2 The content of matters deemed to be a resolution in accordance with Paragraph 2 of <u>the preceding Article</u> as well as matters regulated under laws and regulations shall be recorded in the minutes.</p> <p>Article <u>28</u> (Remunerations, etc.)  <u>1</u> Remunerations, bonuses, and other property benefits in consideration of execution of the duties of Directors received from the Company shall be determined based on a resolution of a General Meeting of Shareholders.</p> <p>Article <u>29</u> (Exemption from Liability of Directors)  (Omitted)</p> <p><u>Chapter 5 Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board</u>  <u>Article 30 (Number and Election)</u>  <u>1 There shall be up to six (6) Audit &amp; Supervisory Board Members of the Company, to be elected at a General Meeting of Shareholders.</u>  <u>2 A resolution for the election under the preceding Paragraph shall be made a majority vote of attending shareholders holding one-third (1/3) or more of the total voting rights.</u></p> <p>Article <u>31</u> (Term of Office)  <u>The term of office of an Audit &amp; Supervisory Board</u></p>	<p><u>consent of all Directors.</u></p> <p>Article <u>26</u> (Chairperson)  The Board of Directors shall select one (1) Chairperson of the Board of Directors from among Directors; provided, however, that, when the Chairman of the Board of Directors <u>is</u> <u>(here, the preposition differs from that in the current Articles of Incorporation only in the Japanese language)</u> unable to act, another Director shall assume the chair in accordance with the order of priority set in advance by the Board of Directors.</p> <p>Article <u>27</u> (Method for Resolution)  (Unchanged)</p> <p><u>Article 28 (Delegation of Decisions regarding the Execution of Important Business Activities)</u>  <u>Subject to the Companies Act Paragraph 6, Article 399-13, the Company may delegate to Directors all or part of decisions regarding the execution of important business activities (excluding matters outlined in each item of Paragraph 5, Article 399-13) by resolution of the Board of Directors.</u></p> <p>Article <u>29</u> (Minutes)  1 The proceedings of a Board of Directors meeting, the outline of the course of proceedings and the results as well as matters regulated under laws and regulations shall be recorded in the minutes, and the <u>Directors</u> present shall sign or seal their names thereon.  2 The content of matters deemed to be a resolution in accordance with Paragraph 2, <u>Article 27</u> as well as matters regulated under laws and regulations shall be recorded in the minutes.</p> <p>Article <u>30</u> (Remunerations, etc.)  Remunerations, bonuses, and other property benefits in consideration of execution of the duties of Directors received from the Company shall be determined based on a resolution of a General Meeting of Shareholders, <u>distinguishing between Audit and Supervisory Committee Directors and those who are not.</u></p> <p>Article <u>31</u> (Exemption from Liability of Directors)  (Unchanged)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>
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<p><u>Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the latest business year ending within four (4) years after his or her election to the office; provided, however, the term of office of an Audit &amp; Supervisory Committee Member elected to fill a vacancy created by the retirement of an Audit &amp; Supervisory Committee Member before the expiration of his or her term of office shall expire at the time of expiration of the term of office of the predecessor.</u></p>	
<p><u>Article 32 (Full-Time Audit &amp; Supervisory Board Members)</u>  <u>The Audit &amp; Supervisory Board shall select full-time Audit &amp; Supervisory Board Members by resolution.</u></p>	(Deleted)
<p><u>Article 33 (Convocation)</u>  <u>1 The convocation of an Audit &amp; Supervisory Board Meeting shall be conducted by dispatching the notice of convocation to each Audit &amp; Supervisory Board Member at least three (3) days prior to the date of such meeting; provided, however, that in case of an emergency, such period may be shortened.</u>  <u>2 The notice in the preceding Paragraph may be conducted without undergoing relevant convocation procedures with the consent of all Audit &amp; Supervisory Board Members.</u></p>	(Deleted)
<p><u>Article 34 (Resolution)</u>  <u>Unless separately required under laws and regulations, resolutions of an Audit &amp; Supervisory Board Meeting shall be approved by a majority of the Audit &amp; Supervisory Board Members.</u></p>	(Deleted)
<p><u>Article 35 (Minutes)</u>  <u>The proceedings of an Audit &amp; Supervisory Board Meeting, the outline of the course of proceedings and the results as well as matters regulated under laws and regulations shall be recorded in the minutes, and the Audit &amp; Supervisory Board Members present shall sign or seal their names thereon.</u></p>	(Deleted)
<p><u>Article 36 (Remunerations, etc.)</u>  <u>Remunerations, bonuses, and other property benefits in consideration of execution of the duties of Audit &amp; Supervisory Board Members received from the Company shall be determined based on a resolution of a General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>Article 37 (Exemption from Liability of Audit &amp; Supervisory Board Members)</u>  <u>1 In accordance with the provisions of Paragraph 1, Article 426 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Audit &amp; Supervisory Board Members (including former Audit &amp; Supervisory Board Members) from liabilities for damages stipulated by Paragraph 1, Article 423 of the Companies Act, to the extent provided in laws and regulations.</u>  <u>2 In accordance with the provisions of Paragraph 1, Article 427 of the Companies Act, the Company may enter into limited liability agreements to limit liabilities for damages incurred by Audit &amp; Supervisory Board Members, which are stipulated by Paragraph 1, Article 423 of the Companies</u></p>	(Deleted)

<p><u>Act, with Audit &amp; Supervisory Board Members. However, the amount of liability under the agreements is limited to the minimum liability amount stipulated by laws and regulations.</u></p> <p>(Newly Established) (Newly Established)</p> <p>(Newly Established)</p> <p>(Newly Established)</p> <p>(Newly Established)</p> <p>Chapter 6 Accounting Auditor Article <u>38</u> (Method for Election) (Omitted)</p> <p>Article <u>39</u> (Term of Office) (Omitted)</p> <p>Article <u>40</u> (Remunerations, etc.) Remuneration, bonuses, and other property benefits in consideration of execution of the duties of the Accounting Auditor received from the Company shall be determined by a Representative Director upon obtaining consent of the <u>Audit &amp; Supervisory Board</u>.</p> <p>Chapter 7 Accounts Article <u>41</u> (Business Year) (Omitted)</p> <p>Article <u>42</u> (Dividends from Surplus) (Omitted)</p>	<p><u>Chapter 5 Audit and Supervisory Committee</u> <u>Article 32 (Full-Time Audit and Supervisory Committee Members)</u> <u>The Audit and Supervisory Committee may select full-time Audit and Supervisory Committee Members by resolution.</u></p> <p><u>Article 33 (Convocation)</u> <u>1 The convocation of an Audit and Supervisory Committee Meeting shall be conducted by dispatching the notice of convocation to each Audit and Supervisory Committee Member at least three (3) days prior to the date of such meeting; provided, however, that in case of an emergency, such period may be shortened.</u> <u>2 An Audit and Supervisory Committee Meeting may be held without undergoing relevant convocation procedures with the consent of all Audit and Supervisory Committee Members.</u></p> <p><u>Article 34 (Method for Resolution)</u> <u>A resolution by the Audit and Supervisory Committee shall be made by a majority of attending Audit and Supervisory Committee Members of a majority of Audit and Supervisory Committee Members with voting rights.</u></p> <p><u>Article 35 (Minutes)</u> <u>The proceedings of an Audit and Supervisory Committee Meeting, the outline of the course of proceedings and the results as well as matters regulated under laws and regulations shall be recorded in the minutes, and the Audit and Supervisory Committee Members present shall sign or seal their names thereon.</u></p> <p>Chapter 6 Accounting Auditor Article <u>36</u> (Method for Election) (Unchanged)</p> <p>Article <u>37</u> (Term of Office) (Unchanged)</p> <p>Article <u>38</u> (Remunerations, etc.) Remuneration, bonuses, and other property benefits in consideration of execution of the duties of the Accounting Auditor received from the Company shall be determined by a Representative Director upon obtaining consent of the <u>Audit and Supervisory Committee</u>.</p> <p>Chapter 7 Accounts Article <u>39</u> (Business Year) (Unchanged)</p> <p>Article <u>40</u> (Dividends from Surplus) (Unchanged)</p>
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<p>Article <u>43</u> (Interim Dividends) (Omitted)</p> <p>Article <u>44</u> (Prescription Period of Dividends from Surplus) (Omitted)</p> <p>(Newly Established) (Newly Established)</p>	<p>Article <u>41</u> (Interim Dividends) (Unchanged)</p> <p>Article <u>42</u> (Prescription Period of Dividends from Surplus) (Unchanged)</p> <p><u>Supplementary Provisions</u>  <u>Article 1 (Transitional Measures Relating to Exemption from Liability of Audit &amp; Supervisory Board Members)</u>  <u>In accordance with the provisions of Paragraph 1, Article 426 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Audit &amp; Supervisory Board Members (including former Audit &amp; Supervisory Board Members) from liabilities for damages stipulated by Paragraph 1, Article 423 of the Companies Act in relation to acts undertaken prior to the conclusion of the 104th Ordinary General Meeting of Shareholders, to the extent provided by laws and regulations.</u></p>
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**Proposed Resolution No. 3: Election of Five (5) Directors (Excluding Directors serving on the Audit and Supervisory Committee)**

If the Proposed Resolution No. 2 “Revision of Part of the Articles of Association” is approved as proposed, the Company will become a company with an audit and supervisory committee when the revised Articles of Association take effect, and at the same time, the seven directors will all retire as their term of office expires at the conclusion of the General Meeting of Shareholders. Therefore, we ask you to elect five new Directors (Excluding Directors serving on the Audit and Supervisory Committee); this also applies to the rest of the text of this Proposed Resolution).

If approved, the Proposed Resolution shall take effects at the conclusion of the General Meeting of Shareholders.

The candidates for directorship are as listed below.

Candidate No.	Name	Current position at the Company	Attendance at Board of Directors meetings during the current business year
1	<span>Reelection</span> Tateaki Ishida	President (Representative Director)	13/13
2	<span>Reelection</span> Hiroshi Iizumi	Deputy President (Representative Director)	13/13
3	<span>Reelection</span> Toshiyuki Hayakawa	Director	10/10*
4	<span>Reelection</span> Ichiro Mizuno <span>Outside Director</span> <span>Independent Director</span>	Director	13/13
5	<span>Reelection</span> Masato Setta <span>Outside Director</span> <span>Independent Director</span>	Director	12/13

\* This indicates the number of Board of Directors meetings he attended after he took office as director on June 26, 2015.

## **Candidate number 1 Tateaki Ishida (Born on January 2, 1946)**

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### ■Profile (position and responsibilities at the Company)

April 1968	Joined The Tokai Bank, Ltd.
April 1992	President & CEO, Tokai Bank Europe plc
June 1994	Director, The Tokai Bank, Ltd.
June 1996	Managing Director, The Tokai Bank, Ltd.
June 1998	President, Tokai Asset Management Co., Ltd.
April 2001	Chairman, Tokai Bank Europe plc
April 2002	Chairman, UFJ International plc
April 2003	CEO, UFJ International plc
May 2004	Advisor of the Company
June 2004	Deputy President of the Company
March 2005	President of the Company
June 2006	President & CEO (Representative Director) of the Company (current position)

### **Reelection**

■Type and number of the Company's shares held  
338,400 common shares

■Attendance at Board of Directors meetings during the current business year

He attended all of the 13 meetings held.

### ■The candidate also takes the following important posts:

Chairman & CEO (Representative Director), Tokai Tokyo Securities Co., Ltd.  
Member of the Board, Nagoya Stock Exchange

### ■Reason he is nominated as a candidate for a director

Since he became Representative Director & President of the Company in March 2005, Mr. Tateaki Ishida has fulfilled his duties as a director appropriately by taking strong leadership to enhance the corporate value of the Company. We have determined that making the most of his rich experience, record of performance, and knowledge as a business manager will help promote the Company's management strategy and continuously enhance its corporate value. Therefore, we have determined that he is suitable as a director of the Company and continued to choose him as a candidate for directorship.

## Candidate number 2 **Hiroshi Iizumi** (Born on March 6, 1958)



### Reelection

■Type and number of the Company's shares held  
25,500 common shares

■Attendance at Board of Directors meetings during the current business year  
He attended all of the 13 meetings held.

### ■Profile (position and responsibilities at the Company)

April 1980	Joined The Tokai Bank, Ltd.
May 1998	Managing Director, Tokai Bank Europe plc
August 2001	General Manager, Securities Investment Office, The Tokai Bank, Ltd.
January 2005	General Manager, Market Sales Department, UFJ Bank Ltd.
May 2006	General Manager, Market Sales Department, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2007	Executive Officer and General Manager of Market Sales Department, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2008	Executive Officer and General Manager of Investment Management Department, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2010	Director and Managing Executive Officer, Mitsubishi UFJ Research and Consulting Co., Ltd.
June 2011	Director and Senior Managing Executive Officer, Mitsubishi UFJ Research and Consulting Co., Ltd.
June 2012	Senior Managing Executive Officer and Head of Market Sales Promotion Unit, Tokai Tokyo Securities Co., Ltd.
April 2014	Senior Managing Executive Officer and Chief of General Planning Group of the Company
June 2014	Director, Senior Managing Executive Officer, and Chief of General Planning Group of the Company
April 2015	Director & Deputy President of the Company
June 2015	Director & Deputy President (Representative Director) of the Company (current position)

■The candidate also takes the following important posts:  
Director, Tokai Tokyo Securities Co., Ltd.

### ■Reason he is nominated as a candidate for a director

Mr. Hiroshi Iizumi has fulfilled his duties as a director of the Company using the rich experience, record of performance, and knowledge he gained as a business manager at financial institutions. In addition, since April 2015, he has performed his duties as the Director & Deputy President of the Company mainly by actively implementing business strategy for the growth of the Group. Therefore, we have determined that he is suitable as a director of the Company and continued to choose him as a candidate for directorship.

## Candidate number 3 Toshiyuki Hayakawa (Born on April 1, 1956)



### Reelection

■Type and number of the Company's shares held  
54,100 common shares

■Attendance at Board of Directors meetings during the current business year

He attended all of the 10 meetings held.

\* This indicates the number of Board of Directors meetings he attended after he took office as director on June 26, 2015.

### ■Profile (position and responsibilities at the Company)

April 1978	Joined The Tokai Bank, Ltd.
January 2006	General Manager, Nagoya-Ekimae Commercial Banking Office, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
September 2007	Executive Officer, Tokai Tokyo Securities Co., Ltd.
April 2008	Managing Executive Officer, Tokai Tokyo Securities Co., Ltd.
April 2010	Managing Executive Officer, Deputy Head of Toyota Business Division, Tokai Tokyo Securities Co., Ltd.
May 2011	Managing Executive Officer and Head of Head Office Sales Division, Tokai Tokyo Securities Co., Ltd.
April 2012	Director and Deputy President, Hamagin Tokai Tokyo Securities Co., Ltd.
April 2014	Senior Managing Executive Officer, Chief of Strategic Business Group of the Company
April 2015	President and COO, Tokai Tokyo Securities Co., Ltd. (current position)
June 2015	Director of the Company (current position)

■The candidate also takes the following important posts:  
President and COO (Representative Director), Tokai Tokyo Securities Co., Ltd.

### ■Reason he is nominated as a candidate for a director

Mr. Toshiyuki Hayakawa has discharged his duties as a director of the Company based on the rich experience, record of performance, and knowledge he gained as a business manager of the Company and its group companies. In addition, since April 2015, he has appropriately performed his duties as Representative Director of Tokai Tokyo Securities Co., Ltd., the core subsidiary of the Group, mainly by actively carrying out business strategy for the growth of the Group. Therefore, we have determined that he is suitable as a director of the Company and continued to choose him as a candidate for directorship.



## Candidate number 4 Ichiro Mizuno (Born on March 10, 1944)



Reelection

Outside Director

Independent Director

■Type and number of the Company's shares held  
None

■Length of service as an outside director (at the conclusion of the General Meeting of Shareholders): 3 years

■Attendance at Board of Directors meetings during the current business year  
He attended all of the 13 meetings held.

### ■Profile (position and responsibilities at the Company)

April 1966	Joined Mitsubishi Corporation
May 1991	General Manager, Corporate Information Dept., Mitsubishi Corporation
October 1993	General Manager, Currency Exchange Dept., Mitsubishi Corporation
June 1997	General Manager, Finance Dept., Mitsubishi Corporation
May 1995	President, Mitsubishi Corporation Finance PLC
June 2001	Executive Officer and CFO of New Business Initiative Group, Mitsubishi Corporation
April 2003	Executive Vice President and CFO, Mitsubishi Corporation
June 2003	Member of Board, Executive Vice President, and CFO, Mitsubishi Corporation
April 2006	Member of Board and Senior Executive Vice President, Mitsubishi Corporation
June 2010	Director, Tokai Tokyo Securities Co., Ltd
June 2013	Director of the Company (current position)

### ■The candidate also takes the following important posts:

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### ■Reason he is nominated as a candidate for an outside director

Mr. Ichiro Mizuno, who fulfilled his duties as Representative Director of Mitsubishi Corporation, is highly rated for his achievements and knowledge. Since June 2013, he has fully performed his functions as an outside director in the decision of important managerial matters and the supervision of business execution. Based on his past achievements, profound knowledge, and job performance, we have determined that he is suitable as an outside director and chosen him as a candidate for the post of outside director.

### ■Independence

Mr. Ichiro Mizuno is a candidate for the post of outside director. He served as an outside director of Tokai Tokyo Securities Co., Ltd., a subsidiary of the Company, from June 2010 to June 2013. Since he satisfies the "Independence Assessment Standard" for outside officers, established by the Company, we have determined that there is no concern about his independence. We have also notified to the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent director who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

## Candidate number 5 Masato Setta (Born on March 13, 1960)



Reelection

Outside Director

Independent Director

■Type and number of the Company's shares held  
None

■Length of service as an outside director (at the conclusion of the General Meeting of Shareholders): 3 years

■Attendance at Board of Directors meetings during the current business year  
He attended 12 of the 13 meetings held.

### ■Profile (position and responsibilities at the Company)

April 1983	Joined Toyota Motor Corporation
January 1998	Manager, Accounting Division, Toyota Motor Corporation
January 2003	General Manager, Tokyo Secretarial Division, Toyota Motor Corporation
January 2004	Director, Toyota Personnel Support Co., Ltd.
January 2007	Seconded to Toyota Motor Sales, U.S.A. Inc.
January 2011	General Manager, General Administration Group, Toyota Motor Corporation
June 2013	Managing Officer, Toyota Financial Services Corporation (current position)
June 2013	Director of the Company (current position)

### ■The candidate also takes the following important posts:

Managing Officer, Toyota Financial Service Corporation  
Audit & Supervisory Board Member, Toyota Finance Corporation

### ■Reason he is nominated as a candidate for an outside director

Mr. Masato Setta was long engaged in major operations such as accounting, personnel administration, and secretarial services at Toyota Motor Corporation. He also served as Audit & Supervisory Board Member at companies affiliated with the Toyota Group. He is highly evaluated for his achievements and knowledge he made and gained through corporate management and business experience in his field of expertise. Furthermore, since June 2013, he has fully performed his functions in the decision of important managerial matters and supervision of business execution as an outside director of the Company. Based on his past track record, knowledge, and job performance, we have determined that he is suitable as an outside director and chosen him as a candidate for the post of outside director.

### ■Independence

Mr. Masato Setta is a candidate for the post of outside director. Since he satisfies the "Independence Assessment Standard" for outside officers, established by the Company, we have determined that there is no concern about his independence. We have also notified to the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent director who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

- (Note) 1. Each candidate for directorship has no special interests with the Company.
2. In the above lists, “the Company” indicates Tokai Tokyo Securities Co., Ltd. during the period up to April 2009, when its trade name was changed, and Tokai Tokyo Financial Holdings, Inc. after April 2009, when it started operation under the new trade name.
3. In its Articles of Association, the Company stipulates that it may enter into an agreement with its directors (excluding those who are an Executive Director and the like) to limit their liability for compensation to the Company for damage to a certain extent. Based on this clause, in accordance with the provisions of Article 427 Paragraph 1 of the Companies Act, the Company has concluded an agreement with Messrs. Ichiro Mizuno and Masato Setta to limit liability for compensation for damage as stipulated in Article 423 Paragraph 1 of the Act (“limited liability agreement”). If the election of the two candidates as directors is approved, the Company will continue the limited liability agreement with them. The outline of the agreement is as follows:
- If the director (excluding those who are an Executive Director and the like) is liable for compensating the Company for the damage caused due to negligence of his/her duties, he/she shall do so up to the sum of amounts as stipulated in Article 425 Paragraph 1 Items 1(c) and 2.
  - Limited liability as referred to above shall be accepted only if the director (excluding those who are an Executive Director and the like) performs his/her duties with a good manager’s care and does not make a grave mistake when he/she is found liable for compensation.

**Proposed Resolution No. 4: Election of Four (4) Directors serving on the Audit and Supervisory Committee**

If the Proposed Resolution No. 2 “Revision of Part of the Articles of Association” is approved as proposed, the Company will become a company with an audit and supervisory committee when the revised Articles of Association takes effect. Therefore, we ask you to elect four new directors who are a member of the audit and supervisory committee.

If approved, the Proposed Resolution takes effects on condition that the revised Articles of Association become effective as proposed in the Proposed Resolution No. 2 “Revision of Part of the Articles of Association.”

The candidates for the post of director who is a member of the audit and supervisory committee are as follows:

Candidate No.	Name	Current position at the Company	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings
1	<span style="border: 1px solid black; padding: 0 2px;">New</span> Masato Okajima	Full-time Audit & Supervisory Board Member	10/10 <sup>*1</sup>	5/5 <sup>*2</sup>
2	<span style="border: 1px solid black; padding: 0 2px;">New</span> Mitsuhiro Yasuda <span style="border: 1px solid black; padding: 0 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 0 2px;">Independent Director</span>	Audit & Supervisory Board Member	9/10 <sup>*1</sup>	4/5 <sup>*2</sup>
3	<span style="border: 1px solid black; padding: 0 2px;">New</span> Shigeo Kashiwagi <span style="border: 1px solid black; padding: 0 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 0 2px;">Independent Director</span>	Audit & Supervisory Board Member	13/13	7/7
4	<span style="border: 1px solid black; padding: 0 2px;">New</span> Keisuke Inoue <span style="border: 1px solid black; padding: 0 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 0 2px;">Independent Director</span>	—	—	—

\*1 This indicates the number of Board of Directors meetings he attended after he took office as director on June 26, 2015.

\*2 This indicates the number of Audit & Supervisory Board meetings he attended after he took office as director on June 26, 2015.

**Candidate number 1****Masato Okajima** (Born on May 26, 1959)**New**

■Type and number of the Company's shares held  
35,200 common shares

■Attendance at Board of Directors meetings during the current business year

He attended all of the 10 meetings held.

\* This indicates the number of Board of Directors meetings he attended after he took office as director on June 26, 2015.

■Profile (position and responsibilities at the Company)

April 1983	Joined Tokyo Securities Co., Ltd. (currently, the Company)
February 2003	General Manager, Financial Department of the Company
April 2009	General Manager, Financial Planning Department of the Company; General Manager, Financial Department, Tokai Tokyo Securities Co., Ltd.
April 2010	Executive Officer, General Manager of General Planning Group, and General Manager of Financial Planning Department of the Company
May 2011	Executive Officer and Deputy Chief of General Planning Group of the Company
April 2013	Managing Executive Officer and Deputy Chief of General Planning Group of the Company
October 2013	Managing Executive Officer, Head of Operation Unit, General Manager of Funds Department, Tokai Tokyo Securities Co., Ltd.
April 2015	Managing Executive Officer of the Company
June 2015	Full-time Audit & Supervisory Board Member of the Company; Audit & Supervisory Board Members, Tokai Tokyo Securities Co., Ltd. (current position)

■The candidate also takes the following important posts:

Audit & Supervisory Board Members, Tokai Tokyo Securities Co., Ltd.

■Reason he is nominated as a candidate for a director who is a member of the audit and supervisory committee

Mr. Masato Okajima, who has been engaged chiefly in accounting and financial operations since he entered the Company, has abundant knowledge and experience in finance and accounting. Since June 2015, he has been engaged in audit operations as a full-time Audit & Supervisory Board Member of the Company. We have determined that he is suitable for auditorship to enhance the effectiveness of the Company's audit and supervisory functions using his knowledge and experience and chosen him as a candidate for the post of director who is a member of the audit and supervisory committee.

## Candidate number 2 **Mitsuhiro Yasuda** (Born on January 11, 1949)



New

Outside Director

Independent Director

■Type and number of the Company's shares held  
None

■Attendance at Board of Directors meetings during the current business year

He attended 9 of the 10 meetings held.

\* This indicates the number of Board of Directors meetings he attended after he took office as director on June 26, 2015.

■Profile (position and responsibilities at the Company)

April 1977	Registered as Attorney at Law
January 1987	Partner, Mitsui & Yasuda Law Firm
May 2005	Partner, Linklaters Gaikokuho-Kyodo-Jigyo (foreign law joint enterprise) Law Firm
July 2007	Partner, Nishimura & Asahi
March 2015	Of Counsel, Marunouchi International Law Office (current position)
June 2015	Audit & Supervisory Board Member of the Company (current position)

■The candidate also takes the following important posts:  
Of Counsel, Marunouchi International Law Office

■Reason he is nominated as a candidate for an outside director who is a member of the audit and supervisory committee  
Mr. Mitsuhiro Yasuda, who has long practiced as a lawyer, is highly rated for his achievements and knowledge. In addition, since June 2015, he has fulfilled a function of supervising the management of the Company as an outside Audit & Supervisory Board Member. Therefore, we have determined that he can continue to make the most of his experience to audit and supervise the management of the Company and chosen him as a candidate for the post of outside director who is a member of the audit and supervisory committee. He has not been involved in the management of a company before except being an outside director or outside Audit & Supervisory Board Member, but for the reasons cited above, we have determined that he can appropriately fulfill his duties as a director who is a member of the audit and supervisory committee and ask you to elect him as such.

■Independence

Mr. Mitsuhiro Yasuda is a candidate for the post of outside director. Since he satisfies the "Independence Assessment Standard" for outside officers, established by the Company, we have determined that there is no concern about his independence. We have also notified to the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent director who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

## Candidate number 3 **Shigeo Kashiwagi** (Born on July 20, 1950)



New

Outside Director

Independent Director

■Type and number of the Company's shares held  
None

■Attendance at Board of Directors meetings during the current business year

He attended all of the 13 meetings held.

### ■Profile (position and responsibilities at the Company)

April 1973	Joined the Ministry of Finance
July 1993	Director, International Organizations Division, International Finance Bureau, Ministry of Finance
July 1994	Attached to the Minister's Secretariat (Executive Director, Asian Development Bank)
July 1996	Director, Securities Market Division, Securities Bureau, Ministry of Finance
June 1998	Director, General Coordination Division, Financial System Planning Bureau, Ministry of Finance
July 1999	Director-General, Tokai Local Finance Bureau, Ministry of Finance
July 2003	Executive Vice President, Policy Research Institute, Ministry of Finance
May 2004	Attached to the Minister's Secretariat (Executive Director, International Monetary Fund)
June 2007	Professor, Graduate School of Business and Commerce, Keio University
June 2009	Audit & Supervisory Board Member of the Company (current position)
April 2016	Guest Professor, Keio University (current position)

### ■The candidate also takes the following important posts:

Guest Professor, Keio University

### ■Reason he is nominated as a candidate for an outside director who is a member of the audit and supervisory committee

After taking important posts such as the Director-General of the Tokai Local Finance Bureau and the Vice President of Policy Research Institute, the Ministry of Finance, Mr. Shigeo Kashiwagi is currently a distinguished visiting professor at Keio University and is highly evaluated for his record of performance and knowledge. In addition, since June 2009, he has fulfilled a function of supervising the management of the Company as an outside Audit & Supervisory Board Member. Therefore, we have determined that he can continue to make the most of his experience to audit and supervise the management of the Company and chosen him as a candidate for the post of outside director who is a member of the audit and supervisory committee. He has not been involved in the management of a company before except being an outside director or outside Audit & Supervisory Board Member, but for the reasons cited above, we have determined that he can appropriately fulfill his duties as a director who is a member of the audit and supervisory committee and ask you to elect him as such.

■Independence

Mr. Shigeo Kashiwagi is a candidate for the post of outside director. Since he satisfies the “Independence Assessment Standard” for outside officers, established by the Company, we

have determined that there is no concern about his independence. We have also notified to the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent director who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.



## Candidate number 4 Keisuke Inoue (Born on August 6, 1949)



New

Outside Director

Independent Director

■Type and number of the  
Company's shares held  
None

### ■Profile (position and responsibilities at the Company)

April 1973	Joined Sumitomo Life Insurance Company
July 1999	Director, Sumitomo Life Insurance Company
October 2001	Managing Director, Sumitomo Life Insurance Company
April 2002	Managing Director and Managing Executive Officer, Sumitomo Life Insurance Company
June 2002	President and CEO, Sumitomo Life Investment Co., Ltd.
December 2002	President and CEO, Sumitomo Mitsui Asset Management Co., Ltd.
July 2007	Senior Managing Executive Officer (Representative Director), Sumitomo Life Insurance Company
April 2009	Executive Vice President, Mitsui Life Insurance Co., Ltd.
June 2009	Director and Executive Vice President, Mitsui Life Insurance Co., Ltd.
April 2012	Executive Advisor, Sumitomo Life Insurance Company
July 2013	Head, Azabu Economic Research Institute (current position)
April 2016	Part-time Advisor of the Company (current position)

### ■The candidate also takes the following important posts:

Head, Azabu Economic Research Institute

■Reason he is nominated as a candidate for an outside director who is a member of the audit and supervisory committee  
Mr. Keisuke Inoue, who has long served as a corporate manager at financial institutions, is highly rated for his achievements and knowledge. Therefore, we have determined that he can actively offer his opinions about management in general from an objective point of view and fulfill a function of auditing and supervising the management of the Company and chosen him as a candidate for the post of outside director who is a member of the audit and supervisory committee.

### ■Independence

Mr. Keisuke Inoue is a candidate for the post of outside director. Since he satisfies the "Independence Assessment Standard" for outside officers, established by the Company, we have determined that there is no concern about his independence. We have also notified to the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is an independent director who is unlikely to have conflicts of interest with ordinary shareholders as stipulated by the two exchanges.

**(Note) 1. Each candidate for directorship has no special interests with the Company.**

2. In the above lists, “the Company” indicates Tokai Tokyo Securities Co., Ltd. during the period up to April 2009, when its trade name was changed, and Tokai Tokyo Financial Holdings, Inc. after April 2009, when it started operation under the new trade name.
3. The Company currently has a limited liability agreement for Audit & Supervisory Board Members with Messrs. Masato Okajima, Mitsuhiro Yasuda, and Shigeo Kashiwagi. If the Proposed Resolution No. 2 “Revision of Part of the Article of Association” is approved as proposed and the election of these three candidates for directorship is approved, the Company plans to enter into a new limited liability agreement for directors (excluding those who are an Executive Director and the like) with them as they assume the directorship. Furthermore, if the Proposed Resolution No. 2 is approved as proposed and the election of Mr. Keisuke Inoue as an outside director is approved, the Company plans to conclude a limited liability agreement with him. The outline of the agreement is as follows:
  - If the director (excluding those who are an Executive Director and the like) is liable for compensating the Company for the damage caused due to negligence of his/her duties, he/she shall do so up to the sum of amounts as stipulated in Article 425 Paragraph 1 Items 1(c) and 2.
  - Limited liability as referred to above shall be accepted only if the director (excluding those who are an Executive Director and the like) performs his/her duties with a good manager’s care and does not make a grave mistake when he/she is found liable for compensation.

**Proposal No. 5: Determination of the Amount of Remuneration for Directors (Excluding Directors serving on the Audit and Supervisory Committee)**

It was approved at the Ordinary General Meeting of Shareholders held on June 29, 2006 that directors' compensation shall be paid in an amount not exceeding ¥420 million per year and currently, this approval has continued to be in effect. If Proposal No. 2 "Partial Amendments to the Articles of Incorporation" is approved as proposed, the Company will make the transition to a company with a committee governance structure on the effective date of the amendments to the Articles of Incorporation. Accordingly, the Company anew proposes that the compensation be paid to Directors (Excluding Directors serving on the Audit and Supervisory Committee) in an amount not exceeding ¥300 million per year (no more than ¥100 million of which is for Outside Directors), taking current economic conditions and others into consideration.

This remuneration shall not include employees' salary for Directors concurrently serving as employees. The number of Directors will be changed from seven (7) to five (5) (two of whom are Outside Directors) at the conclusion of the meeting if Proposal No. 2 "Partial Amendments to the Articles of Incorporation" and Proposal No. 3 "Election of Five (5) Directors (Excluding Directors serving on the Audit and Supervisory Committee)" is approved as proposed.

This proposal shall come into effect, provided that the amendments to the Articles of Incorporation come into effect as stipulated in Proposal No. 2 "Partial Amendments to the Articles of Incorporation."

**Proposal No. 6: Determination of the Amount of Remuneration for Directors serving on the Audit and Supervisory Committee**

If Proposal 2 "Partial Amendments to the Articles of Incorporation" is approved as proposed, the Company will make the transition to a company with a committee governance structure on the effective date of the amendments to the Articles of Incorporation. Accordingly, the Company proposes that the compensation be paid to Directors serving on the Audit and Supervisory Committee in an amount not exceeding ¥150 million per year, taking current economic conditions and others into consideration.

The number of Directors serving on the Audit and Supervisory Committee will be 4 (four) at the conclusion of the meeting if Proposal No. 2 "Partial Amendments to the Articles of Incorporation" and Proposal No. 4 "Election of Four (4) Directors serving on the Audit and Supervisory Committee" are approved as proposed.

This proposal shall come into effect, provided that the amendments to the Articles of Incorporation come into effect as stipulated in Proposal No. 2 "Partial Amendments to the Articles of Incorporation."

**Proposal No. 7: Payment of Bonuses to Directors**

We, the Company, seek the Shareholders' approval on the proposal to the effect that bonuses amounting to ¥41.37 million be paid to the two (2) Executive Directors at the end of the current fiscal year, based on the Company's earnings results.

## **Proposal No. 8: The Issuance of Stock Acquisition Rights as Stock Options Granted to Directors and Employees of the Company and Its Subsidiaries**

We, the Company, seek the Shareholders' approval for the Board of Directors to be empowered to determine matters relating to the issuance of stock acquisition rights, without consideration, as stock options (hereinafter referred to as the "Stock Acquisition Rights") granted to the Executive Directors and employees of the Company and its subsidiaries and matters of offer, in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act of Japan.

The amount of remuneration granted to the Executive Directors of the Company as stock options is equal to the value of the calculated fair value of each stock acquisition right as of the grant date multiplied by the total number of Stock Acquisition Rights granted. Should Proposal No. 5 "Determining Remuneration Amount for Directors (Excluding Directors serving on the Audit and Supervisory Committee)" be approved as proposed, the aforementioned granted amount of remuneration shall be no more than the remuneration amount for Directors (Excluding Directors serving on the Audit and Supervisory Committee), which shall be ¥300 million annually.

The Directors of the Company to which this Proposal are applied are currently two (2) Executive Directors of the Company and one (1) Non-Executive Director of the Company who also serves as an Executive Director of the Company's subsidiaries. Should Proposal No. 2 "Partial Amendments to the Articles of Incorporation" and Proposal No. 3 "Election of Five (5) Directors (Excluding Directors serving on the Audit and Supervisory Committee)" be approved as proposed, the Directors of the Company to which this Proposal are applied are two (2) Executive Directors of the Company and one (1) Non-Executive Director of the Company who also serves as an Executive Director of the Company's subsidiaries.

### **(1) Reasons necessitating the offer of the Stock Acquisition Rights with preferential conditions**

The issuance of the Stock Acquisition Rights without consideration to the above stated parties is aimed at improving consolidated performance by providing them with the common incentive of improving the performance of the Group as a whole, while pursuing harmonization of such parties' interests with those of shareholders.

### **(2) Maximum number of Stock Acquisition Rights that may be determined under the power delegation by the resolution at the Shareholders' Meeting**

The resolution at the Shareholders' Meeting provides that the maximum allocatable number of the Stock Acquisition Rights will be one thousand four hundred (1,400). In addition, the maximum issuable number of common stocks of Tokai Tokyo Financial Holdings through the exercise of the Stock Acquisition Rights shall be one million four hundred thousand (1,400,000) shares (approximately 0.50% of outstanding shares).

However, if adjustment is made to the Number of Shares Granted in accordance with Paragraph (4) 1) below, such maximum issuable number of shares shall be the number by multiplying the Number of Shares Granted after adjustment by the above specified maximum number of allocatable stock acquisition rights.

### **(3) No payment shall be required for the Stock Acquisition Rights discussed here.**

### **(4) Details of the Stock Acquisition Rights**

#### **1) Number of shares to be issued upon exercise of the Stock Acquisition Rights**

The number of shares to be issued upon exercise of each of the Stock Acquisition Rights (hereinafter the "Number of Shares Granted") shall be one thousand (1,000) shares of common stock of the Company.

In the event the Company splits its common stock (including the gratis allotment of the Company's common stock, the same being applied hereinafter) or consolidates its common stock after the allocation of the Stock Acquisition Rights, the number of shares granted under the Stock Acquisition Rights which have remained unexercised at the time of the stock split or stock consolidation will be adjusted in accordance with the following formula. Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.

$$\begin{array}{ccccc} \text{Adjusted Number of} & & & & \\ \text{Shares Granted} & = & \text{Number of Shares Granted} & \times & \text{Ratio of split or} \\ & & \text{before adjustment} & & \text{consolidation} \end{array}$$

In addition to the above, in the event of the Company's merger with another company, a company split, a capital reduction of the Company, or any other event in which adjustment of the Number of Shares Granted is similarly required after the allocation of the Stock Acquisition Rights, the Company may suitably adjust the number of shares granted to the extent the Company considers reasonable.

- 2) The value of assets to be paid-in to the Company's capital at the time of exercising the subject Stock Acquisition Rights, or the method of calculating such a value

The value of assets to be paid-in at the time of exercising the Stock Acquisition Rights shall be the amount paid per share to be issued by the exercise of the Stock Acquisition Rights (hereinafter "the Exercise Price") multiplied by the Number of Shares Granted. The Exercise Price shall be equal to the product of (\*) the price determined by the following rule  $\times$  (multiplied by) 1.05. Any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest yen.

(\*) The price determination rule: The higher price of either the average of the daily closing prices of the common stocks of the Company in regular transactions at the Tokyo Stock Exchange, Inc. on each of the trading days (excluding days on which no trading is made) in the calendar month immediately prior to the month in which the Stock Acquisition Rights are allocated, or the closing price of the common stocks of the Company in regular transactions at the Tokyo Stock Exchange, Inc. on the allocation date (if there is no closing price on the allocation date, the most recent closing price prior to the allocation date shall apply).

If the Company splits or consolidates its common stock after the allocation date, the exercise price is adjusted by the following formula, and any fraction of less than one (1) yen resulting from such adjustment shall be rounded up.

$$\begin{array}{ccccc} & & & & 1 \\ & & & & \hline \text{Exercise Price} & & \text{Exercise Price} & \times & \text{Ratio of split} \\ \text{after adjustment} & = & \text{before adjustment} & & \text{or consolidation} \end{array}$$

If the Company issues new shares of common stock or disposes of its treasury stocks at less than the current market price (except in the case of responding to either exercise of stock acquisition rights or request for the additional purchase of shares constituting less than one unit), then the Exercise Price shall be adjusted by the following formula, and any fraction of less than one (1) yen resulting from such adjustment shall be rounded up.

$$\begin{array}{ccccccc} & & & \text{Number of} & & \text{Number of shares} & & \text{Amount paid-in} \\ & & & \text{shares} & & \text{newly issued} & \times & \text{per share} \\ \text{Exercise Price} & & \text{Exercise Price} & & & & & \\ \text{after} & = & \text{before} & \times & \frac{+}{\text{Current market price per share}} & & & \\ \text{adjustment} & & \text{adjustment} & & & & & \\ & & & & \text{Number of shares already issued} & + & \text{Number of shares newly issued} & \end{array}$$

In the formula above, "Number of shares already issued" is the remaining number when the total number of treasury stock of the Company is subtracted from the total number of outstanding shares of the Company. Further, if the Company disposes of its treasury stocks, "Number of shares newly issued" in the formula above shall read "Number of treasury stock disposed of," and "Amount paid-in per share" shall read "Disposal value per share" respectively.

In addition to the foregoing, in the event of a merger of the Company with another company, a company split, a capital reduction of the Company, or any similar case in which adjustment of the Exercise Price is required after the allocation of the Stock Acquisition Rights, the Company may suitably adjust the Exercise Price to the extent the Company considers reasonable.

- 3) Exercise period for the Stock Acquisition Rights

Five (5) years from the first day of the month following the month that is two years after the Stock Acquisition Rights are allocated.

- 4) Matters concerning the capital and capital reserve increased by the issuance of shares upon the exercise of the Stock Acquisition Rights.

(i) The amount of capital to be increased by the issuance of shares upon the exercise of the Stock

Acquisition Rights shall be the half of the maximum limit of capital increase, as calculated in accordance with the provisions of Paragraph 1, Article 17 of the Company Accounting Regulation, and any fraction of less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen.

- (ii) The amount of capital reserve to be increased upon the issuance of shares through the exercise of the Stock Acquisition Rights shall be the amount obtained by deducting the capital to be increased, as provided in (i) above, from the maximum limit of capital increase, as also provided in (i) above.

5) Restriction on the transfer of Stock Acquisition Rights

Any transfer of Stock Acquisition Rights requires the approval of the Board of Directors of the Company.

6) Measures to be taken in the event of reorganization such as merger or company split

In the event of the Company engaging in absorption-type merger (limited to cases where the Company does not survive after the merger), consolidation-type merger, company split and other reorganizations (hereinafter collectively referred to as the “Reorganization Actions;” excluding stock transfer and stock exchange), the Company shall issue the stock acquisition rights of the company as described in provisions (a) through (e) of Item 8 of Paragraph 1 of Article 236 of the Companies Act of Japan (hereinafter the “Reorganized Company”) to each holder of the Stock Acquisition Rights remaining at the time the Reorganization Actions become effective (hereinafter the “Remaining Stock Acquisition Rights”), based on the conditions described below. The above stated issuance is, however, effected only when statements of the issuance of the stock acquisition rights of the Reorganized Company have been made in absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, or incorporation-type company split plan in accordance with the conditions given below.

(i) Number of new stock acquisition rights of the Reorganized Company to be issued

Same as the number of stock acquisition rights that are held by the holder of Remaining Stock Acquisition Rights shall be issued.

(ii) Type of shares of the Reorganized Company to be issued upon the exercise of the stock acquisition rights;

Common stocks of the Reorganized Company.

(iii) Number of shares of the Reorganized Company to be issued upon the exercise of stock acquisition rights;

The number shall be determined after reasonable adjustment is made by taking into account the conditions of Reorganization Actions and other factors (hereinafter “the Number of Shares after the succession”). Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.

(iv) Exercise period for the stock acquisition rights

The exercise period shall be from either the commencement date of the exercise period for the Stock Acquisition Rights as described in 3) above, or the effective date of the Reorganization Actions, whichever is later, to the final day of the exercise period for the Stock Acquisition Rights as described in 3) above.

(v) Matters concerning the capital reserve increased by the issuance of shares through exercise of stock acquisition rights

Decisions shall be made in accordance with 4) above.

(vi) Value of assets to be paid-in at the time of exercising stock acquisition rights

The value shall be the Exercise Price, as described in 2) above, that has been adjusted in a reasonable manner by taking into account the conditions of the Reorganization Actions and other factors, multiplied by the number of shares after the succession.

(vii) Other conditions of exercise of stock acquisition rights and reasons for acquisition of stock acquisition rights

Decisions shall be made in accordance with 7) and 9) below.

(viii) Restriction on the transfer of stock acquisition rights

Any transfer of stock acquisition rights requires approval of the Board of Directors of the Reorganized Company.

7) Reasons for acquisition of the Stock Acquisition Rights

In the event that the Stock Acquisition Rights are not transferred to the new company in accordance with the provisions of an agreement concerning an absorption-type merger (limited to cases where the Company does not survive after merger), consolidation-type merger, company split, stock transfer or stock exchange, etc. (includes company split agreement, stock transfer plan, etc.) or the resolution so made by

the Shareholders' Meeting, the Company shall be able to acquire the Stock Acquisition Rights free of payment on a date to be determined separately by its Board of Directors.

- 8) Any fractions of less than one (1) share of the number of shares to be issued to the holder of the Stock Acquisition Rights who has exercised the Stock Acquisition Rights shall be disregarded.
- 9) Other conditions for the exercise of the Stock Acquisition Rights
  - (i) Holders of the Stock Acquisition Rights shall be in the position of directors or employees (including those who are seconded to the Company or its subsidiaries) of the Company or its subsidiaries at the time of exercising the Stock Acquisition Rights, excluding cases where such positions are relinquished due to proper reasons including retirement after the full term service completion, mandatory retirement, and resignation or retirement at the request of the Company or any of its subsidiaries.
  - (ii) If any one of the cases below applies, the holder of the Stock Acquisition Rights shall be ineligible to exercise any unexercised Stock Acquisition Rights:
    - (a) When a holder is dismissed by the resolution of the shareholders' meeting of the Company or any one of its subsidiaries, or dismissed on disciplinary grounds, or when they resign or retire for personal reasons;
    - (b) When a holder is given a court sentence of imprisonment or greater severity;
    - (c) When a holder files a petition for bankruptcy or civil rehabilitation proceedings, or when a holder is subject to petition for seizure, provisional seizure, preservation, or provisional disposition, or is subject to coercive collection.



## **Proposal No. 9: Renewal of Countermeasures against the Large-Scale Purchase of the Company Shares (Anti-Takeover Policy)**

We, the Company, at the meeting of the Board of Directors held on May 21, 2007, adopted the Basic Policy Regarding the Party Who Controls the Company's Decision on Financial Matters and Business (hereinafter referred to as "Basic Policy to Avoid Corporate Control"). It also adopted Countermeasures Against the Large-scale Purchase of the Company's Shares (Anti-Takeover Policy), with the aim of maintaining and enhancing the corporate value of the Company and its Group companies (the "Group") and thus common interests of its shareholders, based on the approval of shareholders at the Company's 95th Ordinary General Meeting of Shareholders held on June 28, 2007. Subsequently, the said countermeasures were renewed upon approval of the 101st Ordinary General Meeting of Shareholders held on June 27, 2013 (The said Countermeasures against the Large-scale Purchase of the Company's Shares (Anti-Takeover Policy) after the second renewal shall, hereinafter, be referred to as the "Former Plan"). The effective period of the Former Plan will expire at the conclusion of this General Meeting of Shareholders.

Portions of the Former Plan have been changed and will be renewed as follows. Consequently, the Company, at the meeting of Board of Directors held on May 23, 2016, unanimously decided to renew the Former Plan, under the condition that the proposal be approved by the shareholders at this General Meeting of Shareholders (The said Countermeasures against the Large-scale Purchase of the Company's Shares (Anti-Takeover Policy) after the third renewal shall, hereinafter, be referred to as the "Plan").

The major changes to the Plan include changes relating to the point enabling the Board of Directors to determine whether to convene a General Meeting of Shareholders to confirm Shareholders' will before the execution of Countermeasures, as well as changes relating to the transition to a Company with Audit and Supervisory Committee, (additionally, revisions relating to the transition to a Company with Audit and Supervisory Committee will be valid upon the condition that the changes to the Articles of Incorporation as prosed in Agenda Item 2 are approved at this General Meeting of Shareholders and the Company becomes the one with an Audit and Supervisory Committee).

As a listed company whose shares, etc., may be traded freely by shareholders, the Company will not categorically reject what are considered as "hostile takeovers," as long as they will contribute to the Group's corporate value and to the common interests of its shareholders. However, among Large-scale Purchases of the Company's Shares, etc., some do not contribute to the corporate value of the target company nor the common interests of its shareholders. When considering that the fluctuations in shareholder composition, etc., may result in the possibility of excessive fluidity of the Company's shares, the possibility of Large-scale Purchases of the Company's Shares that would go against the corporate value of the Group and the common interests of Shareholders is undeniable.

The Plan is created for the event of a Large-scale Purchase of the Company's shares to provide Shareholders with sufficient time and information so that Shareholders can make appropriate judgments regarding whether or not to accept the said Large-scale Purchase, and to allow the Company to negotiate with the acquirer on behalf of Shareholders, etc.

Additionally, the Plan postulates the laws and regulations effective as of May 23, 2016. If the revision of the provisions become necessary, due to the formulation of amendment or abolishment of laws or regulations, etc., after the said date, the provisions set out in the Plan may be read accordingly as required to an extent that it does not go against the basic tenet of the Plan, taking into consideration the purpose of corresponding laws and regulations.

The details of the Plan are as follows.

The status of major shareholders as of March 31, 2016 is as stated in the Business Report (Found hereinafter in "2. Shares").

### **I. Basic Policy regarding the Party Who Controls the Company's Decision on Financial Matters and Business**

As a listed company, as long as the shares, etc., of the Company may be traded freely by shareholders, the Board of Directors of the Company will not categorically reject what is considered as "hostile takeovers," which are carried out without the approval of the Board of Directors, as long as it will contribute to the Group's corporate value and to the common interests of its shareholders. The Company also believes that the final decision as to whether or not to accept a takeover that would involve a transfer of control of the Company should ultimately be made by the shareholders as a whole.

However, among Large-scale Purchase of the Shares, etc. (defined in III 2. (2) below, hereinafter the same), some, judging from their purpose, neither contribute to the corporate value of the target company nor the

common interests of its shareholders; may apparently harm the corporate value of the target company and the common interests of its shareholders; have the potential to substantially coerce shareholders into selling their shares, etc.; do not provide sufficient time or information for the target company's board of directors or shareholders to consider the content of proposals involving Large-scale Purchases of the Shares or for the target company's board of directors to make an alternative proposal; or require the target company to negotiate with the acquirer in order to procure more favorable terms for the target company than those presented by the acquirer. In order for the Group to solidify its position in the industry, and to ensure and enhance the corporate brand, which has been built up over the years, the corporate value and the common interest of its shareholders, it is imperative that the source of its corporate value (II. 1) is maintained and that the business plan (II. 2(1)) is implemented. Unless ensured and enhanced by the person who engages in the large scale purchase of the Company's shares in the medium- to long-term, the Group's corporate value and the common interests of its shareholders will be impaired. Additionally, in the event a proposal for a Large-scale Purchase of the Shares, etc., is received from the acquirer who is an outsider, it is necessary to determine the effects such a proposal would have on the Group's corporate value and the common interests of its shareholders, upon accurately grasping various matters, including the Group's tangible and intangible management resources, the potential effects of policies that look toward the future, and other matters that comprise the corporate value of the Group, in addition to the matters mentioned above.

The Board of Directors of the Company believes that, in the event of a Large-scale Purchase of the Company's Shares, etc., a framework that would ensure sufficient information and time for the Board of Directors to make an alternative proposal to the shareholders, as well as the opportunity to negotiate with the acquirer on behalf of the shareholders, would be indispensable, in order for shareholders to determine whether or not to accept the proposal involving Large-scale Purchases of the Shares and for the Board of Directors of the Company to deter Large-scale Purchases that would go against the Group's corporate value and the common interests of the shareholders. As for the Large-scale Purchases that could severely damage the Group's corporate value and the common interests of the shareholders (for details, see III. 2. (2) and III. 2. (6) 1), (i) through (vi)), implementation of the necessary and reasonable countermeasure is essential to maintain the Group's corporate value and the common interest of its shareholders.

## II. The Source of the Company's Corporate Value and Special Initiatives that will Contribute to the Realization of the Basic Policy

### 1. Source of the Company's Corporate Value

The Group comprises the Company, its 21 subsidiaries and 6 affiliated companies (as of May 23, 2016), and is conducting mainly financial instruments business and the related businesses to provide financial products, services and solutions that meet the needs of its customers.

Tokai Tokyo Securities Co., Ltd., which serves as the core of the Group with an operation base centered in the Chubu region of Japan, offers a wide range of diverse products and services ranging from face-to-face retail sales to investment banking services, and offers unique financial services such as "platform services" that provide varied infrastructure needed by small and medium securities companies to conduct their financial instruments businesses.

The Company, on the other hand, operates and administrates the Group's activities while focusing on the region-specific strategy that matches the trait of each geographic area, and on the alliance strategy that promotes joint operation with influential regional banks by creating joint venture securities company. We deploy such strategies in order to face and prevail in a new age of financial industry.

As such, the Group offers services primarily in the financial instruments business and the related businesses, and, under the holding company system, makes efforts to maintain and enhance the corporate value of the Group and the common interests of its shareholders in the medium- to long-term through (1) the formulation of strategies for the entire group, the appropriate allocation of management resources and the establishment of a governance system with a holding company at its core; (2) the establishment of systems by each group company that will enable it to concentrate on the execution of operations and make flexible responses to the business environment that changes faster and faster through swift decision-making; and (3) adoption of a human resources training program, and management and organizational systems that match the various business domains and the market environment of each group company.

The Group believes that the source of its corporate value consists of the products and services it has accumulated over the years in its financial instruments business and its related businesses, its high expertise and abundant experience in the financial and capital markets, etc., and the long-term relationship of trust it has nurtured with the various stakeholders surrounding the Group both in Japan and in overseas.

Therefore, in order to ensure and enhance the corporate value of the Group and the common interests of its shareholders in the medium- to long-term, the Group believes that deeper understanding and reinforcement of these various resources are indispensable.

## 2. Special Initiatives toward the Realization of the Basic Policy

### (1) Initiatives Based on the Management Plan

Beginning in April 2012, we, the Company Group, began driving forth the "Ambitious 5 business plan" (April 2012 - March 2017). At the outset, efforts were made to strengthen the Company's operating base in various regions, most emphatically the Chubu region, in order to become a "Leading Player in ASIA". Also, we have worked to establish a new business model by further developing and utilizing the infrastructure and capability for securities business that we had cultivated.

Since April 2014, in the face of constantly changing business environment, we have taken measures for the Plan at its second stage, such as acquiring new operational functions for better customer convenience, and expanding the global network, while firmly upholding our fundamental philosophies.

- |  |  |
|--|--|
| 1) Community & the Middle<br>(Specializing in strategic regions and customers) | : In addition to formulating operational strategies that meet individual region's unique trait and expanding its base, the Group aims to make our overwhelming presence felt and establish brand recognition in the Chubu region, i.e. our home market. We promote segmented strategies catering to the customers respectively in the segment of Wealth, Matured and Asset Formation<br>We recognize that we must adopt leading service function such as Internet banking in order to improve customer convenience and cultivate new customer base and expand the volume of business with existing customers.  |
| 2) Alliance & Platform<br>(Aggressive expansion of business base)              | : With regards to alliance strategies, in addition to the four existing companies and the fifth JV securities company that we have just entered in agreement with Hokuohoku Financial Group regarding its opening, we continue to expand our business foundation by allying with more regional banks to create joint securities companies. Also, we aim to expand the Group's overall business foundation and profitability as an independent comprehensive financial group. Toward that end, we offer various new services and products to allied JV securities companies and platform users.<br>Furthermore, we recognize the need to further improve asset management and private banking capabilities by constructing more overseas networks and forming capital and business alliances partners located in overseas, above all, in Asia where growth is remarkable. |
| 3) Expertise<br>(Specialized know-how)   | : We, the Group, will upgrade our ability to propose solutions to customers regarding their inheritance and succession of business, as well as raise the skill level of sales force. We will complement the Group's strengths in underwriting and sales operations. We will improve the quality of information and services and increase the quantity thereof through global network expansion. Besides the foregoing, we will cultivate overseas investors.<br>We recognize that we should achieve two things. One is to elevate the competitiveness of our products by possessing our own asset management capability. Second, we should provide better customer convenience possible by improving internet service.   |
| 4) Humanity<br>(A company with a humane touch)                                 | : We introduced a new teamwork-focused personnel system and we will foster a humanity-filled corporate culture in which diverse values and lifestyles are respected by promoting diversity (i.e. appointing women, using personnel with diverse backgrounds). Furthermore, with our business diversification already in progress, we will not only train and appoint personnel who are highly specialized in their individual fields, but also strongly maintain circumstances and provide training so that employees become able to polish and further develop their individualities and unique strengths.  |

- 5) Risk Management (Enhancing capability to address risk) : We will improve the system to address various risks by reinforcing our risk management, crisis management, compliance structure, governance and financial base. Additionally, we will maintain a risk response capability to be able to respond adequately to natural disasters such as earthquake and others.  
Furthermore, as a group company that conducts its business primarily in the financial instruments business, we will continue to practice its fiduciary duty.

As principal accomplishments under the management plan until now, include first that domestic alliance strategy has worked well as testified by steady increase in operating outlets of various JV security companies jointly set up between ourselves and various influential local banks including, for instance, Senshu Ikeda Tokai Tokyo Securities Co., Ltd. that started its operation in the first year of Joint Operation plan. The total number of outlets of all JVs increased from 36 in 2012 to 51 as of the fiscal year end of 2015. (Other partners are YM Securities Co. Ltd., Hamagin Tokai Tokyo Securities Co., Ltd., Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.)

Next, concerning our platform strategy, we have elevated platform business successfully up to something for real. We intended to offer peers our infrastructure, functions and products that we have developed over the years as a securities company. Now, we are providing many securities firms with products such as foreign stocks and foreign bonds as well as investment information and training and we are showing steady growth in that specific business.

Another development to note is that we made arrangement concerning the two new firms to be founded soon. We reached the agreement to form All Nippon Asset Management Co., Ltd. in March this year and the new company will be owned jointly with seven regional banks. Also, we officially agreed to create the securities company with Hokuohoku Financial group, as the fifth such JV securities company that we found with influential regional bank.

Turning to overseas alliance strategy, we made alliance arrangement with financial institutions in the United States, Singapore, China, Philippines, Hong Kong, and Thailand, and, in particular, we opened asset management company with one certain overseas partner. As such, we are making steady success in offering information and enriching service portfolio utilizing overseas alliance arrangement.

We believe that we can increase the value of the Company and enhance the common interests of its shareholders by practicing measures prescribed under the Plan “Ambitious 5”.

## (2) Initiatives toward the reinforcement of corporate governance

The Company considers the enhancement of corporate governance to be the task of the utmost importance. For this reason, in addition to maintaining a structure that allows for swift decision making and business execution, it works to reinforce and enhance corporate governance in order to increase fairness and transparency in management, receive trust from various stakeholders, and continuously increase corporate value.

Also, in order to continuously increase corporate value, the company believes that it is essential to cooperate with all stakeholders including shareholders and investors.

Under such thought, the Company has established the following basic policy with regards to corporate governance.

### 1) Basic policy regarding corporate governance

- (1) The Company respects the rights of its shareholders and works to maintain an environment in which those rights can be appropriately exercised as well as to ensure the effective fairness of shareholders.
- (2) In addition to working toward appropriate cooperation with various stakeholders including shareholders, customers, business partners, employees, and regional societies, the Company also fosters a corporate culture that respects sound business operations.
- (3) The Company discloses information not only according to what is deemed appropriate by laws, regulations, etc., but also conducts voluntary disclosures of information in order to ensure fairness and transparency in management.
- (4) The Company makes efforts to maintain a system that has Directors responsible for more effective supervisory functions over management and that allows for management to conduct swift and decisive decision making.
- (5) In order to contribute to continuous growth and increases in medium- to long-term corporate value,

the Company engages in constructive dialogue with shareholders through conducting proactive IR and other activities.

2) Main characteristics of the Company's corporate governance

(1) Clarifying "business execution functions" and "supervisory functions"

The Company's Directors consist of Directors who carry out daily business activities, or "Executive Directors," and those who do not, or "Non-Executive Directors," and distinguishes between the roles of Directors who are responsible for business execution and other Directors who are responsible for supervising business execution. Furthermore, by appointing a "Non-Executive Director" as the Chairman of the Board of Directors, efforts are made to ensure the efficacy of supervisory functions of the Board of Directors over business execution.

(2) Enhancing governance functions

From the perspective of increasing management transparency and soundness, officers include four (4) Outside Directors and three (3) Outside Audit & Supervisory Board Members with abundant experience and high levels of knowledge in an effort to enhance control functions of the Board of Directors and the Audit & Supervisory Board.

Additionally, given the approval of shareholders at this General Meeting of Shareholders, the Company will transition from a Company with Audit & Supervisory Board to a Company with Audit and Supervisory Committee. The transition to a Company with Audit and Supervisory Committee is intended to maintain the Company's current superiority in governance functions while ensuring flexibility in the officer system, increasing the speed of decision making, expanding the Board of Directors' discussions regarding strategy, policy, etc., and enhancing supervisory and auditory functions.

Going forward, the Company will continue to pursue measures to reinforce corporate governance, while at the same time engage in proactive IR activities through dialogues with shareholders and strive to build a stable and lasting relationship of trust with shareholders and work for enhancing the corporate value of the Company and the common interests of its shareholders.

III. Initiatives for Preventing the Company's Decision on Financial Matters and Business Policies from Being Controlled by an Inappropriate Party in Light of the Basic Policy on Avoiding Inappropriate Corporate Control

1. Necessity for renewal of the Plan

As described in I., the Board of Directors of the Company believes that, in the event of a Large-scale Purchase of the Company's Shares, etc., a framework that would ensure sufficient information and time, as well as the opportunity for the Board of Directors to negotiate with the acquirer on behalf of the shareholders would be indispensable, in order for shareholders to determine whether or not to accept the proposal regarding Large-scale Purchases and for the Board of Directors of the Company to make an alternative proposal, in order to deter Large-scale Purchase that would go against the Group's corporate value and the common interests of the shareholders.

At the same time, since the Company is a listed company, considering the fact that the Company's shares, etc., are transferred through transactions, etc., under the discretion of shareholders, and the possibility of increase in liquidation of the Company's shares, etc. that will be issued, from the aforementioned transfers of shares, etc., and fluctuation of shareholder composition, etc., we cannot deny the possibility of Large-scale Purchase of Shares, etc., that would go against the corporate value of the Group and the common interests of the shareholders.

Due to the reasons above, the Board of Directors of the Company has decided to renew the Former Plan to the new Plan, under the condition that the proposal be approved by the shareholders at this General Meeting of Shareholders.

This does not imply that, at present, the Company is receiving warnings or proposals from any specific third-parties who implement Large-scale Purchase of the Shares, etc.

2. Nature of the Plan

(1) Outline of the Plan

1) Purpose of the Plan

The Plan sets the following implementations against a party intending to perform Large-scale Purchase of the Shares, etc., (hereinafter referred to as a "Large-scale Purchaser"), in the event of a Large-scale Purchase of the Company's Shares, in order to maintain and enhance the corporate value

of the Group and thus common interests of its shareholders: (i) request for the Large-scale Purchaser to supply necessary and sufficient information on its large-scale purchases in advance; (ii) securing sufficient time for gathering information and reviewing, etc., for corresponding Large-scale Purchase of the Shares, etc.; and (iii) the procedures for proposing management plans and alternative plans, etc., by the management of the Company to shareholders, and negotiating with the Large-scale Purchaser. The plan requests the Large-scale Purchaser not to commence the Large-scale Purchase of the Shares, etc., until the Period for Review by the Board of Directors (defined in III. 2. (4)) elapses or in the case that the Board of Directors decides to hold a General Meeting of Shareholders as established in (7) below, until the Company's Board of Directors can make a resolution based on the judgment of shareholders as determined in this General Meeting of Shareholders, in order to provide necessary and sufficient information and secure sufficient time for gathering information and reviewing, etc., for the Large-scale Purchase of the Shares, etc.

2) Measures against Large-scale Purchase of the Shares, etc.

In the case where it is deemed that the corporate value of the Group and thus common interests of its shareholders will be significantly damaged (for details, see III. 2. (6) 1), (i) through (vi)), such as purchases, etc., to be made by the Large-scale Purchaser that are not in accordance with the procedures regulated under the Plan, the Company, as a countermeasure against such Large-scale Purchase of the Shares, etc., will allot stock acquisition rights to shareholders with no compensation.

The stock acquisition rights allotted based on the Plan (the outline will be described below in the “Outline of countermeasures” of III. 2. (10); hereinafter referred to as the “Stock Acquisition Rights”), includes (i) conditions for restriction of purchases by the Large-scale Purchaser and parties related thereto and (ii) provisions on acquisition, etc., of the Company's shares allotted to shareholders other than the Large-scale Purchaser and parties related thereto in exchange for acquisition of the Stock Acquisition Rights are scheduled to be added.

In the case where Allotment of the Stock Acquisition Rights with no Compensation has been implemented, it is possible that the percentage of the voting rights held by the corresponding Large-scale Purchaser and parties related thereto in the total voting rights of the Company could be greatly diluted, based on the aforementioned conditions and the provisions for acquisition mentioned above.

3) Establishment of and consultation with the Independent Committee

The Board of Directors of the Company will make a final judgment as to whether or not the relevant series of procedures has been carried out in accordance with the rules regulated based on the Plan, and whether or not countermeasures that are deemed to be necessary and reasonable for maintenance and enhancement of corporate value of the Group, and thus common interests of its shareholders, should be executed, provided that the aforementioned rules have been observed. In order to secure objectivity, reasonability, and fairness of the judgment, an Independent Committee will be established as an organization that is independent of the Board of Directors of the Company. The Board of Directors of the Company shall consult with the Independent Committee when judging whether or not the procedures has been carried out in accordance with the rules regulated based on the Plan by the Large-scale Purchaser, whether or not the Large-scale Purchase of the Shares, etc., will harm the corporate value of the Company and thus common interests of its shareholders, and whether or not to execute countermeasures.

The Independent Committee will comprise three (3) or more committee members. The Committee members will be appointed by the Board of Directors of the Company from among Outside Directors, company managers with proven track records, experts in investment banking services, those who are well familiar with the Company's business, lawyers, certificated public accountants, academics who major mainly in the subject matters of the Companies Act, etc., or parties similar thereto, etc. The outlines of the rules on the Independent Committee are described in the “Outlines of the Rules on the Independent Committee” in Attachment 1 and the brief histories of each committee members at the time of renewal of the Plan are provided in the “Brief Personal Histories of the Independent Committee Members” in Attachment 2.

The Independent Committee requests the Large-scale Purchaser, Directors, employees, etc., of the Company to attend the Independent Committee meeting, as necessary, and seek explanations regarding necessary information. In addition, the Independent Committee deliberates and makes resolutions about matters regarding which the Board of Directors of the Company has requested consultation with the Independent Committee, and based on the resulting resolution, the Independent Committee will make recommendations for the Board of Directors of the Company. Such

recommendations shall be publicly announced and the Board of Directors of the Company shall respect such recommendations to the utmost extent and promptly make resolutions about whether or not to execute countermeasures.

The Plan is designed so that the objectivity, fairness, and reasonability of judgment of the Board of Directors of the Company can be preserved. Such preservation is achieved by implementing the procedures for recommendation of the Independent Committee without fail upon resolution by the Board of Directors of the Company, which determines whether or not to execute anti-takeover measures, with full respect for such recommendation to the utmost extent.

4) Holding a General Meeting of Shareholders

Furthermore, as established in (7) below, in the case that the Company's Board of Directors makes a judgment regarding the execution of countermeasures against a Large-scale Purchase according to the following (6) 1), when it is deemed practically appropriate to directly confirm the will of shareholders, a General Meeting of Shareholders will be held in order to confirm the will of shareholders regarding the execution of countermeasures against said Large-scale Purchase.

(2) Targeted Large-scale Purchase of the Shares, etc.

The Plan applies to the cases where acts which corresponds to any of the following in 1) through 3), or acts which has the potential to correspond to any of them, are implemented or are to be implemented (however, acts to which prior consent of the Board of Directors of the Company has been given are excluded; hereinafter referred to as “Large-scale Purchase”).

- 1) Purchase by a Large-scale Purchaser of Share Certificates, etc.,<sup>1</sup> issued by the Company in amounts that account for 20% or more of the Holding Ratio of Share Certificates, etc.,<sup>2</sup> of Large-scale Purchaser<sup>3</sup>
- 2) Purchase by a Large-scale Purchaser of Share Certificates, etc.,<sup>4</sup> issued by the Company in amounts that account for 20% or more of the Holding Ratio of Share Certificates, etc.,<sup>5</sup> of Large-scale Purchaser and Persons in Special Relationships<sup>6 7</sup>
- 3) An Act<sup>9</sup> that causes Holding Ratio of Share Certificates, etc., of Large-scale Purchaser, to account for 20% or more resulting from an act whereby the Large-scale Purchaser of Share Certificates, etc., issued by the Company encourages another shareholder of the Company to be a Joint Holder<sup>8</sup> together with such Large-scale Purchaser (including cases in which there exist multiple shareholders; the same shall apply in 3) hereinafter)

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1 “Share Certificates, etc.” refers to the Share Certificates, etc., defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Act; the same shall apply hereinafter unless defined separately.

2 “Holding Ratio of Share Certificates, etc.” refers to the Holding Ratio of Share Certificates defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act; the same shall apply hereinafter unless defined separately. For computation of the aforementioned Holding Ratio of Share Certificates, etc., (i) Persons in Special Relationships defined in Paragraph 7, Article 27-2 of the said Act, and (ii) investment banks, securities firms, and other financial institutions with which a financial adviser agreement has been concluded with the Large-scale Purchaser (hereinafter referred to as the “Financial Institutions to a Contract, etc.”) are deemed to be Joint Holders (defined in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Act; the same applies hereinafter unless defined separately) of the Large-scale Purchaser under the Plan. Additionally, for computation of the aforementioned Holding Ratio of Share Certificates etc., regarding the information on the total number of the issued shares of the Company, it is possible to refer to the latest information publicly announced by the Company.

3 The definition includes transactions that include the right to request delivery of Share Certificates, etc., and transactions regulated under Article 14-6 of the Order for Enforcement of the Financial Instruments and Exchange Act.

4 “Share Certificates, etc.” refers to the Share Certificates, etc., defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Act. The same shall apply in 2).

5 “Holding Ratio of Share Certificates, etc.” refers to the Holding Ratio of Share Certificates, etc., defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Act; the same applies hereinafter unless defined separately. For computation of the aforementioned Holding Ratio of Share Certificates, etc., regarding the information on the total number of the voting rights of the Company, it is possible to refer to the latest information publicly announced by the Company.

6 “Persons in Special Relationships” refers to the Persons in Special Relationships defined in the Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Act; however, the persons described in Item 1 of the said Paragraph exclude persons regulated under Paragraph 2, Article 3 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer. In addition, (i) the joint holders defined in Paragraph 5, Article 27-23 of the said Act, and (ii) Financial Institutions to a Contract, etc., are deemed to be Persons in Special Relationships with the corresponding Large-scale Purchaser under the Plan. The same applies hereinafter unless defined separately.

7 The definition includes purchase or other type of acceptance of transfer for value, and acceptance of transfer for value defined under Paragraph 3, Article 6 of the Order for Enforcement of the Financial Instruments and Exchange Law.

8 “Joint Holder” refers to Joint Holder defined in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Acts, and includes individuals defined as Joint Holders based on Paragraph 6 of the said Article. The same applies hereinafter unless defined separately.

9 The definition includes acquisition or acceptance of stock certificates, etc., performed by the Large-scale Purchaser and another shareholder, agreements on execution of voting rights or other rights as a shareholder of the Company, and any and all actions that correspond to a joint holder defined under Paragraph 5 and 6, Article 27-23 of the Financial Instruments and Exchange Act.



(3) Disclosure of the Plan and request for provision of information from the Large-scale Purchaser

The Company disclosed the Plan in accordance with the regulations of Tokyo Stock Exchange, Inc., and posted the disclosure on the Company website (<http://www.tokaitokyo-fh.jp/>; in Japanese).

Except for the cases that are deemed unnecessary by the Board of Directors of the Company, prior to execution of a Large-scale Purchase, the Large-scale Purchaser is requested to submit a written documentation (hereinafter referred to as the “Purchase Statement;” language used shall be limited to Japanese) to the Company, in a form and via a method determined by the Company. Such Purchase Statement includes information on the attributes of the Large-scale Purchaser, the nature of Large-scale Purchase proposed by the Large-scale Purchaser, information necessary and sufficient for judgment by the Company shareholders and formation of opinions by the Board of Directors of the Company (hereinafter referred to as the “Necessary Information”), and pledge wording, etc., to the effect that the Large-scale Purchaser shall comply with the procedures regulated under the Plan upon Large-scale Purchase. In addition, it is requested that a certified copy of commercial registration, a duplicate copy of the Articles of Incorporation, and other documents proving the actual existence of the Large-scale Purchaser be attached to the Purchase Statement.

Specific content of the Necessary Information differs depending on the attributes of the Large-scale Purchaser and the nature of the Large-scale Purchase. However, general information regarding such matters is provided as follows.

- 1) Detailed information (including specific name, business description, capital structure, and financial condition of the Large-scale Purchaser, and information on experience with the same type of business as that of the Group, etc.) about the Large-scale Purchaser and its group (including Joint Holders, Persons in Special Relationships, partners (in the case of a fund), and other members)
- 2) The number of the Company’s Share Certificates, etc., actually owned by the Large-scale Purchaser and its group, and transactions of the Company’s Share Certificates, etc., by the Large-scale Purchaser during the 60 days prior to the submission date of Purchase Statement
- 3) The purpose (acquisition of control, participation in management, portfolio investment, business relationship investment, assignment of the Company’s Share Certificates, etc., to a third party following the Large-scale Purchase, or Act of Making Important Suggestion, etc. (Act of Making Important Suggestion, etc. defined under Paragraph 1, Article 27-26 of the Financial Instruments and Exchange Act, Paragraph 1, Article 14-8-2 of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Ordinance on Disclosure of the Status of Large Volume Holding of Share Certificates, etc.) or in case that there exist other purposes, information to such effect and the outline thereof shall be included. In addition, in case that there exist multiple purposes, all of such purposes shall be included), method, and nature of the Large-scale Purchase (including the type and number of the Company’s Share Certificates, etc., which are scheduled to be acquired through Large-scale Purchases, the amount and type of value of Large-scale Purchases, timing of Large-scale Purchases, associated transaction system, legality of the method for Large-scale Purchases, and the feasibility of Large-scale Purchases and associated transactions, etc.)
- 4) Basis for calculation of the acquisition value of the Company’s Share Certificates, etc. (including the basis and hypothetical conditions for computation, computation method, numerical information used for computation, amounts of synergistic effects expected to occur from the relevant series of transactions related to Large-scale Purchases, and the basis for calculation, etc., thereof)
- 5) Evidence of the existence of Large-scale Purchase funds (including the specific name, the procurement method, and descriptions of associated transactions made by fund suppliers (including substantial fund suppliers))
- 6) Manager candidates (including information on experience, etc., with the same type of business as that of the Group), managing policies, business plans, financial plans, capital policies, dividend policies, and asset utilization policies, etc., that would be expected upon participation in the management of the Group (however, in the case where an acquisition offer by a Large-scale Purchaser is an offer for a 100% cash acquisition that would result in the nonexistence of any minority shareholders, provision of summaries alone will be sufficient regarding the provision of information under this Item)
- 7) The presence or absence of changes that are scheduled following the completion of Large-scale Purchases and the nature thereof, regarding the relationships between the Group and stakeholders including customers, clients, employees, and parties related to local communities of the Group

- 8) Policies for recovery of capital invested in Large-scale Purchases
- 9) Information on the presence or absence of relationships with antisocial forces or terrorism-associated organizations (regardless of whether such relationships are direct or indirect)
- 10) Other information that the Board of Directors of the Company or the Independent Committee reasonably deems necessary

In case information initially supplied is not deemed to be sufficient, as a result of close examination, the Board of Directors of the Company will request the Large-scale Purchaser to provide additional information until all Necessary Information has been obtained. If the fact of proposal of Large-scale Purchases and the Necessary Information supplied to the Board of Directors of the Company are deemed necessary for judgment by the Company's shareholders, some or all of such information will be disclosed at a time that the Board of Directors of the Company deems appropriate.

Additionally, in the case where the Board of Directors of the Company has received the Necessary Information, the Board of Directors of the Company shall promptly provide such information to the Independent Committee.

In the case where the Independent Committee deems the information supplied by the Large-scale Purchaser and the information stated on Purchase Statements to be insufficient, the Independent Committee may request the Large-scale Purchaser directly or indirectly to provide additional Necessary Information within a reasonable period of time set.

In the case where the Board of Directors of the Company and the Independent Committee deem provision of the Necessary Information to have been completed, the Board of Directors of the Company will disclose such information to the shareholders immediately.

- (4) Procedures for review related to opinions and alternatives, etc., by the Board of Directors of the Company

In the case where the Board of Directors of the Company deems that the Necessary Information contained in Purchase Statements submitted by the Large-scale Purchaser satisfies the standards necessary for shareholders to properly evaluate the appropriateness of acquisition (including cases in which, as a result of submission of additional Necessary Information requested by the Board of Directors of the Company because the information supplied by the Large-scale Purchaser had not been sufficiently provided, the Board of Directors of the Company deems that sufficient Necessary Information has been received in conjunction with Purchase Statements), the Board of Directors of the Company will immediately notify the Large-scale Purchaser and the Independent Committee to such effect, and of the dates of commencement and completion of the Period for Review by the Board of Directors described below, and will disclose the same to the shareholders. The Board of Directors of the Company will establish a review period equivalent to 60 days (in a case of purchase of all Share Certificates, etc., of the Company based on a tender offer in cash only (yen currency)) or 90 days (in the case of other Large-scale Purchases) commencing on the date after the day of dispatching of the corresponding notification to the Large-scale Purchaser (hereinafter referred to as the "Period for Review by the Board of Directors").

The Large-scale Purchaser will be able to commence Large-scale Purchases only after the elapse of the Period for Review by the Board of Directors or, as established under (7) below, in the case that the Company's Board of Directors decides to hold a General Meeting of Shareholders, after resolutions made by the Board of Directors in accordance with shareholders' judgment as decided in said General Meeting of Shareholders. However, in the case where notification of a decision not to execute countermeasures regulated under (8) below has been received, the Large-scale Purchase will be able to perform Large-scale Purchases from the business day following receipt of such notice.

In case of unavoidable circumstances where a resolution has not been reached by the Board of Directors of the Company regarding whether or not to execute countermeasures within the Period for Review by the Board of Directors, including the case where Independent Committee has not given a recommendation on whether or not to execute countermeasures within the Period for Review by the Board of Directors, the Board of Directors of the Company may extend the Period for Review by the Board of Directors by 30 days at maximum within the necessary scope based on a recommendation of the Independent Committee. In the case where the Board of Directors of the Company has made a resolution to extend the Period for Review by the Board of Directors, the specific period resolved and the reason why such specific period is necessary will be immediately disclosed to the shareholders.

Based on the information and data supplied by the Large-scale Purchaser within the Period for Review by the Board of Directors, from the viewpoint of maintenance and enhancement of the corporate value of the Group, and thus, common interests of its shareholders, the Board of Directors of the Company

will perform assessment and review, etc. of the Large-scale Purchase conducted by the Large-scale Purchaser. Moreover, the Board of Directors of the Company will undertake endeavors to understand the intentions of the shareholders, while at the same time obtain opinions from clients, customers, employees, and parties related to local communities, etc., as necessary. Furthermore, the Board of Directors of the Company will be able to obtain advice from third parties (including financial advisers, certificated public accountants, lawyers, consultants, and other experts; hereinafter referred to as “External Experts, etc.”) that are independent of the management of the Company in order to enhance the rationality and objectivity of the corresponding judgments.

Furthermore, in order to review the information about Large-scale Purchases and make relevant improvements, the Board of Directors of the Company will discuss and negotiate with the Large-scale Purchaser as needed. In the case where the Board of Directors of the Company requests the Large-scale Purchaser to supply data to be reviewed, supply other information, undertake consultation, and/or undertake negotiations, etc., the Large-scale Purchaser must respond promptly.

In order to enhance the transparency of the judgments, the Board of Directors of the Company will disclose information on the outlines of Purchase Statements submitted by the Large-scale Purchaser, the opinions of the Board of Directors of the Company on the Large-scale Purchase conducted by the Large-scale Purchaser, an outline of the alternative proposals by the Board of Directors if created, and other items deemed necessary by the Board of Directors of the Company, except for those information deemed to be inappropriate for the disclosure, such as trade secrets, etc.

(5) Assessment and review by the Independent Committee

In the case where the Purchase Statements and the Necessary Information have been submitted by the Large-scale Purchaser, the Independent Committee may also request the Board of Directors of the Company to submit opinions about Large-scale Purchases by the Large-scale Purchaser, its supporting data, alternative proposals (if any), and other information, etc. that the Independent Committee deems necessary at its discretion, within the prescribed period. In order to collect necessary information, the Independent Committee may request the Large-scale Purchaser, Directors, and employees of the Company, as well as other persons that the Independent Committee deems necessary, to submit necessary explanations and ledgers, etc.

Based on the above information and data submitted by the Large-scale Purchaser and the Board of Directors of the Company, etc., from a viewpoint of maintenance and enhancement of the corporate value of the Group, and thus, common interests of its shareholders, the Independent Committee shall perform assessment and review, etc., of Large-scale Purchases conducted by the Large-scale Purchaser. Additionally, the Independent Committee shall undertake endeavors to understand the intentions of the shareholders, while at the same time obtain opinions from clients, customers, employees, and parties related to local communities, etc. as necessary. Furthermore, the Independent Committee shall be able to obtain advice from the External Experts, etc. at the cost of the Company, as necessary, in order to enhance the rationality and objectivity of corresponding judgments.

In order to enhance the transparency of the judgments, the Independent Committee may request that the Board of Directors of the Company to promptly disclose relevant information to the shareholders concerning the outline of Purchase Statements submitted by the Large-scale Purchaser, the outline of opinions of the Board of Directors of the Company on the Large-scale Purchase conducted by the Large-scale Purchaser, the outline of alternative proposals submitted by the Board of Directors of the Company, and other information that the Independent Committee deems appropriate, except for those information that the Independent Committee deems inappropriate for disclosure, such as trade secrets etc.

(6) Procedures for recommendations by the Independent Committee

The Independent Committee will make recommendations regarding Large-scale Purchases to the Board of Directors of the Company as provided for in the following.

1) Cases in which the Large-scale Purchaser has complied with the procedures regulated under the Plan

In case when the Large-scale Purchaser has complied with the procedures regulated under the Plan, the Independent Committee will, in principle, recommend the Board of Directors of the Company not to execute countermeasures.

However, even if the procedures regulated under the Plan has been followed, regardless of commencement or completion of the Period for Review by the Board of Directors, in the case where the Independent Committee has judged that a Large-scale Purchase will significantly damage the corporate value of the Group, and thus, common interests of its shareholders, the Independent Committee will

recommend execution of countermeasures (including decision for the undertaking procedures and conditions necessary for such execution).

Specifically, in the case where any of the following Items correspond to a Large-scale Purchase, such Large-scale Purchase will be deemed, in principle, to be potentially a case that would cause significant deterioration of the corporate value of the Group, and thus, common interests of its shareholders.

- (i) Cases where the Large-scale Purchase is likely to cause obvious damage to the corporate value of the Group, and thus, common interests of shareholders due to the actions, etc. described in a. through d. below
  - a. The act of buying-up of the Company's Share Certificates, etc., and request for purchase thereof at a high price from the Company
  - b. The act of undertaking management that causes benefits to the Large-scale Purchaser at the expense of the Company, such as acquisition of important assets and technical information of the Company, etc., at a low cost through temporary control of the Company
  - c. The act of diverting assets of the Company in order to provide security for obligations of the Large-scale Purchaser and/or its group companies, etc., or to use the same as a repayment source
  - d. The act of causing temporarily high dividends to be issued through disposal of highly priced assets, etc., that are not related to the corporate business through temporary control of corporate management, or selling the same at a profit at the time of sharp rise in stock price based on temporarily high dividends
- (ii) In the case where the Large-scale Purchase is likely to force the shareholders to sell the Company's Share Certificates, etc., in nature, such as coercive two-tier tender offer etc. (establishing terms and conditions for a second-tier purchase that would be disadvantageous to a greater extent than those for the initial purchase, or undertaking purchases without clarification of terms and conditions for a second-tier purchase, such as through a tender offer, without solicitation of an offer to purchase all shares, etc., of the Company upon the initial purchase)
- (iii) In the case where, due to acquisition of the right of control by the Large-scale Purchaser, damage is caused to benefits of stakeholders, such as clients, customers, employees, and parties related to local communities, etc., which would result in significant damage to the corporate value of the Group, and thus, common interests of its shareholders
- (iv) In the case where the conditions for Large-scale Purchases would result in significantly insufficient or inappropriate Large-scale Purchases from the viewpoint of the corporate value of the Group and common interests of its shareholders (including the nature and amount of payment, period during which Large-scale Purchases take place, legality of method of purchase, and response policies for stakeholders, such as employees, clients, and customers of the Group, etc., following Large-scale Purchases)
- (v) In case there exist reasonable causes to believe that the Large-scale Purchaser is deemed to be inappropriate as a controlling shareholder of the Company from the viewpoint of public, such as cases in which a party that has a relationship with an antisocial force is included among the management, major shareholders, or investors in the Large-scale Purchaser, etc.
- (vi) In the case of purchases that satisfy both of the following conditions, in addition to any of the cases above
  - a. Cases that it is objectively and rationally presumed that the corporate value of the Group, and thus, common interests of its shareholders, would be likely to be significantly damaged.
  - b. Cases which become impossible to avoid damaging the corporate value of the Group, and thus, common interests of its shareholders, or there is a likelihood that the same would occur, if anti-takeover measures are not invoked at a given time.

2) Cases in which the Large-scale Purchaser does not comply with the procedures regulated under the Plan

In the case where the Large-scale Purchaser has not complied with the procedures regulated under the Plan, and if such non-compliance is not corrected within 5 business days following a written request for such compliance by the Board of Directors of the Company (the aforementioned procedures would not be necessary, in case which the Board of Directors of the Company deems that there is no possibility for correction thereof), the Independent Committee will recommend execution of countermeasures, in principle, except when it is obviously necessary not to execute countermeasures for maintenance and

enhancement of the corporate value of the Group, and thus, common interests of its shareholders and except where there exist other special circumstances. In the case where a recommendation has been made by the Independent Committee, the Company will undertake timely and appropriate disclosure of the opinions of the Independent Committee and reasons for the opinions, and other information deemed to be appropriate in accordance with laws, regulations, and rules of the associated Financial Instruments Exchanges.

#### (7) Holding a General Meeting of Shareholders

In the case that a Large-scale Purchaser conducts, or attempts to conduct, a Large-scale Purchase in accordance with the procedures regulated under the Plan, the Company's Board of Directors, upon respecting the recommendation made by the Independent Committee given under the above (6) 1) to the utmost degree, will as a rule resolve on whether to execute countermeasures against a Large-scale Purchase, but in the case that a recommendation has been received from the Independent Committee that the advisability of executing countermeasures should be conferred upon in a General Meeting of Shareholders, or in the case a recommendation has been received from the Independent Committee on the execution of countermeasures, various circumstances such as the nature of the Large-scale Purchase by Large-scale Purchasers, the time required to hold a General Meeting of Shareholders., etc., will be considered, and in light of laws and regulations as well as the Board of Directors' duty of diligence, a General Meeting of Shareholders may be convened to confirm the will of shareholders regarding the execution of countermeasures. In the case that the Company's Board of Directors decides to hold a General Meeting of Shareholders, in addition to disclosing the facts and reasons for said decision to shareholders in a timely manner, a General Meeting of Shareholders shall be convened as soon as practically possible.

In the case that a General Meeting of Shareholders is held, the Company's Board of Directors shall follow the judgment made by shareholders at said General Meeting of Shareholders regarding the execution of countermeasures.

Additionally, in the case that the Board of Directors decides to hold a General Meeting of Shareholders, Large-scale Purchasers shall not begin Large-scale Purchases until the Board of Directors makes a resolution following the judgment of shareholders at said General Meeting of Shareholders.

#### (8) Resolution by the Board of Directors of the Company

The Board of Directors of the Company shall respect the recommendations of Independent Committee to the utmost extent, and make a resolution whether or not to execute countermeasures or any other decisions, in cases either (6) 1) or 2) above applies or, in the case that (6) 1) above applies and upon consultation with the Independent Committee, a General Meeting of Shareholders is held in order to confirm the will of shareholders, the judgment of shareholders in said General Meeting of Shareholders will be followed.. In the case where the Large-scale Purchase is withdrawn or where a change has occurred to the factual relationship, etc., that constituted the prerequisites for the corresponding judgment, the Board of Directors of the Company will be able to suspend countermeasures or to make other decisions. Also, in this situation, if it is determined that it is practically appropriate to directly confirm the will of shareholders, a General Meeting of Shareholders may be held in order to confirm the will of shareholders regarding the decision to execute countermeasures against said Large-scale Purchase.

In the case where the Board of Directors of the Company has made the aforementioned resolutions, the Company will immediately notify the Large-scale Purchaser with an outline of such resolution, an outline of the resolutions from the above General Meeting of Shareholders, and any other matters that the Board of Directors of the Company deems appropriate. (Notification related to a decision for non-execution shall hereinafter be referred to as "Notice for Decision of Non-execution"). Additionally, the Company will undertake timely and appropriate disclosure of the opinions of the Board of Directors of the Company and reasons for the opinions, and other information deemed to be appropriate in accordance with laws, regulations, and rules of the associated Financial Instruments Exchange.

The Large-scale Purchaser may only conduct a Large-scale Purchase after the Evaluation Period, or in the case that the Board of Directors decides to hold a General Meeting of Shareholders as established in (7) above, after a decision has been made by the Company's Board of Directors following the judgment of shareholders as decided in said General Meeting of Shareholders. However, in the case that a Notice for Decision of Non-execution is received from the Company's Board of Directors, the Large-scale Purchaser may, beginning on the business day following the receipt of said Notice, conduct a Large-scale Purchase.

(9) Change of Necessary Information

Subject to the regulations in III. 2. (3), in the case where the Board of Directors of the Company or the Independent Committee has judged that important changes concerning the Necessary Information have been made by the Large-scale Purchaser following the disclosure to the effect that the Company has judged that provision of the Necessary Information has been completed, procedures under the Plan for proceeding with Large-scale Purchases based on the previous Necessary Information will be suspended, in principle, and new procedures under the Plan will be applied to the Large-scale Purchases which are based on the changed Necessary Information as separate Large-scale Purchases.

(10) Outlines of anti-takeover measures

The Board of Directors of the Company will allot Stock Acquisition Rights with no compensation as a countermeasure based on the Plan in accordance with the “Outline of Stock Acquisition Rights” in Attachment 3, in principle. The Stock Acquisition Rights will be allotted to the shareholders (excluding the Company) that have been listed or recorded in the final shareholder registry on a certain date (hereinafter referred to as the “Allotment Date”) separately determined by the Board of Directors of the Company via resolution of the Board of Directors regarding the allotment of Stock Acquisition Rights with no compensation (hereinafter referred to as a “Resolution for Allotment of Stock Acquisition Rights with no Compensation”) using the ratio regulated by the Board of Directors of the Company by one or more Stock Acquisition Rights for each share owned (in the case that adjustments are made, the number of shares after adjustment).

The value (the exercise value) of assets (cash) invested upon exercising of the Stock Acquisition Right will be a value, one (1) yen or more separately determined by the Board of Directors of the Company through a Resolution for Allotment of Stock Acquisition Rights with no Compensation. A single common stock of the Company will be issued to a holder of a Stock Acquisition Right (hereinafter referred to as “Stock Acquisition Right Holder”) through exercise of a single Stock Acquisition Right.

However, a non-eligible party (defined in the “Outline of Stock Acquisition Rights” in Attachment 3; the same shall apply hereinafter) will not be able to exercise Stock Acquisition Rights.

Additionally, in addition to cases in which Stock Acquisition Rights are exercised, subject to the provisions on acquisition of Stock Acquisition Rights, the Company may acquire Stock Acquisition Rights in exchange for common stocks of the Company from Stock Acquisition Right Holders other than non-eligible parties under certain conditions. In addition, it is also possible for the Company to acquire all Stock Acquisition Rights with no compensation under certain conditions.

Furthermore, in order to acquire Stock Acquisition Rights via transfer, the approval of the Board of Directors of the Company will be necessary.

In the case where countermeasures based on the Plan have been executed, the Board of Directors of the Company will timely disclose information on matters that the Board of Directors of the Company deems appropriate to the shareholders.

3. Impact, etc., on Shareholders and Investors, etc.

(1) Impact, etc., on shareholders and investors upon renewal of the Plan

Upon renewal of the Plan, no countermeasures will be executed. Thus, no specific impact will occur directly regarding legal rights or economic benefits of the shareholders or investors.

The purpose of the Plan is to provide information necessary for the Company’s shareholders to judge whether or not to accept the proposal relating to Large-scale Purchases, to provide opinions of the Board of Directors of the Company in charge of actual management of the Company, and to guarantee opportunities for Company shareholders to receive alternative proposals. Therefore, the Company shareholders will be able to make appropriate judgments as to whether or not to accept the proposal relating to Large-scale Purchases based on sufficient information, which will lead to maintenance of the corporate value of the Group, and thus, common interests of its shareholders. Therefore, renewal of the Plan is considered to be a prerequisite for Company shareholders and investors to make appropriate judgments on investments and a contribution to the benefits of the Company shareholders and investors.

As stated in III. 2., response policies of the Company concerning Large-scale Purchases will differ depending upon whether or not the Large-scale Purchaser complies with the procedures regulated under the Plan. Thus, please pay attention to the movements of Large-scale Purchaser.

(2) Impact, etc., on the shareholders and investors, etc., upon execution of countermeasures

Stock Acquisition Rights will be allotted to shareholders with no compensation, as of the Allotment Date on the basis of one or more Stock Acquisition Rights by the ratio regulated by the Board of

Directors of the Company for each Company share owned. Thus, as long as the exercise of the Stock Acquisition Rights as mentioned, the value of all Company shares held by shareholders will not be diluted.

In the case where shareholder do not exercise Stock Acquisition Rights during a period for exercising of Stock Acquisition Rights, the value of the holding Company shares will become diluted due to exercise of Stock Acquisition Rights by other shareholders. However, in some cases, the Company may acquire Stock Acquisition Rights from shareholders other than non-eligible parties, and issue Company common stocks in exchange, in accordance with the outline of Stock Acquisition Rights, based on a resolution of the Board of Directors of the Company. In the case where the Company has undertaken procedures related to the aforementioned acquisition, in accordance with the outline of Stock Acquisition Rights, shareholders other than non-eligible parties will receive Company common stocks without exercising Stock Acquisition Rights or paying an equivalent amount to exercise values. Dilution of the value of each holding Company share will take place; however, dilution of the value of holding Company shares as a whole will not take place.

In cases where the Company suspends the Allotment of Stock Acquisition Rights with no Compensation, following the resolution for implementation of, and recipients settled for, Allotment of Stock Acquisition Rights with no Compensation as a countermeasure, or in cases where free acquisition of Stock Acquisition Rights allotted with no compensation takes place, shareholders and investors who have performed transactions based on the prerequisite of occurrence of dilution of value of shares per share may incur related damages due to fluctuation of share prices, since no dilution of the share values will take place as a result.

In addition, discriminatory conditions for exercise or acquisition of Stock Acquisition Rights are scheduled to be added. Thus, it is assumed that upon such exercise or acquisition, dilution of legal rights or economic benefits of non-eligible parties would take place. However, even in such case, no direct or specific impact on legal rights or economic benefits related to Company shares of the shareholders other than non-eligible parties is assumed.

However, the assignment of Stock Acquisition Rights itself is restricted. Thus, in the case where Company common stocks are issued to shareholders on or after the Allotment Date as a result of exercise of Stock Acquisition Rights or acquisition of Stock Acquisition Rights by the Company, information about the Company's shares will be recorded regarding transfer accounts of the shareholders. Until such information is recorded, it should be noted that in regards to the portions of the Company's shares that attributes the Stock Acquisition Rights among the values of the Company's shares held by shareholders, restrictions may be made on the recovery of invested capital via assignment.

The Board of Directors of the Company may undertake countermeasures permitted under Allotment of Stock Acquisition Rights with no Compensation, Companies Act and other laws, as well as the Articles of Incorporation of the Company, for the purpose of maintaining the corporate value of the Group, and thus, common interests of its shareholders. Considering the system of the countermeasures, it is not assumed that special losses will be incurred regarding legal rights or economic benefits related to the Company's shares held by the Company's shareholders (excluding cases of Large-scale Purchasers who have violated the Plan and Large-scale Purchasers performing Large-scale Purchases that are deemed to significantly damage the corporate value of the Group, and thus, common interests of its shareholders). In the case where the Board of Directors of the Company has decided to execute countermeasures, timely and appropriate disclosure will take place in accordance with laws, and the rules of associated Financial Instruments Exchanges.

### (3) Procedures necessary for shareholders accompanying execution of countermeasures

In the case where the Board of Directors of the Company has resolved to allot Stock Acquisition Rights with no compensation as a countermeasure, public notification of the Allotment Date regarding allotment of Stock Acquisition Rights with no compensation will be given by the Company. Stock Acquisition Rights will be allotted to shareholders that have been listed or recorded in the final shareholder registry of the Company on the Allotment Date.

In regards to details and procedures related to the method of allotment of Stock Acquisition Rights, the method of exercise, and the method of acquisition by the Company, will be disclosed or notified to the shareholders after a resolution by the Board of Directors of the Company regarding execution of countermeasures has been made. Thus, please confirm the information therein. Upon exercise or acquisition of Stock Acquisition Rights by the Company, the Company may request the shareholders to separately submit relevant documents in the form prescribed by the Company including provisions on

representation and guarantee, indemnification provisions, or other pledge wording to the effect that the shareholders are not non-eligible parties, etc.

Moreover, in accordance with the provisions of laws related to transfer of bonds and corporate shares, etc., in regards to the Company's common stocks issued as a result of exercise of Stock Acquisition Rights, relevant records cannot be made for special accounts. Thus, upon exercise of Stock Acquisition Rights by shareholders, it should be noted beforehand that opening of transfer accounts, such as brokerage accounts are necessary.

#### 4. Term of validity of the Plan, etc.

The term of validity of the Plan will expire at the end of the Ordinary General Meeting of Shareholders for the final business year within three (3) business years following the end of this General Meeting of Shareholders in question.

However, even prior to expiration of the term of validity, the Plan may be abolished based on resolution of the General Meeting of Shareholders or the Board of Directors. During the term of validity of the Plan, after obtaining opinions from the Independent Committee, the Board of Directors may correct or change the Plan within the scope of consignment based on a resolution of this General Meeting of Shareholders.

In the case where the Plan has been abolished or changed, the Company will promptly disclose information, such as the fact of such abolishment or change, the nature of the change (in the case of change), and other matters.

Additionally, following expiration of the term of validity of the Plan, upon conducting necessary review, confirmation of the opinions of the shareholders concerning the advisability of continuation of the Plan or adoption of a new Plan, etc., is scheduled.

#### IV. Rationality of the Plan (The Plan complies with the Basic Policy to Avoid Corporate Control and is neither designed to harm the common interests of the shareholders nor to preserve the position of the Company's executives, and reasons thereof)

##### 1. The Plan complies with the Basic Policy to Avoid Corporate Control

The Plan requires Large-scale Purchasers to provide the Board of Directors of the Company with necessary and sufficient information on Large-scale Purchases in advance and to commence the Large-scale Purchase only after a given evaluation period to judge the information has elapsed, and stipulates that countermeasures will be taken against Large-scale Purchasers who do not comply with the rules set forth by the Company.

Moreover, the Plan also stipulates that, even if a Large-scale Purchaser complies with the rules, in the event that the Large-scale Purchase is deemed to be detrimental to the corporate value of the Group and to the common interests of its shareholders, countermeasures may be taken against the Large-scale Purchaser. Thus the Company believes that the Plan complies with the Basic Policy to Avoid Corporate Control.

##### 2. The Plan fully satisfies the requirements of the Guidelines for Takeover Defense, etc.

The Plan fully satisfies the three principles ("Principle of protecting and enhancing corporate value and the interests of shareholders as a whole," "Principle of prior disclosure and shareholders' will," and "Principle of ensuring the necessity and reasonableness") established in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholders' Common Interests," released on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice. The Plan is also in compliance with the idea of rules pertaining to the introduction of Takeover Defense measures set forth by Tokyo Stock Exchange, Inc. The Plan also takes into account the details of the report, "Takeover Defense Measures in Light of Recent Environmental Changes" issued June 30, 2008, by the Corporate Value Study Group, established in the Ministry of Economy, Trade and Industry.

##### 3. The Plan does not harm the common interests of the shareholders

The Plan is designed on the concept of respect for corporate value and the common interests of the shareholders and ensures the provision of necessary information and the opinions of the Board of Directors for shareholders to determine whether or not to accept the Large-scale Purchase as well as the opportunity to receive alternative proposal. The Company believes that the Plan allows shareholders to make appropriate investment decisions and thus contributes to ensuring and enhancing the corporate value of the Group and the common interests of its shareholders.



4. The Plan prioritizes the will of the shareholders, and sets reasonable and objective requirements for the exercise of countermeasures

The Plan will be renewed under the condition that the proposal be approved by the shareholders at this Ordinary Meeting of Shareholders, in order to secure opportunity to adequately reflect the will of the shareholders. This proposal will be put forth on this General Meeting of Shareholders, and in the event that this proposal is not approved, the Plan will not be renewed. Moreover, as stated in III. 4., prior to expiration of the term of validity of the Plan, if the General Meeting of Shareholders of the Company resolves to abolish the Plan, the Plan will be abolished at that point in time. Thus, in this sense, the Plan may reflect the will of the shareholders, not only on renewal of the Plan but also on continuation of the Plan.

Moreover, the Plan, as a prerequisite for the shareholders to entrust the decision of whether or not to execute countermeasures based on the Plan to the Board of Directors of the Company, sets out for the shareholders specific conditions for the execution of countermeasures in specific cases. Additionally, as stated above in III. 2. (7), in the case where the Board of Directors of the Company has decided to execute countermeasures in accordance with the Plan, if a recommendation has been received from the Independent Committee that the advisability of countermeasure execution should be conferred upon in a General Meeting of Shareholders, or in the case a recommendation has been received from the Independent Committee on the execution of countermeasures, a General Meeting of Shareholders may be held to confirm the will of the shareholders.

Thus countermeasures executed in accordance with such conditions will be a reflection of the will of the shareholders.

5. The Plan has not been designed for the purpose of preserving the position of the Company executives (The Plan prioritizes the decisions of highly independent outside parties)

The Plan ensures the fairness and objectivity of the decision by the Board of Directors of the Company, by setting reasonable and objective requirements for the execution of countermeasures, establishing an Independent Committee comprising highly independent outside parties, requiring the decision of the Independent Committee for the execution of countermeasures, requiring the Board of Directors of the Company to show maximum respect to the recommendation of the Independent Committee, and enabling the Board of Directors of the Company and the Independent Committee to obtain the advice of independent outside specialists at the expense of the Company. Thus the Plan is not designed for the purpose of preserving the position of the Company executives.

6. The Plan constitutes neither a dead-hand type Anti-Takeover Policy nor a slow-hand type Anti-Takeover Policy

The Plan, as stated in III. 4. above, can be abolished at any time by a resolution at a meeting of the Board of Directors of the Company composed of directors appointed by the Ordinary General Meeting of Shareholders of the Company, and thus is not a so called dead-hand type Anti-Takeover Policy in which the execution of countermeasure cannot be deterred, even if the majority of the members of the Board of Directors is replaced.

Also, as the Company has set the term of office of Non-Audit and Supervisory Committee Directors as one year in accordance with regulations for Directors stated in the Companies Act regarding term of office for Companies with Audit and Supervisory Committee, and of Audit and Supervisory Committee Directors as two years and has not adopted a staggered board system, replacement of all board members at once is not possible. Thus the Plan is not a so called slow-hand type Anti-Takeover Policy which requires certain amount of time to deter the execution.

## Outlines of the Rules on the Independent Committee

- The Independent Committee shall be established by resolution of the Board of Directors of the Company.
- The Independent Committee shall consist of at least three (3) members, who are appointed by the Board of Directors of the Company from either (i) Outside Directors of the Company (including Substitute Outside Directors) or (ii) outside experts who are independent from the management that executes the operations of the Company. Outside experts shall be company managers with proven track records, experts in investment banking services, those who are well familiar with the Company's businesses, lawyers, certified public accountants, academics who major mainly in subject matters of the Companies Act, etc., or parties similar thereto. The Independent Committee member shall also conclude an agreement with the Company specified by the Board of Directors of the Company, including confidentiality agreements.
- The term of office of the Independent Committee members shall be until the conclusion of the Ordinary General Meeting of Shareholders of the last business year ending within three years from the conclusion of the General Meeting of Shareholders scheduled to be held in June of this year. However, this shall not apply if different provisions were made by the decision of the Board of Directors of the Company.
- The Independent Committee shall deliberate, reach a decision, and make recommendations to the Board of Directors of the Company with respect to each of the items below. The recommendation shall indicate content of the decision and the reasons for the decision. Each Independent Committee member shall participate in the decision-making process from the viewpoint of whether or not the matter in question contributes to the corporate value of the Group and the common interests of its shareholders, and shall not seek one's own gain or the personal gain of a member of the management of the Company.
  1. Whether or not the Large-scale Purchaser complies with the procedures regulated under the Plan
  2. Decision of whether or not the content of the Large-scale Purchase is significantly detrimental to the corporate value of the Group and the common interests of its shareholders, and whether to execute or not to execute countermeasures
  3. Cancellation of countermeasures
  4. Extension of the Period for Review by the Board of Directors of the Company
  5. Other matters to be decided by the Board of Directors of the Company, which the Board of Directors of the Company has consulted with the Independent Committee
- In addition to the above mentioned, Independent Committee members may execute each of the actions listed below.
  1. Consideration of conformity of the Large-scale Purchase that is applicable to the Plan
  2. Consideration of the information which should be presented by the Large-scale Purchaser or the Board of Directors of the Company to the Independent Committee
  3. Detailed examination and consideration of the contents of the Large-scale Purchase by the Large-scale Purchaser
  4. Requesting the Board of Directors of the Company to submit an alternative plan and considerations of the alternative plan
  5. Consideration of modifications or changes to the Plan
  6. Consideration of whether or not to adopt Anti-Takeover Policy other than the Plan
  7. Other actions provided for in the Plan, which could be executed by the Independent Committee
  8. Other actions provided for by the Board of Directors of the Company separately, which could be executed by the Independent Committee
- In cases where the Independent Committee judges that the Purchase Statement or information provided by the Large-scale Purchaser is insufficient as Necessary Information, Independent Committee may request the Large-scale Purchaser to submit additional information. In cases where a Purchase Statement or Necessary Information has been provided by the Large-scale Purchaser, the Independent Committee may also request the Board of Directors of the Company to provide, within a given period of time, opinions about Large-scale Purchases by the Large-scale Purchaser, its supporting data, alternative proposals (if any), and other information, etc., that the Independent Committee deems necessary.
- In order to collect sufficient information, the Independent Committee may request the Large-scale Purchaser, Directors and employees of the Company, as well as other persons that the Independent Committee deems necessary, to submit necessary explanations and ledgers, etc.
- The Independent Committee may, at the expense of the Company, obtain advice from an independent third party (financial advisors, certified public accountants, lawyers, consultants, and other experts, etc.).
- Each of the Independent Committee members may convene Independent Committee at any time in the event that a Large-scale Purchase is conducted or in any other events.
- Resolutions of the Independent Committee, in principle, shall be adopted by a majority vote of the Independent Committee members with the majority of the members attending.

## Brief Personal Histories of the Independent Committee Members

At the time of renewal of the Plan, the Independent Committee comprised the following three (3) members.

## Shigeo Kashiwagi

Born on July 20, 1950

April	1973	Joined the Ministry of Finance
July	1993	Director, International Organizations Division, International Finance Bureau, Ministry of Finance
July	1994	Attached to the Minister's Secretariat (Executive Director, Asian Development Bank)
July	1996	Director, Securities Market Division, Securities Bureau, Ministry of Finance
June	1998	Director, General Coordination Division, Financial System Planning Bureau, Ministry of Finance
July	1999	Director-General, Tokai Local Finance Bureau, Ministry of Finance
July	2003	Executive Vice President, Policy Research Institute, Ministry of Finance
May	2004	Attached to the Minister's Secretariat (Executive Director, International Monetary Fund)
June	2007	Professor, Graduate School of Business and Commerce, Keio University
June	2009	Audit & Supervisory Board Member of the Company (current position)
April	2016	Guest Professor, Keio University (current position)

(Note) Mr. Shigeo Kashiwagi is an Outside Audit & Supervisory Board Member defined by Item 16, Article 2 of the Companies Act. The Company intends to become a company with a committee governance structure subject to the approval at the 104th Ordinary General Meeting of Shareholders and Mr. Shigeo Kashiwagi will assume the office of Outside Director serving on the Audit and Supervisory Committee.

## Masaki Kato

Born on April 15, 1945

October	1969	Joined the Marunouchi & Co. (presently Deloitte Touche Tohmatsu LLC)
October	1974	Registered as certified public accountant
June	1981	Partner, Marunouchi & Co.
June	1992	Representative Partner, Tohmatsu Awoki & Sanwa (presently Deloitte Touche Tohmatsu LLC)
June	2007	Retired from Tohmatsu & Co. (presently Deloitte Touche Tohmatsu LLC)
July	2007	Established Masaki Kato Certified Public Accountant (CPA) Office (current position)

## Atsushi Nagano

Born on March 20, 1944

April	1966	Joined Ministry of Finance (until April 1998)
January	1983	Counselor, Japanese Embassy, U.K.
June	1990	Director of the Co-ordination Division, Tax Bureau
July	1993	Deputy Director-General, Banking Bureau
January	1996	Director-General, Securities Bureau
October	2000	Registered with Daini Tokyo Bar Association
November	2002	Advisor, Nishimura & Partners (presently Nishimura & Asahi)
January	2010	Partner, Nishimura & Asahi
January	2015	Of Counsel, Nishimura & Asahi (current position)

## Outline of Stock Acquisition Rights

## 1. Number of Stock Acquisition Rights

The number of Stock Acquisition Rights shall be the same number as or higher than the final number of issued shares of the Company on the Allotment Date (however, the number does not include number of treasury stocks held by the Company at the same period of time), as determined by the Board of Directors of the Company.

## 2. Shareholders entitled to receive allotment of Stock Acquisition Rights

Stock Acquisition Rights shall be allotted to shareholders who have been listed or recorded in the final shareholder registry on the Allotment Date, at a ratio determined by the Board of Directors of the Company in the amount of one Stock Acquisition Right or more per share of each shareholder's holding.

## 3. Effective date of the Allotment of the Stock Acquisition Rights with no Compensation

Effective date of the Allotment of the Stock Acquisition Rights with no Compensation shall be a date separately determined by the Board of Directors of the Company at the Resolution for Allotment of Stock Acquisition Rights with no Compensation.

## 4. Shares underlying the Stock Acquisition Rights

The number of shares<sup>10</sup> underlying one Stock Acquisition Right (hereinafter referred to as "Number of Underlying Shares") shall be one (1) share. However, in the event that the Number of Underlying Shares is to be adjusted, as per 5. below, the total number of shares underlying the Stock Acquisition Rights shall be adjusted according to the Number of Underlying Shares after the adjustment.

## 5. Adjustment of the number of shares underlying stock acquisition rights

- 1) In case which the Company splits or consolidates its stock, or conducts a merger or company split, etc., after the Allotment Date, adjustments shall be made to the Number of Underlying Shares taking into consideration the conditions, etc., of such events.
- 2) In case the Company adjusts the Number of Underlying Shares, the Company shall give notice in writing or give public notice in a manner set forth in the Articles of Incorporation in advance to each holder of the stock acquisition rights, of the adjustment, the reason for the adjustment, the Number of Underlying Shares prior to the adjustment, the Number of Underlying Shares after the adjustment, the effective date and other necessary matters. However, if the Company is unable to give notice or a public notice as stated above by the date preceding the effective date of the adjustment, the Company shall promptly give notice or public notice on or after the effective date.

## 6. Amount to be paid for Stock Acquisition Rights

The amount to be paid for Stock Acquisition Right shall be zero (0) yen.

## 7. Price of assets contributed in the exercise of Stock Acquisition Rights

The assets contributed when the Stock Acquisition Rights are exercised shall be cash and the value of assets invested upon exercising of the Stock Acquisition Right shall be a value, one (1) yen or more separately determined by the Board of Directors of the Company at the Resolution for Allotment of Stock Acquisition Rights with no Compensation.

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<sup>10</sup> Even if the Company, in the future, should become a "Corporation with Class Shares" (Item 13, Article 2 of the Companies Act), (1) the shares of the Company to be issued upon exercise of the Stock Acquisition Rights, and (2) the shares to be issued in exchange for the acquisition of the Stock Acquisition Rights shall denote the same class of shares as shares that is currently being issued (common stocks) by the Company at the 101st Ordinary General Meeting of Shareholders.

## 8. Exercise period of the Stock Acquisition Rights

The exercise period of the stock acquisition rights, shall fall within the period between two years and one month and two years and three months both counting from the initial date (hereinafter referred to as the “the Exercise Commencement Date”) that will be separately determined at the Resolution for Allotment of Stock Acquisition Rights with no Compensation and the duration of such exercise period shall also be separately determined by the Board of Directors of the Company at the Resolution for Allotment of Stock Acquisition Rights with no Compensation. However, in the event that the Company acquires the Stock Acquisition Rights in accordance with 11. (2) below, the Stock Acquisition Rights shall not be exercised during the period between the date on which the Company makes notice or public notice of the said acquisition and the date of the said acquisition. In the event that the final date of the exercise period falls on a holiday of the payment handler for cash to be paid upon exercise of the Stock Acquisition Rights, the final date shall be the business day prior to the said date.

## 9. Conditions for exercise of Stock Acquisition Rights

The following persons, in principle, cannot exercise their Stock Acquisition Rights: (I) specified large-volume holders<sup>11</sup>, (II) joint holders of specified large-volume holders, (III) specified large-volume acquirers<sup>12</sup>, (IV) special related parties of specified large-volume acquirers, (V) persons who received or inherited Stock Acquisition Rights from persons corresponding to those from (I) through (IV) without the approval of the Board of Directors, or (VI) persons related to persons corresponding to those from (I) through (V) above<sup>13</sup> (those corresponding to (I) through (VI) above shall hereinafter be referred to as “Non-eligible Parties”). Additionally, non-residents who are required by foreign laws to take prescribed procedures upon the exercise of stock acquisition rights cannot, in principle, exercise the Stock Acquisition Rights (however, certain non-residents who are able to access rules to be exempted from the application of foreign laws, etc., may exercise their Stock Acquisition Rights, while Stock Acquisition Rights held by non-residents shall also be subject to acquisition by the Company in consideration for the shares of the Company, as per Paragraph 11 below).

## 10. Restrictions on the transfer of Stock Acquisition Rights

Transfer of Stock Acquisition Rights shall require the approval of the Board of Directors of the Company.

## 11. Acquisition of Stock Acquisition Rights by the Company

- (1) If the Board of Directors of the Company deems it appropriate for the Company to acquire the Stock Acquisition Rights, the Company may acquire all Stock Acquisition Rights, at any time prior to the Exercise Commencement Date, with no compensation, on a date separately determined by the Board of Directors of the Company.
- (2) The Company may acquire all Stock Acquisition Rights held by persons other than Non-eligible Parties that remain unexercised by the date prior to the business date determined by the Board of Directors of the Company, on a date separately determined by the Board of Directors of the Company, and, in exchange, the Company may issue shares of the Company in the Number of Underlying Shares per each Stock Acquisition Right.

11 Refers to persons who are holders of shares of which the Company is the issuer and who hold 20% or more of Holding Ratio of Share Certificates, etc., related to the said share, etc. (including those deemed by the Board of Directors of the Company to correspond to the above), in principle.

However, those whose acquisition or holding of the Company's shares is deemed not to be detrimental to the corporate value of the Group and the common interests of its shareholders, and others separately determined by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights with no Compensation shall not apply to specified large-volume holders. Hereinafter, the same shall apply, unless provided separately.

12 Refers to persons who have given official notice of the Purchase, etc., (defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Act, the same shall apply hereinafter throughout 12) by means of the tender offer of Share Certificates, etc., (defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Act, the same shall apply hereinafter throughout 12) of which the Company is the issuer and whose holdings (including items similar to holdings as defined in Paragraph 1, Article 7 of the Order for Enforcement of the Financial Instruments and Exchange Act) after the Purchase, etc., together with the holdings of said persons' special related persons, total 20% or more of the Holding Ratio of Share Certificates, etc. (including persons deemed by the Board of the Directors of the Company to correspond to the above). However, those whose acquisition or holding of the Company's shares is deemed not to be detrimental to the corporate value of the Group and the common interests of its shareholders, and others separately determined by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights with no Compensation shall not apply to specified large-volume holders. Hereinafter, the same shall apply, unless provided separately.

13 “Related persons” of certain persons refers to persons who, in effect, control said persons; are controlled by said persons or are jointly under the control of said persons (including persons deemed by the Board of Directors of the Company to correspond to the above); or persons deemed by the Board of Directors to be acting in concert with said persons. “Control” refers to “control of decisions on policy regarding finance and operations” of other companies, etc. (as defined in Paragraph 3, Article 3 of Ordinance for Enforcement of the Companies Act)

Additionally, if the Board of Directors of the Company deems that holders of Stock Acquisition Rights other than Non-eligible Parties exist, on or after the date of such acquisition, the Company may acquire all Stock Acquisition Rights of shares held by such holders that remain unexercised by the date prior to the business date determined by the Board of Directors of the Company, on a subsequent date separately determined by the Board of Directors of the Company, and in exchange, the Company may issue shares of the Company in the Number of Underlying Shares per each Stock Acquisition Right. The same shall apply afterward.

12. Exercise of voting rights at the General Meeting of Shareholders by a shareholder who has newly acquired shares of the Company by exercise of Stock Acquisition Rights or acquisition by the Company

A shareholder who has newly acquired shares of the Company, by exercise of Stock Acquisition Rights or acquisition by the Company after the record date set by the Company, may exercise one's voting rights at the General Meeting of Shareholders.

13. Issuance and conditions of stock acquisition rights in the event of a merger, company split, share exchange or share transfer

Issuance and conditions of Stock Acquisition Rights in the event of a merger, company split, share exchange or share transfer, shall be determined by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights with no Compensation.

14. Non-issuance of Stock Acquisition Rights certificates

The Company shall not issue any Stock Acquisition Rights certificates.

15. Capital or capital reserves to be increased in the event of issuance of new shares upon exercise of Stock Acquisition Rights

The amount of capital or capital reserves to be increased in the event of issuance of common stocks of the company shall be the amount determined in the Resolution for Allotment of Stock Acquisition Rights with no Compensation.

16. Method of requesting exercise of Stock Acquisition Rights and payment

When exercising Stock Acquisition Rights, a holder of Stock Acquisition Rights shall fill out the necessary items in the exercise request form prescribed by the Company (form prescribed by the Company in which necessary items including the details and number of Stock Acquisition Rights to be exercised, the date on which the Stock Acquisition Rights will be exercised, the transfer account for recording the shares of the Company (excluding special accounts), etc., are filled out and which contains provisions on representations and guarantee, indemnification provisions, or other pledge wording to the effect that the shareholder satisfies the exercise conditions of the Stock Acquisition Rights, etc.), affix one's signature and seal and submit such form. In addition to these documents, the holder submit other documents as necessary that are set forth separately and required for the exercise of Stock Acquisition Rights, together with other documents (hereinafter referred to as "Attached Documents") required from time to time pursuant to the Companies Act, Financial Instruments and Exchange Act, and related laws (including rules, etc., set forth by the Japan Securities Dealers Association and by the financial instruments exchanges of Japan), during the period set forth in Paragraph 8 above to the payment handlers, as well as fully paying in cash to the payment handlers the amount equivalent to the exercise price of the Stock Acquisition Rights to be exercised.

17. Effective period, etc., of the exercise of Stock Acquisition Rights

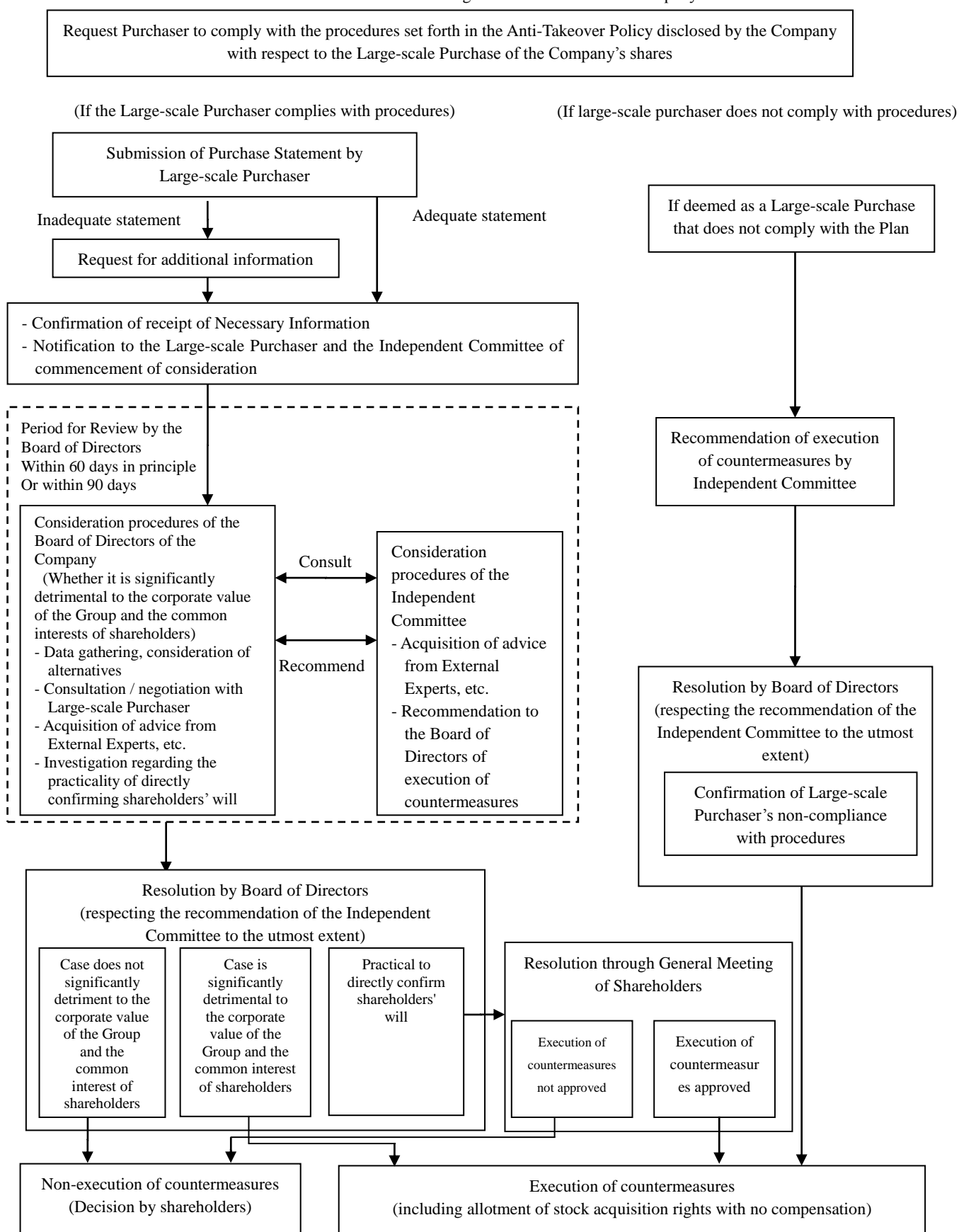
The exercise of Stock Acquisition Rights shall become effective upon arrival of the exercise request form prescribed by the Company and the attached documents, as per 16. above, at the payment handlers, and a full payment in cash equivalent to the exercise price is deposited to the payment handlers.

18. Amendment, etc., of laws and regulations

If a modification to the guidelines becomes necessary, after the allotment of Stock Acquisitions with no Compensation, due to the formulation, amendment, or abolishment of laws or regulations, the provisions of these guidelines shall be read according to a reasonable extent upon taking into consideration the purport or tenor of the formulation, amendment, or abolishment of the laws or regulations.

(Reference)

# Flowchart at the time of commencement of Large-scale Purchase of the Company's Shares



(Note) This flowchart illustrates the summary of the procedures to be taken under the Plan. For details, please refer to the main text.



## Proposal No. 10: Disposition of treasury shares through Third Party Allocation

The Company adopted the resolution at its Board of Directors Meeting held on March 22, 2016, to the effect that it will set up the Tokai Tokyo Foundation, a General Incorporated Foundation (hereinafter, the “Foundation”).

The Company and its group members, while engaged in day-to-day business operation, have been conducting social contribution activities such as helping the region development and fostering human resources. In furthering these endeavors, the Company now believes that establishing the Foundation should consistently facilitate the development of human resources capable of bearing the future of community and taking active roles in the global arena, the creation of the opportunities in regional communities to raise the people’s insight into and understanding on the global economy and the society, as well as the continuous and stable assistance of several promotion activities in the areas of culture and art for years to come.

We also believe that the social contribution made by the Foundation towards the further development of the future of the regional communities in which we operate, as well as working to help bring about a better society, will benefit the Company from a medium- and long-term perspective as well as from the view point of CSR activities.

In order to make our dividend a source fund to be used in the social contribution, we intend to dispose of treasury shares at this time through third party allocation (hereinafter, the “Treasury Share Disposition”).

In light of the Foundation’s policy as described above, we believe that ¥1.00 per share, the proposed share disposal price, is reasonable. In accordance with Article 199 and Article 200 of the Companies Act, we kindly request approval for the Treasury Share Disposition and for the Board of Directors Meeting to determine the Subscription Requirements regarding the share disposal.

### Outline of Treasury Share Disposition

(1) Type and maximum number of shares subject to disposition	1,200,000 common shares
(2) Lower limit of disposal price	¥1.00 per share
(3) Amount to be raised	¥1,200,000 in total
(4) Method of share disposal	All treasury shares will be transferred to the Foundation through third party allotment
(5) Date of share disposition	September 2016 (schedule)
(6) Delegation of decision	The Board of Directors Meeting shall be delegated the authority to determine the Subscription Requirements and other conditions as set forth above regarding the Treasury Share Disposition.

(end)