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(Securities Code 6418)

June 6, 2017

To Our Shareholders:

Yojiro Kamihigashi
President and Representative Director
Japan Cash Machine Co., Ltd.
2-3-15 Nishiwaki, Hirano-ku, Osaka

Convocation Notice of the 64th Ordinary General Meeting of Shareholders

Japan Cash Machine Co., Ltd. (referred to as the “Company” hereinafter) hereby notifies you that the 64th Ordinary General Meeting of shareholders will be held as follows. Your attendance is respectfully requested.

If you are unable to attend the meeting, you may exercise your voting right in writing. Please refer to the documents for the Ordinary General Meeting of Shareholders attached and vote on proposals using the form included to exercise your voting right. The form should be returned to the company to arrive before 5:30 p.m. on Tuesday, June 27, 2017.

- 1. Date and time:** 10:00 a.m., Wednesday, June 28, 2017
- 2. Location:** Tennoji Miyako Hotel the Yoshino Room (6th floor)
1-2-8, Matsuzaki-cho, Abeno-ku, Osaka

3. Meeting Agenda:

Reports:

1. Reports on the business report, consolidated financial statements for the 64th (from April 1, 2016 to March 31, 2017) and the audit report by the Independent Auditor and the Audit & Supervisory Board on the audit results of the consolidated financial statements.
2. Non-Consolidated Financial Statements for the 64th (from April 1, 2016 to March 31, 2017)

Resolutions:

Proposal 1: Election of 8 Directors

Proposal 2: Payment of Bonuses to Directors

Proposal 3: Continuation of Policy to Address Large-scale Purchases of the Company's Shares
(Takeover Defense Measures)

Proposal 1: Election of Eight (8) Directors

The term of office of all Eight (8) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, it has proposed to elect Eight (8) Directors (including two (2) Outside Directors). The candidates for Directors are as follows:

No.	Name (Date of Birth)	Position and Responsibility in the company	Attendance Ratio of at the Board of Directors meetings (64 th Fiscal Year)
1	Reappointment Koichiro Kamihigashi	Chairman	100% (19 out of 19 meetings)
2	Reappointment Yojiro Kamihigashi	President and Representative Director	100% (19 out of 19 meetings)
3	Reappointment Hisashi Maki	Executive Director Management of Production Division, Quality division and Corporate Planning Division	100% (19 out of 19 meetings)
4	Reappointment Hikaru Izawa	Executive Director Management of Global Operation Division and R&D Division	100% (19 out of 19 meetings)
5	Reappointment Tsuyoshi Takagaki	Director and Senior Executive Officer Executive General Manager of Corporate Planning Division	100% (19 out of 19 meetings)
6	Reappointment Yasuhiko Yoshimura	Director	100% (19 out of 19 meetings)
7	Reappointment Outside Independent Brian Andrew Smith	Outside director	100% (19 out of 19 meetings)
8	Reappointment Outside Independent Koji Yoshikawa	Outside director	94.7% (18 out of 19 meetings)

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the company (Important concurrent positions)	Number of the Company's Shares Held												
1	<p>Koichiro Kamihigashi (December 15, 1957)</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div> <p>Number of years served as Director 30 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>Attendance Ratio of the Board of Directors meetings (64th Fiscal Year) 100% (19/19)</p>	<table border="0"> <tr> <td style="padding-right: 10px;">Apr. 1978</td> <td>Joined Japan Cash Machine Co., Ltd.</td> </tr> <tr> <td>May 1987</td> <td>Director</td> </tr> <tr> <td>Jun. 1991</td> <td>Executive Director</td> </tr> <tr> <td>Jun. 1994</td> <td>President and Representative Director</td> </tr> <tr> <td>Apr. 2007</td> <td>Director</td> </tr> <tr> <td>Jun. 2007</td> <td>Chairman (present)</td> </tr> </table> <p>(Important Concurrent Position) President and Representative Director of Johto Investment and Development, Inc.</p>	Apr. 1978	Joined Japan Cash Machine Co., Ltd.	May 1987	Director	Jun. 1991	Executive Director	Jun. 1994	President and Representative Director	Apr. 2007	Director	Jun. 2007	Chairman (present)	2,707,246
	Apr. 1978	Joined Japan Cash Machine Co., Ltd.													
	May 1987	Director													
Jun. 1991	Executive Director														
Jun. 1994	President and Representative Director														
Apr. 2007	Director														
Jun. 2007	Chairman (present)														
<p>Reason for selecting the candidate for Director</p> <p>The candidate has been participating in the management of the company for a long time as a director, while also being President and Representative director. Therefore, he has long-standing experience of management and is currently supervising decision-making processes and the execution of business activities from a broad perspective as chairman. Since he is expected to continue carrying out business activities in an appropriate manner in the future, we consider him to be a suitable candidate for director, who will continue enhancing the corporate value of JCM group. Accordingly, he is continuously proposed as a candidate for director.</p>															
<p>Special interests between the candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>															

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the company (Important concurrent positions)		Number of the Company's Shares Held
2	<p>Yojiro Kamihigashi (June 5, 1959)</p> <p>Reappointment</p> <p>Number of years served as Director 24 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>Attendance Ratio of the Board of Directors meetings (64th Fiscal Year) 100% (19/19)</p>	<p>Oct. 1984 Jun. 1993 May 1995</p> <p>Jun. 2006</p> <p>Apr. 2007 Apr. 2015 Jul. 2015</p> <p>(Important Concurrent Position)</p>	<p>Joined Japan Cash Machine Co., Ltd. Director Director General Manager of Overseas Sales Department Director Executive Officer Executive General Manager of International Division President and Representative Director (present) Management of Global Commercial Division Representative Director of JCM EUROPE GMBH. (present)</p>	1,458,283
	<p>Reason for selecting the candidate for Director</p> <p>The candidate has management experience at an overseas subsidiary, and using this experience and his leadership in the management of the company group, he is currently playing an important decision-making role, while supervising the execution of business activities, which are developing globally. Since he is expected to continue carrying out business activities in an appropriate manner in the future, we consider him to be a suitable candidate for director, who will continue enhancing the corporate value of JCM group. Accordingly, he is continuously proposed as a candidate for director.</p>			
	<p>Special interests between the candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>			
3	<p>Hisashi Maki (February 26, 1949)</p> <p>Reappointment</p> <p>Number of years served as Director 16 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>Attendance Ratio of the Board of Directors meetings (64th Fiscal Year) 100% (19/19)</p>	<p>Dec. 1991 Jun. 2001</p> <p>Jun. 2007 Jun. 2014 Jul. 2015</p> <p>Jun.2016</p>	<p>Joined Japan Cash Machine Co., Ltd. Director Executive General Manager of Administration Division Executive Director (present) Management of General Administrative tasks Executive General Manager of Creating and Manufacturing Division Management of Production Division, Quality division and Corporate Planning Division (present)</p>	—
	<p>Reason for selecting the candidate for Director</p> <p>The candidate has led the administration division for a long time, mainly in the fields of finance and accounting, while also handling public relations and IR activities. He has made judgments based on management analyses and financial strategies from the viewpoint of various stakeholders, including investors, while also supervising the execution of effective business activities. Since he is expected to continue carrying out his current duties in an appropriate manner in the future, we consider him to be a suitable candidate for director, who will continue enhancing the corporate value of JCM group. Accordingly, he is continuously proposed as a candidate for director.</p>			
	<p>Special interests between the candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>			

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the company (Important concurrent positions)		Number of the Company's Shares Held
4	<p>Hikaru Izawa (August 29, 1949)</p> <p>Reappointment</p> <p>Number of years served as Director 9 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>Attendance Ratio of the Board of Directors meetings (64th Fiscal Year) 100% (19/19)</p>	<p>Apr. 1985 Jun. 2008</p> <p>Jun. 2013 Jul. 2015 Jul. 2015</p> <p>Jun.2016</p>	<p>Joined Japan Cash Machine Co., Ltd. Director Senior Executive Officer Executive Director (present) Management of Global Gaming Division Representative Director of JCM AMERICAN CORP. (present) Representative Director of JCM INNOVATION CORP. (present) Management of Global Operation Division and R&D Division (present) (Important Concurrent Position) Representative Director of JCM AMERICAN CORP. Representative Director of JCM INNOVATION CORP.</p>	55,834
	<p>Reason for selecting the candidate for Director</p> <p>The candidate has been in charge of research and development for major products of the company group, and has supported its growth. He is currently both executive director and representative director of an overseas subsidiary, making management decisions based on his extensive knowledge of products and global perspective, as well as supervising the execution of effective business activities. Since he is expected to continue carrying out his current duties in an appropriate manner in the future, we consider him to be a suitable candidate for director, who will continue enhancing the corporate value of JCM group. Accordingly, he is continuously proposed as a candidate for director.</p>			
	<p>Special interests between the candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>			
5	<p>Tsuyoshi Takagaki (September 13, 1961)</p> <p>Reappointment</p> <p>Number of years served as Director 4 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>Attendance Ratio of the Board of Directors meetings (64th Fiscal Year) 100% (19/19)</p>	<p>Aug. 1997 Jun. 2007</p> <p>Oct. 2011</p> <p>Jun. 2013 Dec. 2013</p>	<p>Joined Japan Cash Machine Co., Ltd. Executive Officer Deputy Executive General Manager of Administration Division Senior Executive Officer Executive General Manager of Human Resources, General Affairs and Corporate Planning Division Director and Senior Executive Officer (present) Executive General Manager of Corporate Planning Division (present)</p>	800
	<p>Reason for selecting the candidate for Director</p> <p>Since entering the company, the candidate has supported the development of the company group, taking charge of business activities related to general affairs, legal, compliance, and human resources. He is currently in charge of decision-making using these experiences, while also supervising the execution of business activities. Since he is expected to continue carrying out his current duties in an appropriate manner in the future, we consider him to be a suitable candidate for director, who will continue enhancing the corporate value of JCM group. Accordingly, he is continuously proposed as a candidate for director.</p>			
	<p>Special interests between the candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>			

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the company (Important concurrent positions)	Number of the Company's Shares Held
6	<p>Yasuhiko Yoshimura (November 26, 1961)</p> <p>Reappointment</p> <p>Number of years served as Director 4 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>Attendance Ratio of the Board of Directors meetings (64th Fiscal Year) 100% (19/19)</p>	<p>Aug. 1996 Joined Sammy Industry Co., Ltd. (currently Sammy Corporation)</p> <p>Apr. 2007 Executive Officer of Sammy Corporation President and Repräsentative Director of Sammy Systems Corporation</p> <p>May 2009 President and Director of JCM Systems Co., Ltd.</p> <p>May 2010 President and Representative Director, JCM Systems Co., Ltd. (present)</p> <p>Jun. 2013 Director (present)</p> <p>(Important Concurrent Position) President and Representative Director, JCM Systems Co., Ltd.</p>	400
	<p>Reason for selecting the candidate for Director</p> <p>The candidate has long-standing experience and a strong track record in business activities related to amusement equipment business. He currently serves strategic decision-making and supervisory function against the execution of business activities from the viewpoint of managing the amusement equipment business as President and Representative Director of JCM Systems Co., Ltd. Since he is expected to continue carrying out his current duties in an appropriate manner in the future, we consider him to be a suitable candidate for director, who will continue enhancing the corporate value of JCM group. Accordingly, he is continuously proposed as a candidate for director.</p> <p>Special interests between the candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>		

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the company (Important concurrent positions)		Number of the Company's Shares Held			
	<p>Brian Andrew Smith (March 30, 1946)</p> <table border="1" data-bbox="193 230 448 365"> <tr><td>Reappointment</td></tr> <tr><td>Outside</td></tr> <tr><td>Independent</td></tr> </table> <p>Number of years served as Director 3 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>Attendance Ratio of the Board of Directors meetings (64th Fiscal Year) 100% (19/19)</p>	Reappointment	Outside	Independent	<p>Jun. 1969</p> <p>Sep. 1984</p> <p>Oct. 1987</p> <p>Oct. 1998</p> <p>Aug. 2005</p> <p>May 2010</p> <p>Apr. 2011</p> <p>Jun. 2014</p>	<p>Employed by Department of External Affairs and Trade and International Trade, Canada</p> <p>Counselor (Energy) and Head of the Energy Section, Canadian embassy in the United States of America</p> <p>Counselor (Financial and Monetary Affairs), Canadian embassy in Japan</p> <p>Special Advisor, Financial Sector Branch, Department of Finance, Canada</p> <p>Director (Public Affairs), Engineers Canada (The Canadian Council of Professional Engineers)</p> <p>Principal, Alta Vista Consulting International (present)</p> <p>Special Representative (Ottawa), Canadian Chamber of Commerce in Japan (present)</p> <p>Outside director (present)</p> <p>(Important Concurrent Position) Principal, Alta Vista Consulting International Special Representative (Ottawa), Canadian Chamber of Commerce in Japan</p>	<p>—</p>
Reappointment							
Outside							
Independent							
7	<p>Reason for selecting the candidate for Outside Director</p> <p>The candidate has been providing advice to the company group on the execution of global business operations from an objective and appropriate point of view, based on his observations and expertise related to cultural differences that he has gained from extensive international experience. We, therefore, consider him to be an appropriate candidate for outside director for the company, in order to further strengthen the function of supervising the execution of duties of directors and management transparency. Accordingly, he is continuously proposed as a candidate for outside director.</p> <p>Matters regarding independence</p> <p>The company nominates the candidate as an independent director based on the regulations of the Tokyo Stock Exchange and has reported such to the Exchange. It should also be mentioned that the company has its own independent standards, separately from those stipulated by the Exchange, and he also fulfills those standards of the company.</p> <p>Special interests between the candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p> <p>Regarding agreements limiting the liability</p> <p>The company has concluded a contract with the candidate to limit his liability for damages under Article 423 (1) of the Companies Act based on the stipulation in Article 427 (1) of the same. The maximum amount of the liability for damages under the said contract shall be 10 million yen or the minimum amount of the liability prescribed by Article 425 (1) of the Companies Act, whichever is higher. If the reelection of the candidate is approved, we plan to continue the contract.</p>						

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the company (Important concurrent positions)	Number of the Company's Shares Held																			
	<p>Koji Yoshikawa (February 8, 1950)</p> <table border="1" data-bbox="193 232 445 374"> <tr> <td data-bbox="193 232 445 282">Reappointment</td> </tr> <tr> <td data-bbox="193 282 445 331">Outside</td> </tr> <tr> <td data-bbox="193 331 445 374">Independent</td> </tr> </table> <p>Number of years served as Director 3 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>Attendance Ratio of the Board of Directors meetings (64th Fiscal Year) 94.7% (18/19)</p>	Reappointment	Outside	Independent	<table border="0"> <tr> <td data-bbox="520 159 632 190">Apr. 1978</td> <td data-bbox="695 159 1238 215">Appointed Public Prosecutor, Osaka District Public Prosecutors Offices</td> </tr> <tr> <td data-bbox="520 215 632 246">Apr. 2000</td> <td data-bbox="695 215 1246 297">Deputy Manager, Special Investigation Department, Osaka District Public Prosecutors Office</td> </tr> <tr> <td data-bbox="520 297 632 329">Apr. 2004</td> <td data-bbox="695 297 1198 329">Prosecutor, Supreme Public Prosecutors Office</td> </tr> <tr> <td data-bbox="520 329 632 360">Jul. 2005</td> <td data-bbox="695 329 1267 412">Deputy Chief Public Prosecutor, Osaka District Public Prosecutors Office</td> </tr> <tr> <td data-bbox="520 412 632 443">Jan. 2009</td> <td data-bbox="695 412 1169 443">Chief Public Prosecutor, Kobe District Public Prosecutors Office</td> </tr> <tr> <td data-bbox="520 443 632 474">Jan. 2010</td> <td data-bbox="695 443 951 474">Resigned as prosecutor</td> </tr> <tr> <td data-bbox="520 474 632 506">Mar. 2010</td> <td data-bbox="695 474 903 506">Certified as Lawyer</td> </tr> <tr> <td data-bbox="520 506 632 537">Jun. 2014</td> <td data-bbox="695 506 967 537">Outside director (present)</td> </tr> </table> <p>(Important Concurrent Position) Lawyer (Baba · Takahashi law firm)</p>	Apr. 1978	Appointed Public Prosecutor, Osaka District Public Prosecutors Offices	Apr. 2000	Deputy Manager, Special Investigation Department, Osaka District Public Prosecutors Office	Apr. 2004	Prosecutor, Supreme Public Prosecutors Office	Jul. 2005	Deputy Chief Public Prosecutor, Osaka District Public Prosecutors Office	Jan. 2009	Chief Public Prosecutor, Kobe District Public Prosecutors Office	Jan. 2010	Resigned as prosecutor	Mar. 2010	Certified as Lawyer	Jun. 2014	Outside director (present)	—
Reappointment																						
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Jan. 2010	Resigned as prosecutor																					
Mar. 2010	Certified as Lawyer																					
Jun. 2014	Outside director (present)																					
8		Reason for selecting the candidate for Outside Director																				
		Although the candidate has not been directly involved in the management of a company, he has extensive knowledge and expertise as a judicial officer. Thus, he has been giving appropriate management advice to the company focusing on compliance, such as relating to casino gaming licenses in the U.S. We, therefore, consider him to be an appropriate candidate for external director of the company, in order to further strengthen the function of supervising the execution of duties of directors and management transparency. Accordingly, he is continuously proposed as a candidate for outside director.																				
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Independence Standards for Outside Officers
(Outside Directors and Outside Audit & Supervisory Board Members)

The company defines the standards for the independence of outside directors and outside Audit & Supervisory Board Members of the company (hereinafter referred to collectively as “outside officers”) as follows. Based on an investigation by the company to an extent possible, it is considered that an outside officer is sufficiently independent of the company if none of the following criteria is applicable.

1. A person who executes business (including managing director, executive officer, and employee, but excluding Audit & Supervisory Board Member, hereinafter referred to collectively as “executor”) of the company or its consolidated subsidiaries (hereinafter referred to generally as “the company group”) or has been an executors of the company group for the past ten years
2. An entity whose major sales destination is the company group (referring to groups that provide products or services for the company group, including both direct partners and their parent company, subsidiaries, and business group composed of subsidiaries of the same parent company, and the same applies hereinafter, with a transaction volume in the latest fiscal year of more than 2% of the annual consolidated sales of them) or their executors
3. An entity that is a major sales destination of the company group (referring to groups to which the company group provides products or services with a transaction volume in the latest fiscal year of more than 2% of the annual consolidated sales of the company group) or their executors
4. Legal expert, accounting expert, consultant, or advisor who receives a substantial amount of cash or economic benefits (more than five million yen annually for individuals and twelve million yen for an organization in cash or economic benefits during the latest fiscal year excluding director’s compensation) from the company group apart from director’s compensation (if a corporate body or an association is a recipient of the economic benefit, its members)
5. A person who belongs to the audit corporation that carries out statutory audits of the company group
6. A person who receives donations or funding exceeding a certain fixed amount from the company (10 million yen annually on average over the past three fiscal years (if a corporate body or an association is the recipient of the donation or funding, its executors))
7. An executor who belongs to a major financial institution from which the company group receives loans (financial institutions that provide loans equivalent to more than 2% of the consolidated asset of the company group as of the end of the latest fiscal year) or their parent company or subsidiary
8. A major shareholder of the company group (those who directly and indirectly own 10% or more of the total voting rights in terms of the holding ratio of voting rights in the latest fiscal year) or if the major shareholder is a corporate body, executor of the corporate body
9. An executor of another company who is concurrently an outside director of the company group (if an executor of the company group is an outside director of another company whose executor is also an outside officer of the company)
10. Those to which 2 - 9 above are applicable for the past five years
11. Spouse and relative by affinity within the second degree of kinship of those who apply to any of the above 1 - 10 (limited to those who have an important position, including director (excluding outside director), executive officer, and senior management employee above general manager, lawyer belonging to legal company, certified public accountant belonging to an audit corporation or an accounting firm, councilor, director, and supervisor, belonging to a incorporated foundation, incorporate association, or incorporated educational institution, or others of equivalent importance from an objective and reasonable point of view)
12. Apart from the above, those who have a particular reason for not being able to carry out the duties of an independent outside officer, such as those with a conflict of interest with the company

It should also be mentioned that even when one applies to any of the above 1 - 11, if the person fulfills the conditions to be an outside officer under the Companies Act, and if the company considers the person appropriate to be an independent outside officer, it is possible for this person, as an exception, to be a candidate for independent outside officer with the reasons for the nomination articulated.

Proposal 2: Payment of Bonuses to Directors

The company will offer a total of 18 million yen for six (6) directors (excluding outside directors) as of the end of this term, based on a comprehensive consideration of performance during this term, past directors' remuneration, and various other factors. Furthermore, it is proposed that the determination of the amounts to be given to each Director be entrusted to the decision of the Board of Directors.

Proposal 3: Continuation of Policy to Address Large-scale Purchases of the Company's Shares (Takeover Defense Measures)

Having obtained approval by resolution of the 53rd Ordinary General Meeting of Shareholders held on June 28, 2006, as a measure for enhancing the Company's corporate value, as well as for ensuring and improving the common interests of the shareholders, the Company introduced countermeasures against large-scale purchases of the Company's shares (takeover defense measures) for the purpose of preventing abusive acquisition of the Company and other hostile actions. Subsequently, the continuation of the policy was approved by shareholders at the 55th, 58th, and 61st Ordinary General Meetings of Shareholders, as part of the contents were revised as necessary in consideration of various developments about takeover defense measures (hereinafter referred to as the "Current Plan"). The effective period of the Current Plan will expire at the conclusion of this Ordinary General Meeting of Shareholders.

After the continuation of the Current Plan was approved, the Company has explored the best way to implement it, including the pros and cons of having it from the perspective of enhancing corporate value, as well as ensuring and improving the common interests of the shareholders, taking into account changes in social and economic conditions, and developments in various arguments on takeover defense measures.

As a result, at the Board of Directors Meeting held on May 11, 2017, the Company decided to continue the Current Plan on the condition that shareholders at this Ordinary General Meeting of Shareholders approves it as an effort to prevent an inappropriate person from controlling the decisions on the financial and business policies of the Company (Article 118, Item 3 (ii) (2) of the Ordinance for Enforcement of the Companies Act) in light of the Basic Policies related to the way a person is to control the decisions on the financial and business policies of the Company (hereinafter the "Basic Policies"), provided by Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act (hereinafter, the Current Plan is referred to as "this Plan" after its continuation). Please be advised of the details as below.

To continue the policy under this Plan, there will be no change to its basic scheme.

Please note that all the four Audit & Supervisory Board Members of the Company, including three outside Audit & Supervisory Board Members, took part in the Board of Directors Meeting, which decided this Plan, and each expressed his consent to this Plan on the condition that it is practiced appropriately.

I. Basic Policies Related to the Way a Person is to Control the Decisions on the Financial and Business Policies of the Company

The Company believes that a person who controls the decision on the financial and business policies of the Company needs to be one who understands the origin of the Company's corporate value and makes it possible to enhance the Company's corporate value, as well as to ensure and improve the common interests of the shareholders in a continuous and sustainable manner.

The Company will not categorically deny large-scale purchases of the Company's shares, if they can enhance the Company's corporate value and ultimately, contribute to the common interests of the shareholders. In addition, the final decision on acceptance or rejection of a proposal for a large-scale purchase of shares, which entails a transfer of the right to control the company, should ultimately be made based on the shareholders' consensus.

However, some large-scale purchases of shares are intended to acquire only operations, assets, technologies, and expertise in a specific field. Other examples include one that will cause an obvious interference to the enhancement of corporate value and the common interests of the shareholders judging from its purposes, etc., one that will effectively force the shareholders to sell their shares, one that

will give neither enough time nor information necessary for the Board of Directors or the shareholders of the targeted company to examine the large-scale purchase of shares or for the board of directors of the targeted company to prepare alternative plans, or one in which the target company will need to negotiate with the Purchasers to obtain more advantageous conditions than the one the Purchasers made first. As such, there are many proposals that will not contribute to enhancing corporate value or the common interests of the shareholders.

Such a person who will purchase many shares, which will not contribute to enhancing corporate value and ultimately, the common interests of the shareholders, is not appropriate as the person who controls the decisions on the financial and business policies of the Company. Against this kind of acquisition, the Company believes that there is a need to safeguard the enhancement of corporate value and the common interests of the shareholders by means of taking necessary and appropriate countermeasures.

II. Special Efforts that Contribute to Putting the Basic Policies into Practice

1. Outline of efforts to maximize corporate value

Since its founding in 1955, the Company, as a group, has pursued a unique business model by developing, manufacturing, and selling money handling units for the retailing, banking, and gaming markets, including a variety of vending machines, fare adjustment machines and IT terminals and a broad range of labor-saving machines for handling money to all markets in the world and a series of devices and equipment for amusement business through carrying out basic research and technology development with an eye on the future on the strength of technological capability, related to currency validation and transport, that we have built over decades, as well as on a stable financial standing.

The Company has contributed to the development of the economy and society through these unique businesses while helping build a social environment that meets the needs of the times and security systems, and is determined to make continued efforts to broadly promote our high-quality, high-performing products to various markets and to increase their adoption in various fields.

Under such circumstances, the Company has pushed forward with efforts toward maximizing corporate value through putting into practice all business measures in the medium-term management plan (II) with FY2017 (ending March 2018) as its final year, which we publicized on May 12, 2015. During the years of implementation of this medium-term management plan, in the overseas gaming market, we acquired Future Logic Group, LLC in the United States (engaged in manufacturing and selling printer equipment for the gaming market) in September 2015 in an attempt to not only strengthen the sales base through measures including broadening the ability to offer products and expanding the sales channels, based on the new product line, but also to enlarge added value, such as the capacity to develop technologies. In the Japanese amusement equipment market, the Company acquired part of Silver Denken Co.'s business to obtain products that had not been in the Company's product portfolio, in September 2016. By pushing such newly gained products in particular, the Company is working to develop new sales channels and reinforce technical capability in an effort to further secure and expand business domains despite being under stagnant market conditions.

In addition, to improve profitability, we are endeavoring to fortify our corporate management foundation by focusing on securing market quality and stable supply, and enhancing cost competitiveness mainly through raising production efficiency and reducing manufacturing costs, as well as making investments and appointing qualified human resources related to plant facilities and

development environment.

On the other hand, as a measure for reinforcing corporate governance and compliance, we are working to further strengthen the function to supervise the execution of directors' duties and improve the transparency of corporate management by appointing two outside directors as of June, 2014.

Through carrying out the various measures mentioned above, we are making efforts to further enhance the corporate value in addition to making corporate management more efficient and realizing stable growth.

2. Basic Policies in the medium-term management plan

We are carrying out our activities set for the current year under the following Basic Policies and priority measures provided for in the rolling plan for the medium-term management plan (II) with FY2017 (ending in March 2018) as its final year, as mentioned above.

Under the slogan that "Dedicated to becoming a truly global company, continually creating markets and value in the circulation of cash", we propose the following.

- 1) We will expand dynamically into emerging-country markets and untapped markets in currency processing equipment.
- 2) In global markets, we will aim to strengthen the relationships that we have built with gaming machine manufactures and customers in the North American and European markets, with major OEMs and pachinko hall operators in Japan, and with new partners.
- 3) We will aim to create new businesses to support the Company's future income base by continuing to invest actively in securing human resources and developing and commercializing new products and technologies.
- 4) We will step up efforts to restructure the Company Group to achieve business operations and scale that enable more rapid business expansion.

We are striving to continue to garner support from customers and shareholders and make progress by focusing the Company group's resources in implementing business measures set for the current year, based on the above Basic Policies and priority measures.

To formulate a rolling plan for the next medium-term management plan, we are in the middle of analyzing and perusing multifaceted aspects of information while monitoring trends in the dramatically changing markets at home and overseas.

3. Policy for returning profits

Regarding the policy for returning profits, the Company has set a goal of deciding the policy with a minimum consolidated dividend ratio of 30% as the basis and with DOE (dividend on equity) in mind, while considering both an increase in dividend amounts through expanding profits based on growth strategy, and stable payment of dividends as returning profits to the shareholders. The Company will continue to actively return profits in accordance with this policy.

III. Efforts to Prevent an Inappropriate Person from Controlling the Decisions on the Financial and Business Policies of the Company in Light of the Basic Policies

1. Purpose of the continuation of this Plan

This Plan is intended to be continued for the purpose of enhancing the Company's corporate value and ultimately, improving the common interests of the shareholders in accordance the Basic Policies

described in I.

The Board of Directors of the Company has concluded that it is essential to have in place a framework for preventing large-scale purchases of shares that conflict with the corporate value and ultimately, the common interests of the shareholders. Under the framework, in the case of a large-scale purchase of shares of the Company, the Board of Directors will have the Purchaser and the person who proposes the purchase (hereinafter, collectively referred to as "Purchasers") provide information on the said purchase in advance, and thereby, the shareholders can decide whether or not to accept the purchase, or the Board of Directors of the Company can either secure the time necessary to make alternative proposals or negotiate with the Purchasers on behalf of the shareholders.

The situation of major shareholders of the Company as of March 31, 2017 is as described in business report. Approximately 37% of the total Company shares issued are held by the Company's board members (five directors and seven executive officers) and their related parties (one asset management firm, the employee shareholding association, and five relatives within a second degree of kinship with the directors and executive officers). However, the Company is listed on a stock exchange. Therefore, it is natural that shares of the Company change hands through transactions and other methods, based on the independent will of shareholders. About 18% of the approximately 37% shares held by the Company's directors and their related parties are held by individual shareholders. It cannot be denied that their holdings will be divided or scattered through transfers or other methods when such shareholders become old, and ensuing diverse circumstances arise. Therefore, it is possible that a large-scale purchase of shares takes place in the future that is detrimental to enhancing corporate value and ultimately, the common interests of the shareholders.

Accordingly, judging that the effort remains necessary to prevent an inappropriate person from controlling the decisions on the financial and business policies of the Company in light of the Basic Policies, the Company, at the Board of Directors Meeting held on May 11, 2017, has decided to continue the effort on the condition that the proposal is approved by shareholders at this Ordinary General Meeting of Shareholders.

Please be advised that as of the time when the continuation of this Plan was decided, there was no evidence that the Board of Directors of the Company had received any proposal for a large-scale purchase of shares from a specific third party.

2. Details of this Plan

The contents of this Plan are as follows. Please also refer to the procedures related to this Plan that is summarized in the form of a flow chart in [Attachment 1].

(1) Purchases subject to this Plan

Under this Plan, in the case that a purchase that meets [1] and [2] as follows (excluding cases in which the Board of Directors has given its consent beforehand) is undertaken, the procedures set forth by this Plan shall be followed.

[1] A purchase that brings the total of the holding rate (Note 3) of holders (Note 2) of share certificates, etc., that were issued by the Company (Note 1) to 20% or more.

[2] A tender offer that brings the total ownership rate (Note 6) of share certificates, etc., issued by the Company (Note 4), related to the tender offer (Note 5), and that of persons in its special relationship (Note 7) to 20% or more.

Note 1) means the share certificates, etc., prescribed in Article 27-23, paragraph 1 of the Financial

Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 2) means the holders, prescribed in Article 27-23, paragraph 3 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 3) means the holding rate of share certificates, etc., prescribed in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 4) means share certificates, etc., prescribed in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply to [2].

Note 5) means tender offers, prescribed in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 6) means the ownership rate of share certificates, etc., prescribed in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 7) means persons in a special relationship, prescribed in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act. However, the persons prescribed in paragraph 1 of the same Act exclude those prescribed in Article 3, paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc., by Person Other Than Issuer. The same shall apply hereinafter except as otherwise provided.

(2) Demand for Purchasers to submit information

If Purchasers conduct or propose a purchase (hereinafter both referred to as “Purchases”), Purchasers are firstly required to submit to the Company a letter of intent, before effecting Purchases, stating that the said Purchasers will observe the procedures set forth by this Plan when conducting Purchases.

The letter of intent shall comply with a form specified by the Company and clearly describe the name, address, governing law of incorporation of the Purchasers, their name of the representative, and their contact information in Japan, as well as the outline of the Purchases. Please note that the letter of intent shall be written in Japanese only.

Next, the Company will issue to Purchasers a list of information items that Purchasers shall submit to enable shareholders to make judgments and the Company’s Board of Directors to form opinions, etc., (hereinafter referred to as the “Necessary Information”) within 10 business days of receiving the letter of intent. The specific contents of the information to be submitted include the following as concrete examples, though they depend on the attributes of Purchasers and the contents of Purchases. Such information shall also be submitted in Japanese only.

(a) Concrete contents of Purchases

[1] Purposes, methods, and contents of Purchases (including the timing of purchases, schemes of related transactions, legality of purchasing methods, and probability of executing purchases).

[2] Need or no need for Purchasers to obtain a third party’s consent in effecting Purchases. If needed, their contents.

[3] Contents of consideration for Purchase (the value, types, etc.) and grounds for the calculation (facts and hypotheses as the premises of the calculation, calculation method, and numerical information used for calculation, as well as the value of synergies that are expected to be created by a series of deals related to Purchases and grounds for the calculation).

- [4] Information substantiating the availability of funds for Purchases, the specific name of fund providers to Purchasers (including effective fund providers), and methods for financing Purchases (including the contents of related deals).
- [5] Contents of the Company group's management policies, business plans, financing plans, capital policies, dividend policies, measures for utilizing assets, etc., after the Purchase is executed.
- [6] Policies for treating the Company's and Company group's stakeholders, including employees, trading partners, and customers, after the Purchase is executed.
- [7] Other information that the Company reasonably judges necessary.

(b) Matters related to Purchasers

Details include the specific names, capital structures, and career records or histories of Purchasers and their groups (joint holders and people with whom they are in a special relationship), as well as information on members and constituent members (in the case of a fund), such as their line of business, financial standing, their businesses' performance, histories and outcomes of their past acquisitions, existence or nonexistence of past violations of laws or regulations and their contents, if any, and the career records of board members and other relevant people.

The Company may ask for additional information until all Necessary Information are collected, if the information already submitted, on its own, is regarded as insufficient for forming an opinion that facilitates the judgment of the shareholders and if written consent on the need for additional information is obtained from a special committee.

However, the period for the Purchasers' reply (hereinafter referred to as the "Period for Providing Information") is set to a maximum of 60 days after the day the list for the Necessary Information is dispatched. If that period passes before all the Necessary Information is provided, the Company may end communications with the Purchasers about provision of information and commence the procedures described in (3) below.

The Board of Directors of the Company will disclose the fact that the letter of intent was submitted, as appropriate. Regarding information provided to the Company, the Company will disclose it in full or in part in a timely manner if the Company deems it necessary.

- (3) Study of contents of purchases, negotiations with Purchasers, and presentation of alternative proposals
- If the Board of Directors of the Company judges that the information that it asked for based on (2) above has been obtained in a sufficient amount, or when the Period for Providing Information expires, the Board of Directors will notify the Purchasers to that effect, and disclose thus promptly and set the period based on that described in [1] or [2] below as the time for assessing and examining the information, negotiating with the Purchasers, or forming of opinions and formulating alternative proposals with respect to the Purchases, depending on the contents of the Purchases (hereinafter referred to as the "Assessment Period"). A Purchase can be made for the first time after the Assessment Period expires.
- [1] 60 days (the first day is not included) in the case of Purchases of all shares of the Company through a tender offer with cash (the Japanese yen) as the only consideration.
 - [2] 90 days (the first day is not included) in the case of Purchases other than the above.

During the Assessment Period, the Board of Directors of the Company will assess, examine, and work on the contents of the Purchases of the Purchasers from the perspective of enhancing the Company's corporate value and ultimately, ensuring and improving the common interests of the shareholders, based on the information and materials that the Purchasers have submitted. In addition,

the Board of Directors of the Company will discuss or negotiate with the Purchasers to improve the contents of the Purchases, as necessary, from the perspective of enhancing the Company's corporate value and ultimately, ensuring and improving the common interests of the shareholders, as well as to present alternative plans to the shareholders.

If the Board of Directors does not reach a final decision on whether or not to implement his Plan within the Assessment Period, the Board of Directors may pass a resolution to extend the Assessment Period by a maximum of 30 days (the first day is not included) within the range necessary to examine the contents of the Purchases of the Purchasers, negotiate with Purchasers, prepare alternative plans, etc. In this case, the Board of Directors of the Company will disclose the reason for extending the Assessment Period, the extended period of time, and matters that are regarded as appropriate promptly after the resolution of the extension was passed.

(4) Recommendation of Special Committee

(a) The Special Committee

The Company has set up a special committee separately as is the case with the Current Plan for the purpose of ensuring the objectivity and reasonableness of the judgments of the Board of Directors of the Company with respect to discussions, negotiations, and extensions of the Assessment Period, provided for in (3) above, as well as the applicability, etc., of Trigger Events, set forth in (b) below.

The Special Committee will follow the procedure provided for in "Special Committee Rules" in [Attachment 2] to assess and examine the contents of the Purchases of the Purchasers and make a recommendation to the Board of Directors of the Company.

In conducting assessments, examinations, and other tasks, the Special Committee may obtain advice from experts (financial advisers, attorneys in law, certified public accountants, etc.) who are third parties and independent at the expenses of the Company to ensure that its judgment contributes to the enhancement of corporate value and the common interests of the shareholders.

When the Special Committee makes a decision, all the committee members should attend the meeting in principle, and a decision shall be made by a majority vote. The Board of Directors of the Company will make a final decision by giving utmost respect to the committee's recommendation.

The Special Committee shall consist of a minimum of three members. The Board of Directors shall, as a general rule, select the members from people who fulfill the requirements below and sign contracts with the Company, including a provision related to the duty of due care of prudent manager. The names and career records of the members of the Special Committee are as described in [Attachment 3].

[1] A person who is not or has not been a director (excluding an outside director; the same shall apply hereafter), an Audit & Supervisory Board Member (excluding an outside Audit & Supervisory Board Member; the same shall apply hereafter), or the like in the Company, and its subsidiaries or affiliates (hereinafter collectively referred to as the "Companies").

[2] A person who is not or has not been a relative of directors or Audit & Supervisory Board Members of the Companies.

[3] A person who is not in a special relationship with the Companies.

[4] A person who is a company manager with a wealth of experience in company management, an attorney in law, a certified public accountant, an expert, or one with similar qualifications.

(b) The Special Committee's recommendation for implementing this Plan

The Special Committee will recommend to the Board of Directors of the Company that this Plan be implemented (the contents of specific countermeasures are as described in [6] below) in the event that the Purchases of the Purchasers fall under any of the following events (hereinafter referred to as "Trigger Events") and are regarded as deserving the implementation of this Plan.

[1] In the event of Purchases that do not comply with the procedures provided for in this Plan.

[2] In the event of Purchases that fall under any of the acts listed in (i) through (iv) as follows that can cause obvious damage to the enhancement of the Company's corporate value and ultimately, the common interests of the shareholders.

(i) Act of buying up shares merely to raise its price without the Purchasers' serious intention of being involved in corporate management, then demanding that the Company or its related people buy these shares at a high price (the so-called "green mailers").

(ii) Act of taking temporary control of the Company and engaging in management to realize the profits of the Purchasers to the detriment of the Company, such as acquiring important assets, know-how, and confidential corporate information necessary for the Companies to run operations, as well as assets, etc., of main trading partners and customers at a low price.

(iii) Act of appropriating the assets of the Companies to secure the debts or to be a source for repayment of the debts of the Purchasers or their group companies.

(iv) Act of taking temporary control of the company management, disposing of the Companies' real properties, securities, and other high-value assets without immediate relationship to the business of the Companies, and paying out a temporarily high dividend with profits from that disposal, or watching for an opportunity for a rapid increase in stock prices caused by the temporarily high dividend to sell off shares.

[3] In the event of Purchases that in fact risk pressuring shareholders to sell shares, such as a coercive two-tiered tender offer (meaning the Purchase of shares such as in a public tender offer under which the shareholders are not solicited to sell all their shares at the first stage, and the second-stage Purchase terms are disadvantageously set compared to the initial Purchase terms or the second-stage Purchase terms are left ill-defined)

[4] In the event of Purchase terms that are insufficient or inappropriate from the perspective of the Company's intrinsic value (including the value and kind of consideration, the timing of Purchases, the legality of purchasing methods, the probability of undertaking Purchases, and the policies for treating the Company's employees, business partners, customers, and other stakeholders after the Purchases were executed.)

[5] In the event of Purchases that risk destroying relationships with employees, customers, trading partners, creditors, and other stakeholders, who are indispensable to realizing the sustainable growth of the Company's corporate value, and causing damage to the enhancement of the Company's corporate value and ultimately, the common interests of the shareholders.

However, whether or not it is before or after the record date of the right, the Special Committee may make a new and different judgment, including on the suspension or withdrawal of the implementation of this Plan, and give that recommendation to the Board of Directors of the Company in the event of the Purchasers' withdrawal of the Purchases or the nonexistence of other Purchases after the above recommendation was made, or in the event that it is judged that the Purchases of the Purchasers do not fall under the Trigger Events, as there is a change in the relevant facts upon which

the judgment on the above recommendation was premised.

Even in the event of judging whether or not this Plan should be implemented, if the Special Committee concludes that it is appropriate that the implementation obtain a resolution at a general meeting of shareholders, the Special Committee will recommend the Board of Directors of the Company to convene a general meeting of shareholders to take up an agenda item related to the implementation of this Plan thereto.

(c) The Special Committee's recommendation for not implementing this Plan

The Special Committee will recommend the Board of Directors of the Company not to implement this Plan when judging whether or not the Purchasers comply with the procedures provided for in this Plan, including the provision of information and ensuring the time for assessment provided for in (2) and (3) above, and that it has reached the judgment that the Purchases of the Purchasers do not fall under any of the Trigger Events as a result of assessment and examination of information and materials provided by the Purchasers and discussions and negotiations between the Board of Directors of the Company and the Purchasers.

However, the Special Committee may make a new and different judgment, including on the implementation of this Plan, and give that recommendation to the Board of Directors of the Company in the event that it reaches the judgment that the Purchases of the Purchasers fall under any of the Trigger Events, as there is a change in the relevant facts, etc., upon which the said judgment was premised.

(5) Resolution by the Board of Directors

The Board of Directors of the Company shall give utmost respect to the Special Committee's recommendation in (4) above and make a final decision on whether or not to implement this Plan, or whether or not to suspend or withdraw the implementation. In the event of having made such a decision, the Board of Directors of the Company will disclose information on the outline of the said decision, that of the recommendation of the Special Committee, and other matters deemed appropriate by the Board of Directors of the Company promptly after the decision was made.

In the event that the Special Committee recommends the convocation of a general meeting of shareholders related to the implementation of this Plan, the Board of Directors of the Company shall convene the meeting as soon as practically possible and take up the agenda item related to the implementation of this Plan thereto. In the event of resolving the implementation of this Plan at the general meeting of shareholders, the Board of Directors of the Company shall follow the resolution and perform the procedures necessary for the implementation of this Plan. The Purchasers must not undertake the purchase in the period from the commencement of the procedure related to this Plan to the passing of a resolution of whether or not to implement this Plan at a meeting of the Board of Directors of the Company, or to the passing of a resolution of whether or not to implement this Plan at the general meeting of shareholders in the case of the said general meeting of shareholders being convened.

In the event that a decision is made to suspend or withdraw the implementation of this Plan after the decision to implement it was made, the value of the stock per share will not be diluted. Therefore, investors who trade the Company's shares on the premise that dilution of the value of the stock per share will occur, risk suffering a considerable loss due to fluctuations in the share prices.

(6) Contents of the specific measure

The specific measure that the Board of Directors of the Company will take to counter inappropriate Purchases is an issuance of Stock Acquisition Rights through a gratis allotment as described in [Attachment 5], Procedures for Gratis Allotment of Stock Acquisition Rights (hereinafter referred to as the “Stock Acquisition Rights”).

The outline of the Stock Acquisition Rights is as below:

(a) Shareholders eligible to allotments

Shareholders who are recorded in the final shareholder registry on the record date prescribed by the Board of Directors (hereinafter referred to as the “Allotment Date”) when passing a resolution related to the Stock Acquisition Rights (hereinafter referred to as the “Resolution to Issue the Stock Acquisition Rights”) shall be allotted Stock Acquisition Rights at a ratio of a minimum of one (1) right for every one (1) share held (however, excluding common shares of the Company held by the Company itself).

(b) Class and number of shares that are the object of the Stock Acquisition Rights

The class of shares that is the object of the Stock Acquisition Rights shall be common shares of the Company. The number of shares that is the object of one (1) Stock Acquisition Right shall be one (1) unless otherwise adjusted.

(c) The total number of Stock Acquisition Rights

The upper limit shall be calculated by multiplying the final total number of shares issued as of the Allotment Date by two (2) (however, excluding the number of shares of the Company that the Company itself holds at the same point in time.)

(d) Amount to be paid upon exercise of the Stock Acquisition Rights

The amount to be paid for one (1) share to be delivered upon exercise of the Stock Acquisition Rights shall be one (1) yen.

(e) Exercise period of the Stock Acquisition Rights

The Exercise Period shall be from the date when three (3) weeks elapse since the effective date of the gratis allotment of the Stock Acquisition Rights to the date when six (6) months elapse since the above start date. However, if the final day of the Exercise Period is a holiday for the institutions that handle the payment, the final day will be extended to the next business day.

(f) Exercise terms of the Stock Acquisition Rights

[1] “Specified large-scale holders,” [2] “Their joint holders,” [3] Specified large-scale purchasers,” [4] “Persons with whom they have special relationships,” [5] Persons to whom the Stock Acquisition Rights were transferred or succeeded from the persons described in [1] to [4] above without the approval of the Board of Directors of the Company,” or [6] “Persons related to the persons described in [1] to [5] (hereinafter, the persons corresponding to [1] to [6] are collectively referred to as the “Non-Qualified Persons”). Only persons who do not fall under any of [1] to [6] may exercise the Stock Acquisition Rights. Non-residents who are required to go through specified procedures under applicable laws at home and overseas by exercising the Stock Acquisition Rights are in principle not eligible to exercise the Stock Acquisition Rights.

For the definitions and details of the terms used in the above, please refer to [Attachment 4], Procedures for Gratis Allotment of Stock Acquisition Rights.

(g) Acquisition of the Stock Acquisition Rights

[1] The Company may acquire all the Stock Acquisition Rights without consideration on a date that

falls within what the Board of Directors of the Company specifies as between the effective date of the gratis allotment of the Stock Acquisition Rights and the date when the Exercise Period of the Stock Acquisition Rights expires according to the decision of the Board of Directors of the Company in the event that the Board of Directors of the Company recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights.

[2] On a date that the Board of Directors of the Company will separately specify, the Company may acquire all the Stock Acquisition Rights held by persons other than the Non-Qualified Persons that have not been exercised until the business day immediately before the said date. In exchange, the Company may deliver one (1) common share of the Company in the number of applicable shares for every one (1) Stock Acquisition Right. In the events that include one that a third party who is not a Non-Qualified person has come to own the Stock Acquisition Rights, held by the Non-Qualified Persons, through transfers, etc., after the Company performed the acquisition, the Company may acquire such Stock Acquisition Rights multiple times.

(h) Transfer of the Stock Acquisition Rights

Transfer of the Stock Acquisition Rights is subject to approval by the Board of Directors of the Company.

(7) Effective period, continuation, abolition, and revision of this Plan

The period of delegation of the right to decide matters related to the gratis allotment of the Stock Acquisition Rights regarding this Plan, to be given at a resolution in this Ordinary General Meeting of Shareholders (hereinafter referred to as the "Effective Period") shall be up to the conclusion of the Ordinary General Meeting of Shareholders related to the term ending in March 2020.

The Company will seek approval to continue this Plan from the shareholders at the Ordinary General Meeting of Shareholders related to the term ending in March 2020. If approval is given, this Plan will remain effective up to the conclusion of the Ordinary General Meeting of Shareholders related to the last of the fiscal years ending within three years from the conclusion of this Ordinary General Meeting of Shareholders. Similarly, the Company shall confirm the intention of the shareholders to continue this Plan every three years thereafter.

However, even before the maturation of the effective period of this Plan and in the event that a resolution is passed to withdraw the above delegation to the Board of Directors regarding decisions on matters related to the gratis allotment of the Stock Acquisition Rights at a general meeting of shareholders of the Company, or that a resolution is passed to abolish this Plan at a meeting of the Board of Directors of the Company, which consists of directors elected at a general meeting of shareholders, this Plan shall be abolished at that point. Therefore, it is possible to abolish this Plan by the intention of the shareholders.

In addition, from the perspective of enhancement of corporate value and ultimately, ensuring and improving the common interests of the shareholders, based on the examination of the Board of Directors of the Company of revisions, establishments, etc., of the Financial Instruments and Exchange Act and other related laws and regulations, the Company may revise or alter this Plan as necessary.

In the event that this Plan is abolished or altered, the Company will disclose the facts of the said abolition or alterations promptly, as well as the contents of changes in the case of alteration and other items deemed appropriate by the Board of Directors of the Company.

IV. Judgment of the Board of Directors of the Company on the above Efforts and the Reasons for the Judgment

1. Special efforts that contribute to realizing the Basic Policies (Efforts in II above)

The efforts described in II above have been formulated as concrete measures for enhancing the Company's corporate value and ultimately, improving the common interests of the shareholders in a continuous and sustainable manner, contributing to realizing the Basic Policies.

Therefore, these efforts comply with the Basic Policies and agree with the common interests of the shareholders but are not intended to protect the positions of directors and Audit & Supervisory Board Members of the Company.

2. Efforts to prevent an inappropriate person from controlling the decisions on the financial and business policies of the Company in light of the Basic Policies (Efforts in III above)

(1) This Plan complies with the Basic Policies

This Plan is a framework for enhancing corporate value and ultimately, ensuring the common interests of the shareholders in the event that a large-scale Purchase of shares of the Company is undertaken, under which the Board of Directors of the Company will have the Purchasers and the person who proposes the Purchase provide information on the said Purchase in advance, and thereby, the shareholders can decide whether or not to accept the Purchase, or the Board of Directors of the Company can either secure the time necessary to make alternative proposals or negotiate with the Purchasers on behalf of the shareholders. In addition, this Plan complies with the Basic Policies.

(2) Efforts will not damage the common interests of the shareholders and are not intended to protect the positions of the corporate officers of the Company

For the following reasons, the Company believes that the efforts to prevent control by an inappropriate person will not damage the common interests of the shareholders and are not intended to protect the positions of the corporate officers of the Company in light of the Basic Policies.

(a) The efforts completely fulfill the requirements of the guidelines related to takeover defense measures.

This Plan completely fulfills the three principles (the principle of ensuring or enhancing corporate value and the common interests of the shareholders, the principle of prior disclosure and consent of the shareholders, and the principle of necessity and reasonableness) provided for in the "Guidelines Regarding Takeover Defenses for the Purpose of the Protection and Enhancement of Corporate Value and Shareholders' Common Interests," jointly announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. In addition, the contents of this Plan are established in reference to "Takeover Defense Measures in Light of Recent Environmental Changes," released on June 30, 2008 by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry, as well as day-to-day practices and arguments regarding takeover defense measures.

(b) The efforts place importance on the intention of the shareholders (resolutions at general meetings of shareholders and a sunset clause).

As described in 1 in III above, this Plan will remain effective on the condition that the shareholders give approval at this Ordinary General Meeting of Shareholders.

In addition, as described in 2 (5) in III above, Resolution by the Board of Directors Meeting, in

the event that the Special Committee issues a recommendation to convene a general meeting of shareholders with respect to the implementation of this Plan, the Board of Directors of the Company will be required to convene a general meeting of shareholders to take up an agenda item about the implementation of this Plan and pass a resolution thereon at the general meeting of shareholders.

Furthermore, as described above in 2 (7) in III, Effective period, continuation, abolition and revision of this Plan, this Plan includes the so-called sunset clause that limits the effective period to about three years. In addition, before the expiration of the effective period, in the event that a resolution is passed to withdraw the above resolution to delegate, or a resolution is passed in a meeting of the Board of Directors, elected at general meetings of shareholders, to abolish this Plan, this Plan will be abolished at that point. In this sense, continuation or abolition of this Plan is based on the intention of the shareholders of the Company.

(c) Setting reasonable and objective Trigger Events

As described in 2 (4) (b) in III above, this Plan is designed not to be implemented unless predetermined reasonable and objective requirements are fulfilled and can be regarded to incorporate a mechanism for preventing arbitrary implementation by the Board of Directors of the Company. Moreover, such Trigger Events have been set based on an elaborate analysis of the way appropriate and reasonable takeover defense measures should be in reference to materials including analysis of court cases in Japan and the above “Guidelines.”

(d) Setting of the Special Committee

The Company has set up a special committee separately for the purpose of ensuring the objectivity and reasonableness of judgments by the Board of Directors of the Company regarding negotiations and discussions with Purchasers, extension of the Assessment Period, the applicability of Trigger Events, etc.

The Special Committee, in consideration of the purpose for setting it, consists of only persons who are independent from the Board of Directors and fulfill the requirements described in 2 (4) (a) in III. The Special Committee may seek advice from independent third party experts (financial advisors, attorneys in law, certified public accountants, etc.) at the expense of the Company.

The Special Committee will follow the procedure provided for in “Rules for Special Committee” to assess and examine the applicability, etc., of Trigger Events, and make a recommendation to the Board of Directors of the Company. The Board of Directors of the Company will make a final decision on whether or not to implement this Plan, or whether to suspend or withdraw the implementation while giving utmost respect to the Special Committee’s recommendation.

(e) This Plan is not a dead-hand or slow-hand takeover defense measure.

This Plan may be abolished by the Board of Directors, which consists of directors elected at general meetings of shareholders of the Company. A person who acquired a large amount of share certificates of the Company may appoint directors at a general meeting of shareholders, and the Board of Directors, which consists of such directors, may abolish this Plan.

Therefore, this Plan is not a dead-hand takeover defense measure (in which even if a majority of the Board of Directors are replaced, the implementation of this Plan cannot be stopped). In addition, as the term of office for the directors of the Company is one (1) year, this Plan is not a slow-hand takeover defense measure (in which it takes more time to stop the implementation because the directors cannot be replaced all at once).

V. Impact on Shareholders and Investors

1. Impact on shareholders and investors at the time of renewing this Plan

The Stock Acquisition Rights will not be issued at the time of renewing this Plan. Therefore, it will not have any direct and concrete impact on the rights and economic interests of the shareholders and investors.

2. Impact on shareholders and investors at the time of issuing the Stock Acquisition Rights

If a Board of Directors Meeting or a general meeting of shareholders of the Company decides to implement this Plan and pass a resolution to issue the Share Acquisition Rights through a gratis allocation of the Stock Acquisition Rights, the Company will allocate the Stock Acquisition Rights to shareholders who are recorded in the final registry of shareholders on the Allotment Date, specified by the said resolution, at a ratio of a minimum of one (1) Stock Acquisition Right for every one (1) share held.

3. Procedure required for shareholders upon issuance of the Stock Acquisition Rights

(1) If a Board of Directors Meeting or a general meeting of shareholders of the Company decides to implement this Plan and passes a resolution to issue the Stock Acquisition Rights through a gratis allocation of stock acquisition rights, the Board of Directors of the Company will decide and publicize the Allocation Date.

(2) Procedure for exercising the Share Acquisition Rights

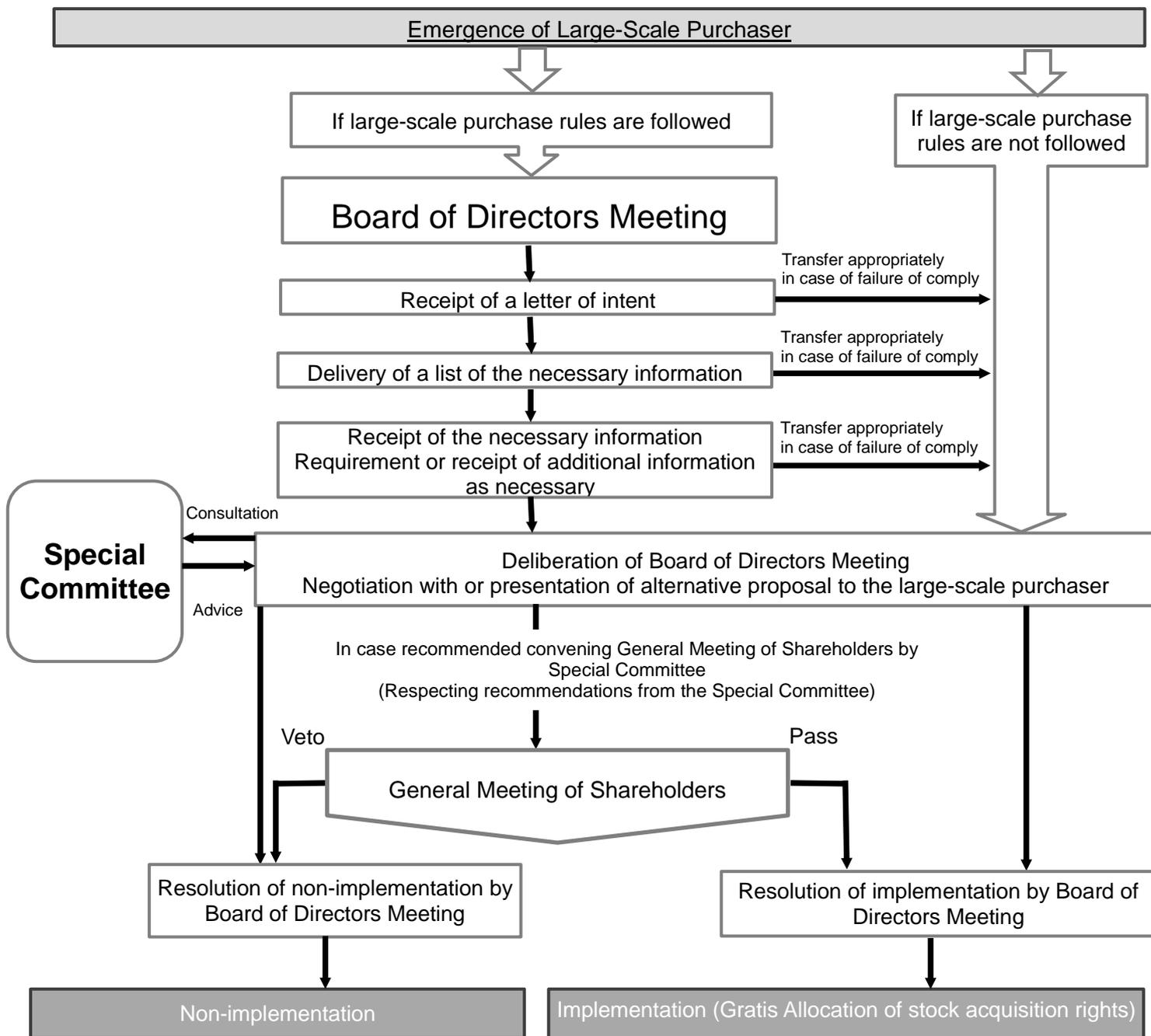
The Company will deliver an application form to be submitted by shareholders upon the exercise of the Share Acquisition Rights (in a form prescribed by the Company, including a pledge letter that states that the shareholders themselves are not Non-Qualified Persons) and other necessary documents to shareholders who are recorded in the final register of shareholders on the Allotment Date. The shareholders of the Company who submit these necessary documents and pay one (1) yen per share acquisition right held to institutions that handle the payment during the Exercise Period, separately decided by the Board of Directors of the Company, will be issued shares of the Company at a rate of one (1) common share for every one (1) share acquisition right.

(3) Procedure for acquisition of the Stock Acquisition Rights

If the Company determines terms that allow the Company to acquire the Stock Acquisition Rights in exchange for shares of the Company, the Company may acquire the Stock Acquisition Rights on the date that the Board of Directors of the Company determined separately.

In this case, if the Company acquires the Stock Acquisition Rights from shareholders other than Non-Qualified Persons and delivers common shares of the Company in exchange for them, the Company will not pay a money equivalent to the exercise price. Accordingly, the shareholders holding the Stock Acquisition Rights will receive common shares of the Company at a ratio of one (1) share of the Company for every one (1) Stock Acquisition Right as consideration. Therefore, in this case, documents related to the exercise of the Stock Acquisition Rights will not be delivered, but the said shareholders may be separately requested to submit written forms, prescribed by the Company, regarding matters such as the fact that they are not Non-Qualified Persons.

Procedure flow of this Plan



Note: This flowchart was created for easy understanding of the flow of procedures in this Plan after having simplified the content of the Plan. Please refer to the body of the proposal 3 for details of this Plan.

[Attachment 2]

Special Committee Rules

Article 1 (Objectives)

The Special Committee for countermeasures against large-scale purchases of the Company's shares (hereinafter referred to as the "Plan") is as specified in this Special Committee rules.

Article 2 (Authorities & Obligations)

When the acquisition takes place against the Company, the Special Committee shall assess and review based on provided information on purchase details, recommend extension of the assessment period and negotiate with the potential purchaser through our Representative Director and others, endeavor so that such purchase will be improved for our corporate value, as well as the common interests of shareholders, finally decide whether or not there is the exercise reason as specified in Article 9 in compliance with the Special Committee rules and recommend to the Board of Directors whether or not to exercise the Plan.

2. The Special Committee may require the Board of Directors to submit information necessary for resolution and recommendation at the Special Committee, including all of materials provided from the Purchaser, etc., to the Board of Directors and assessment on such information by the Board of Directors.
3. Special Committee members shall implement the items as set forth in the preceding paragraph with the due care of prudent manager.

Article 3 (Members and roles)

The Special Committee is established by resolution at the Board of Directors.

2. The Special Committee is constituted of all of the Special Committee members.
3. Number of the Special Committee members shall be three (3) or more.
4. Members of the Special Committee shall be appointed by the Board of Directors out of people who satisfies the following conditions, and sign the commissioning agreement inclusive of the duty of due care of prudent manager principally.
 - (1) A person who is not or has not been a director (excluding an outside director; the same shall apply hereafter), an Audit & Supervisory Board Member (excluding an outside Audit & Supervisory Board Member; the same shall apply hereafter), or the like in the Company, and its subsidiaries or affiliates (hereinafter collectively referred to as the "Companies").
 - (2) A person who is not or has not been a relative of directors or Audit & Supervisory Board Members of the Companies..
 - (3) A person who is not in a special relationship with the Companies.
 - (4) A person who is a company manager with a wealth of experience in company management, an attorney in law, a certified public accountant, an expert, or one with similar qualifications.

5. When purchase, etc, is conducted to the Company, the Special Committee must collect and review information related to details of such purchase, state opinions from the viewpoint whether or not it contributes to the corporate value or common interests of shareholders and participate in the resolution and must not solely aim at gaining personal profits of its own or a director of the Company.

Article 4 (Opening)

The Special Committee will be held as set forth in Article 5 according to call by each Special Committee member.

Article 5 (The person authorized to call the Committee)

Each Special Committee member is authorized to call the Special Committee.

2. The President and Representative Director of the Company (When any accident occurs to the President and Representative Director, other director previously appointed at the Board of Directors, and so forth hereafter) may request each Special Committee member to call the Special Committee.
3. When the notice calling the Special Committee is not sent within three (3) days from the request date as set forth in the preceding Paragraph, the President and Representative Director of the Company may call the Special Committee.

Article 6 (Convocation notice)

The convocation notice of the Special Committee will be sent to each Special Committee member three (3) days before the opening date. However, this may be reduced at emergency.

Article 7 (Omission of call procedures)

The Special Committee may open the Special Committee by omitting call procedures subject to an agreement of Special Committee members.

Article 8 (Resolution method)

The Special Committee will reach the quorums with attendance of all of Special Committee members and resolve with a majority of votes in favor. However, when some Special Committee members are absent for the inevitable reason, the Special Committee will reach the quorums with attendance of the majority of Special Committee members and resolve with the majority of attendants in favor.

2. When the Special Committee member is absent at the Special Committee, such member must report it to the administration office in writing with the reason principally until the prior day of the opening date.
3. The Special Committee member who has special interested relationship is not allowed to join the resolution.

Article 9 (Recommendation)

When the purchase, etc., by the Purchaser, etc., is applicable to any of the following reasons (hereinafter referred to as "Exercise reason") and is considered as reasonable to exercise the Plan, the Special Committee will recommend to the Board of Directors to exercise the Plan.

However, the Committee decides it is reasonable to obtain the resolution on such exercise at the general meeting of shareholders even if the Special Committee decides exercise of the Plan is reasonable and, the Special Committee will recommend to the Board of Directors to call the general meeting of shareholders and deliberate the agenda concerning exercise of the Plan to the meeting.

[1] In the event of Purchases that do not comply with the procedures provided for in this Plan.

[2] In the event of Purchases that fall under any of the acts listed in (i) through (iv) as follows that can cause obvious damage to the enhancement of the Company's corporate value and ultimately, the common interests of the shareholders.

- (i) Act of buying up shares merely to raise its price without the Purchasers' serious intention of being involved in corporate management, then demanding that the Company or its related people buy these shares at a high price (the so-called "green mailers")..
- (ii) Act of taking temporary control of the Company and engaging in management to realize the profits of the Purchasers to the detriment of the Company, such as acquiring important assets, know-how, and confidential corporate information necessary for the Companies to run operations, as well as assets, etc., of main trading partners and customers at a low price.
- (iii) Act of appropriating the assets of the Companies to secure the debts or to be a source for repayment of the debts of the Purchasers or their group companies.
- (iv) Act of taking temporary control of the company management, disposing of the Companies' real properties, securities, and other high-value assets without immediate relationship to the business of the Companies, and paying out a temporarily high dividend with profits from that disposal, or watching for an opportunity for a rapid increase in stock prices caused by the temporarily high dividend to sell off shares.

[3] In the event of Purchases that in fact risk pressuring shareholders to sell shares, such as a coercive two-tiered tender offer (meaning the Purchase of shares such as in a public tender offer under which the shareholders are not solicited to sell all their shares at the first stage, and the second-stage Purchase terms are disadvantageously set compared to the initial Purchase terms or the second-stage Purchase terms are left ill-defined)

[4] In the event of Purchase terms that are insufficient or inappropriate from the perspective of the Company's intrinsic value (including the value and kind of consideration, the timing of Purchases, the legality of purchasing methods, the probability of undertaking Purchases, and the policies for treating the Company's employees, business partners, customers, and other stakeholders after the Purchases were executed.)

[5] In the event of Purchases that risk destroying relationships with employees, customers, trading partners, creditors, and other stakeholders, who are indispensable to realizing the sustainable growth of the Company's corporate value, and causing damage to the enhancement of the Company's corporate value and ultimately, the common interests of the shareholders.

However, when the Purchaser, etc, withdraws such purchase, etc, after said recommendation whether before or after the record date to secure the right or otherwise purchase, etc, is eliminated, or when the committee reaches the decision purchase, etc, by the Purchaser, etc, is not applicable to the exercise reason due to facts which becomes the assumption of above recommendation, the Special Committee may newly make a separate decision including suspension of or withdrawal from exercise of the Plan and recommend this to the Board of Directors.

2. The Special Committee shall recommend the resolution results to the Board of Directors promptly with the reason.
3. The Board of Directors will respect recommendations of the Special Committee in the preceding paragraph at the maximum and makes a final decision. However, when exercise of the Plan is deliberated to our general meeting of shareholders, the resolution at the general meeting of shareholders shall supersede.
4. Details of recommendations of the Special Committee will be released when details of the resolution at the Board of Directors on this matter is announced.

Article 10 (Advisory)

When the Special Committee requires, the Special Committee may order directors of the Company, Audit & Supervisory Board Members, councilors, advisors, account auditors, employees and other concerned parties whom the Special Committee considers as necessary to attend the Special Committee, request reporting of necessary items and state opinions.

2. The Special Committee may receive the advisory service of independent third parties experts (including a financial advisor, certified public accountant, attorney and other experts).

Article 11 (Minutes)

As for the agenda at the Special Committee, the committee prepares minutes written the process description and results and the Special Committee members who attends the meeting sign and place seal.

2. Minutes should be promptly circulated to Special Committee members who were absent.

Article 12 (Administration Office)

The administration office of the Special Committee shall be the General Affairs Department of THE COMPANY.

Article 13 (Revision and abolition of this rules)

Revision and abolition of this Rules is subject to the resolution at the Board of Directors.

Names and Brief histories of Special Committee members

1 Takeo Mizuno

(Date of Birth: November 7, 1941)

- Mar. 1964 Graduated from Faculty of Law of Ritsumeikan Univ
- Apr. 1964 Joined National Tax Administration Agency
- Apr. 1968 Certified as attorney
- Apr. 2001 Chairman of Osaka Bar Association, director of Kinki Federation of Bar Association, vice chairman of Japan Federation of Bar Association.
- Apr. 2006 Professor of Ritsumeikan Univ. School of Law
- Apr. 2006 Special Committee member of the Company (present)
- Apr. 2011 Head director of Japan Century Symphony Orchestra (present)

2 Koji Ikehata

(Date of Birth: March 5, 1947)

- Mar. 1969 Graduated from Faculty of Business administration of Kobe Univ.
- Dec. 1972 Joined CPA Sano Yasumasa Office (currently Ernst & Young ShinNihon)
- Mar. 1973 Certified as Public Accountant
Opened CPA Ikehata Koji Office
- Jun. 2006 Retired from Ernst & Young ShinNihon
- May 2008 Special Committee member of the Company (present)

3 Hirofumi Onishi

(Date of Birth: January 1, 1946)

- Mar. 1971 Graduated from Waseda University Graduate School of Commerce
- Nov. 1971 Joined Tohmatsu Aoki & Co. (currently Deloitte Touche Tohmatsu LLC.)
- Mar. 1975 Certified as Public Accountant
- May 1993 The Representative (currently Partner) of Tomatsu auditing firm (currently Deloitte Touche Tohmatsu LLC.)
- Apr. 2006 Professor of Ritsumeikan Univ. Graduate school of Management
- Jun. 2007 Head Office Secretary of Tomatsu auditing firm (currently Deloitte Touche Tohmatsu LLC.)
- Dec. 2010 Retired from Deloitte Touche Tohmatsu LLC.
- May 2014 Special Committee member of the Company (present)

Guideline of Gratis Allocation of the Stock Acquisition Rights

(a) Content of the stock acquisition right

(1) Type and the number of shares to be acquired under the stock acquisition right

- 1) Type of shares to be acquired under the stock acquisition right shall be common shares of the Company.
- 2) The number of shares of the Company to be delivered (this collectively refers to issuance of new shares of the Company and transfer of shares of the Company held by the Company corresponding to such new shares. This shall hereinafter apply.) in exchange for acquisition of the stock acquisition right and the number of shares of the Company to be newly delivered by the exercise of the stock acquisition right shall be as provided in (b) below.

However, if the number of subject shares (defined in 3) below) is adjusted in 3) below, the number shall be adjusted to that calculated by multiplying the number of subject shares after adjustment by total number of the stock acquisition rights.

- 3) The number of common shares of the Company to be delivered in exchange for acquisition or by the exercise of each stock acquisition right (hereinafter referred to as the "Number of Subject Shares") shall be one share. However, if the Company makes a stock split or reverse stock split, the Number of Subject Shares shall be adjusted by the following calculation formula:

Number of Subject Shares after adjustment = Number of Subject Shares before adjustment x rate of stock split/ reverse stock split

In this connection, such adjustment shall be made only for the stock acquisition rights not acquired or exercised at that time, and any fractions less than one share, which may occur as a result of adjustment, shall be rounded down, with no adjustment in cash being made. In addition, for such treatment of fractions, in adjusting the Number of Subject Shares given any subsequent event of adjustment of the Number of Subject Shares, such fractions shall be properly reflected in the Number of Subject Shares before adjustment, and the Number of Subject Shares after adjustment shall then be calculated.

(2) Value of assets to be contributed in exercising the stock acquisition right

- 1) The amount to be paid in exercising each stock acquisition right shall be the value calculated by multiplying the exercise price (defined in 2) below) by the Number of Subject Shares.
- 2) The amount of one share of common stock of the Company to be paid in exercising the stock acquisition right (hereinafter referred to as the "Exercise Price") shall be ¥1.

(3) Bank receiving the amount to be paid in exercising the stock acquisition right and place of receipt of payment

The above bank and place shall be designated by the Board of Directors of the Company at the time of resolution of issuance of the stock acquisition right.

(4) Exercise period for the stock acquisition right

Exercise period shall be a period from the day three weeks after the effective date of gratis allocation of the stock acquisition right in (d) below to the day six months after this effective date. However, if the last day of the exercise period falls on a non-business day of the place of receipt of payment, the following business day shall be the last day.

(5) Matter concerning capital and capital reserve to be increased when shares are issued following the

exercise of the stock acquisition right

When issuing common shares of the Company following the exercise of the stock acquisition right, the entire amount of offer price of shares shall be capitalized, and the amount not to be included in capital shall be ¥0.

(6) Restrictions on transfer of the stock acquisition right

Transfer of the stock acquisition right requires approval of the Board of Directors of the Company.

(7) Acquisition of the stock acquisition right

- 1) If the Board of Directors of the Company considers it appropriate for the Company to acquire the stock acquisition right, the Company may acquire all stock acquisition rights free of charge at a date specified by the Board of Directors during the period from the effective date of gratis allocation of the stock acquisition right to the maturity of the exercise period for the stock acquisition right.
- 2) the Company may acquire at a date separately specified by the Board of Directors of the Company all stock acquisition rights not exercised until the business day prior to the said date specified by the Board of Directors of the Company of the stock acquisition rights held by those other than the “Non-Qualified Persons” defined in (e)-(1) below, and deliver in exchange for this one common share of the Company from the Number of Subject Shares in relation to one stock acquisition right. If any third party other than the Non-Qualified Persons acquires the stock acquisition right held by any Non-Qualified Persons by transfer, etc. after the Company’s acquisition, the Company may implement more than one such acquisition of the stock acquisition rights.

(8) Succession of obligations involving the stock acquisition right in the case of merger, company split-up, stock swap and stock transfer

In the case of a merger/ company split-up/ stock swap/ stock transfer, if a merger in which the Company succeeding obligations involving the stock acquisition rights becomes an expired corporation, split-up by merger or new establishment in which the Company becomes a company split, or stock swap or stock transfer in which the Company becomes a wholly-owned subsidiary is conducted, obligations involving the stock acquisition right not acquired, exercised, or retired at the time may be transferred under the decision policy below to the surviving company after merger (hereinafter referred to as the “Surviving Company in Merger”) or company to be established through the merger (hereinafter referred to as the “New Company in Merger”) in the case of a merger, a company taking over all or part of obligations held by the Company split in the split-up by merger in connection with that company’s business (hereinafter referred to as the “Succeeding Company in Split-up by Merger”), a new company established in new establishment in split-up by new establishment (New Company in Split-up by Establishment”), or a company which becomes the wholly owning parent company through stock swap or stock transfer (wholly owning parent company in Stock Swap, wholly owning parent company in Stock Transfer and those six companies are referred to collectively as the “Surviving Company, etc.”) in a stock swap or stock transfer. However, this shall only apply when a proposal on the merger contract, contract on split-up by acquisition, plan for split-up by new establishment, stock swap contract, or stock transfer plan in which the effect that succession of obligations involving the stock acquisition right is subject to the following decision policy for each case is entered is approved by the general meeting of shareholders of the Company:

- 1) Type of shares to be acquired under the stock acquisition right succeeded
Common stock of the Surviving Company, etc.
- 2) Number of shares to be acquired under the stock acquisition right succeeded

The number of shares shall be reasonably adjusted corresponding to the ratio, etc. of merger, company split-up, stock swap, or stock transfer. Fractions less than one share after adjustment shall be rounded down.

3) The amount to be paid in exercising each stock acquisition right succeeded

The amount shall be reasonably adjusted corresponding to the ratio, etc. of merger, company split-up, stock swap, or stock transfer. Fractions less than ¥1 after adjustment shall be rounded down.

4) Exercise period for the stock acquisition right succeeded, other acquisition or exercise of the right conditions, lapse of the resolution on issuance, etc.

Those matters shall be determined by the Board of Directors of the Company at the time of merger, company split-up, stock swap, or stock transfer in accordance with this Guideline.

5) Approval of transfer by the Board of Directors

Transfer of the stock acquisition right requires approval of the Board of Directors of the Surviving Company, etc.

(9) Restrictions on issuance of certificates the stock acquisition right

No certificates of the stock acquisition right shall be issued.

(b) Total number of stock acquisition rights

Total number shall be up to the number calculated by multiplying the last outstanding shares as of the record date (defined in (d) below) for gratis allocation of the stock acquisition right (excluding the number of common shares held by the Company at that time) by 2.

(c) Method of gratis allocation of the stock acquisition right and recipients of such allocation

For shareholders recorded in the final list of shareholders (including those who cannot exercise stock acquisition rights in accordance with the provision of (e) below, and excluding the Company as owner of treasury stock) as of the record date for gratis allocation of the stock acquisition right (defined in (d) below), the stock acquisition right shall be allocated by one or more in relation to one share of common stock of the Company held by them

(d) Record date for gratis allocation of the stock acquisition right and the effective date

(1) Record date

Record date shall be the day separately specified by the Board of Directors of the Company, which comes after the day the Board of Directors of the Company determines implementation of the Plan.

(2) Effective date

Effective date shall be the day separately specified by the Board of Directors of the Company, which comes after the record date.

(e) Conditions for the exercise of the stock acquisition right

(1) [1] "Specified large-scale holders," [2] "Their joint holders," [3] "Specified large-scale purchasers," [4] "Persons with whom they have special relationships," [5] Persons to whom the Stock Acquisition Rights were transferred or succeeded from the persons described in [1] to [4] above without the approval of the Board of Directors of the Company," or [6] "Related party regarding [1] to [5] (hereinafter, the persons corresponding to [1] to [6] are collectively referred to as the "Non-Qualified Persons"). Only persons who do not fall under any of [1] to [6] may exercise the Stock Acquisition Rights..

In this connection, the terms used in above shall be defined as follows:

1) "Specified large shareholder" means a party which holds at least 20% (defined in Article 27-23-4 of the Financial Instruments and Exchange Law) of all stock certificates, etc. issued by the Company (defined in Article 27-23-1 of that Law. This shall hereinafter apply unless otherwise provided.) or is recognized

by the Board of Directors of the Company to hold at least 20% of such stock certificates.

- 2) "Their joint holders" means a party defined in Article 27-23-5 of the Financial Instruments and Exchange Law (including those recognized by the Board of Directors of the Company to be classified into this category). This also includes a party deemed to be a joint shareholder in accordance with Item 6 of that Article.
 - 3) "Specified large-scale purchasers" means a party which gives public notice of purchase, etc. (defined in Article 27-2-1 of the Financial Instruments and Exchange Law. This shall hereinafter apply.) of stock certificates, etc. (defined in Article 27-2-1 of that Law) issued by the Company through takeover bid (defined in Article 27-2-6 of that Law), and is to have at least 20% of all stock certificates by combining the ratio of his stockholdings, etc. (defined in Article 27-2-8 of that Law. This shall hereinafter apply.) after such purchase (including cases designated in Article 7-1 of the enforcement regulations of the Financial Instruments and Exchange Law as those similar to this) with the ratio of stockholdings, etc. of his special interested party.
 - 4) "Persons with whom they have special relationships" means those defined in Article 27-2-7 of the Financial Instruments and Exchange Law (including those recognized by the Board of Directors of the Company as are classified into this category). However, for those indicated in Paragraph 1 of Item 7, those designated in Article 3-2 of the Cabinet Office Order concerning disclosure of takeover bid by those other than the issuer shall be excluded.
 - 5) "Related party" to someone means a party which is recognized by the Board of Directors of the Company as one who actually controls him, is controlled by him, or is under common control with him, or as one who acts in cooperation with him.
- (2) The provision of (1) above notwithstanding, those entered in each of the following paragraphs [1] and [4] shall not be classified as Specified large-scale holders or Specified large-scale purchasers:
- [1] The Company, and its subsidiary or affiliate;
 - [2] Party which is recognized by the Board of Directors of the Company to become a specified large shareholder with no intention to control the Company, and which is no longer a specified large shareholder by selling stock certificates, etc. of the Company held by him within ten days after he became a specified large shareholder (however, the Company may extend such period);
 - [3] Party which is recognized by the Board of Directors of the Company to become a specified large shareholder although he has no such intention for such reasons as the Company's acquisition of treasury stock (however, a case where he intentionally acquires new stock certificates, etc. after that is excluded);
 - [4] Party whose acquisition or holding of stock certificates, etc. of the Company is recognized by the Board of Directors of the Company not to conflict with the corporate value of the Company or common interest of shareholders (the Board of Directors of the Company may at any time recognize this. In addition, if the Board of Directors of the Company recognizes that the corporate value of the Company or common interest of shareholders is not violated under a certain condition, this may be allowed only if such condition is met.);
- (3) If it is required by the applicable law of a foreign country that a party existing in the jurisdiction under that law 1) perform designated procedures, 2) meet designated conditions (including prohibition of exercise for a specific period and submission of designated documents), or 3) meet both conditions to exercise the stock acquisition right (hereinafter collectively referred to as the "Exercise Procedures/ Conditions under Applicable Law"), the party existing in that jurisdiction may exercise the stock

acquisition right only if all the Exercise Procedures/ Conditions under Applicable Law are performed or met. However, regarding the Exercise Procedures/ Conditions under Applicable Law necessary to be performed or met by the Company in order that the party existing in the jurisdiction can exercise the stock acquisition right, the Company shall not be liable to perform or meet such Conditions. In addition, if it is not approved under the said law that the party existing in the jurisdiction exercises the stock acquisition right (hereinafter referred to as the “Event of Prohibition of Exercise under Applicable Law”), the party existing in the jurisdiction cannot exercise the stock acquisition right.

(4) The provision of (3) above notwithstanding, only if a party existing in the U.S. promises the Company to exercise the stock acquisition right 1) by representing and guaranteeing that the party is an accredited investor defined in 501 (a) of the U.S. Securities Act of 1933, and 2) by reselling common shares of the Company acquired as a result of the exercise of the stock acquisition right only in a regular transaction at the Tokyo Stock Exchange (however, such resale shall not be under prior arrangement, and prior solicitation shall not be conducted), the party may exercise the stock acquisition right. Only in this case, shall the Company perform or meet the regulation D of U.S. Securities Act of 1933 and Exercise Procedures/ Conditions under Applicable Law involving U.S. state law in order for the party existing in the U.S. to exercise the stock acquisition right. If the Board of Directors of the Company recognizes that even if the party existing in the U.S. satisfies the conditions in 1) and 2) above, it cannot lawfully exercise the stock acquisition right under the U.S. Securities Act, the party may not exercise the stock acquisition right.

(5) Even in a case where a party holding the stock acquisition right cannot exercise the stock acquisition right in accordance with the provision of (1) or (4) above, the Company shall not have any liabilities to that party, including liability for damages.

(f) Method of exercise of stock acquisition right

(1) Method of exercise of stock acquisition right and place of claim for exercise

To exercise the stock acquisition right, it is required to enter necessary matters, including the number of stock acquisition rights to be exercised, the number of subject shares, and address, in the claim form for exercise of stock acquisition right designated by the Company (including representation/ guarantee clause and compensation clause stipulating that the party eligible for the stock acquisition right shall not be classified as Non-Qualified Persons and shall not exercise for any Non-Qualified Persons), with signature and seal being affixed to it, submit it together with necessary documents separately designated, as necessary, for the exercise of the stock acquisition right, as well as other documents required by the Financial Instruments and Exchange Law and other laws and related regulations (including rules established by the Japan Securities Dealers Association and Japanese securities exchanges) from time to time, to the place of receipt of payment, and pay cash equivalent to the entire amount of exercise price of shares subject to the stock acquisition right involving such exercise to the place of receipt of payment. In this connection, the party eligible for the stock acquisition right may individually exercise each stock acquisition right held by it, and if there are remaining stock acquisition rights in such individual exercise, the Company shall enter or record the date of such individual exercise by the party eligible for the stock acquisition right and the number of remaining stock acquisition rights in the original register of stock acquisition rights.

(2) Time of occurrence of effect of claim for exercise of Stock acquisition right

Time of occurrence of effect of claim for exercise of Stock acquisition right shall be the time the claim form for exercise of the Stock acquisition right involving the exercise and attached documents arrive at

the place of receipt of payment in accordance with the provision of (1) above. Effect of the Stock acquisition right shall occur at the time when the claim for exercise of the Stock acquisition right is effective, and cash equivalent to the entire amount of exercise price of shares subject to the stock acquisition right involving such exercise is paid at the place of receipt of payment.

(g) Notice to the party eligible for the stock acquisition right

- (1) Notice to the party eligible for the stock acquisition right shall be given in writing to the address of the party eligible for the stock acquisition right entered in the original register of stock acquisition rights, and such notice shall be deemed to be received at the time it should normally be received.
- (2) For approval, the Company may deem that the party eligible for the stock acquisition right approves the notice requesting his approval unless he has otherwise notified to the Company in writing within 14 days from the day that notice is deemed to be received.

(h) Notification under the Financial Instruments and Exchange Law

If it is necessary to give notification for each item above under the Financial Instruments and Exchange Law, occurrence of the effect of such notification shall be a condition to be met.

(i) Amendment following revision of law

If it becomes necessary to amend the provisions established in the above clauses or meanings of terms due to establishment of a new law or changes in laws, considering the purpose of such establishment or changes, the provisions established in the above clauses or meanings of terms shall read in response to the purpose to the reasonable extent.