

# *Press Release*



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(Securities Code 8616)

May 23, 2016

## **Re: Renewal of Countermeasures against the Large-Scale Purchase of the Company Shares (Anti-Takeover Policy)**

We, Tokai Tokyo Financial Holdings, Inc., (hereinafter “the Company”), at the meeting of the Board of Directors held on May 21, 2007, adopted the Basic Policy Regarding the Party Who Controls the Company’s Decision on Financial Matters and Business (hereinafter referred to as “Basic Policy to Avoid Corporate Control”). It also adopted Countermeasures Against the Large-scale Purchase of the Company’s Shares (Anti-Takeover Policy), with the aim of maintaining and enhancing the corporate value of the Company and its Group companies (the “Group”) and thus common interests of its shareholders, based on the approval of shareholders at the Company’s 95th Ordinary General Meeting of Shareholders held on June 28, 2007. Subsequently, the said countermeasures were renewed upon approval of the 101st Ordinary General Meeting of Shareholders held on June 27, 2013 (The said Countermeasures against the Large-scale Purchase of the Company’s Shares (Anti-Takeover Policy) after the second renewal shall, hereinafter, be referred to as the “Former Plan”). The effective period of the Former Plan will expire at the conclusion of the Company’s Ordinary General Meeting of Shareholders for the 104<sup>th</sup> term (hereinafter “this General Meeting”) that is scheduled to be held on June 29, 2016.

We have thus far examined the Former Plan as to whether we should renew it and if we decide to do so in the end, whether and how we should modify it. In conducting this study, we consistently took a stance to secure corporate value of the Group and by extension common interests of its shareholders, while assessing the environment associated with Anti-Takeover Policy. As a result, we, the Company, at the meeting of Board of Directors held today, unanimously decided to renew the Former Plan under the condition that the proposal be approved by the shareholders at this General Meeting of Shareholders. (The said Countermeasures against the Large-scale Purchase of the Company’s Shares (Anti-Takeover Policy) after the third renewal shall, hereinafter, be referred to as the “Plan”). Portions of the Former Plan have been changed and will be renewed as follows.

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

As a listed company whose shares, etc., may be traded freely by shareholders, the Company will not categorically reject what are considered as "hostile takeovers," as long as they contribute to the Group's

corporate value and to the common interests of its shareholders. However, among Large-scale Purchases of the Company's Shares, etc., some do not contribute to uplifting either the corporate value of the target company or the common interests of its shareholders. When considering that the fluctuations in shareholder composition, etc., to be triggered by some of the Large-scale Purchases, may potentially result in excessive fluidity of the Company's shares, the possibility of such Large-scale Purchases of the Company's shares working against the corporate value of the Group and the common interests of Shareholders is undeniable.

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

Additionally, the Plan postulates the laws and regulations that are currently in effect. If the revision of the provisions becomes necessary, due to the formulation of amendment or abolishment of laws or regulations, etc., in the future, the provisions set out in the Plan may be read accordingly as required to an extent that it does not go against the basic tenet of the Plan, taking into consideration the purpose of corresponding laws and regulations.

Audit & Supervisory Board Members, including three outside Audit & Supervisory Board Members, were present for the Meeting of the Company's Board of Directors that approved the above referenced matter and all such Audit & Supervisory Board Members expressed their consent in the Meeting to the introduction of the Plan on the condition that the Plan shall be properly implemented.

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

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

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

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

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

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

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

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

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

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

The Group believes that the source of its corporate value consists of the products and services it has accumulated over the years in its financial instruments business and its related businesses, its high expertise and abundant experience in the financial and capital markets, etc., and the long-term relationship of trust it has nurtured with the various stakeholders surrounding the Group both in Japan and in overseas. Therefore, in order to ensure and enhance the corporate value of the Group and the common interests of its shareholders in the medium- to long-term, the Group believes that deeper understanding and reinforcement of these various resources are indispensable.

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

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

Beginning in April 2012, we, the Company Group, began driving forth the "Ambitious 5 business plan" (April 2012 - March 2017). At the outset, efforts were made to strengthen the Company's operating base in various regions, most emphatically the Chubu region, in order to become a "Leading Player in ASIA".

Also, we have worked to establish a new business model by further developing and utilizing the infrastructure and capability for securities business that we had cultivated.

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

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

As principal accomplishments under the management plan until now, include first that domestic alliance strategy has worked well as testified by steady increase in operating outlets of various JV security companies jointly set up between ourselves and various influential local banks including, for

instance, Senshu Ikeda Tokai Tokyo Securities Co., Ltd. that started its operation in the first year of Joint Operation plan. The total number of outlets of all JVs increased from 36 in 2012 to 51 as of the fiscal year end of 2015. (Other partners are YM Securities Co. Ltd., Hamagin Tokai Tokyo Securities Co., Ltd., Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.)

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

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

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

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

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

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

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

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

### 1) Basic policy regarding corporate governance

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

swift and decisive decision making.

- (5) In order to contribute to continuous growth and increases in medium- to long-term corporate value, the Company engages in constructive dialogue with shareholders through conducting proactive IR and other activities.

## 2) Main characteristics of the Company's corporate governance

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

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

### (2) Enhancing governance functions

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

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

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

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

### **1. Necessity for renewal of the Plan**

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

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

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

The status of major shareholders as of March 31, 2016 is as stated in the Attachment 1.

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

## **2. Nature of the Plan**

### **(1) Outline of the Plan**

#### 1) Purpose of the Plan

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

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

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

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

shareholders other than the Large-scale Purchaser and parties related thereto in exchange for acquisition of the Stock Acquisition Rights are scheduled to be added.

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

### 3) Establishment of and consultation with the Independent Committee

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

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

The Independent Committee requests the Large-scale Purchaser, Directors, employees, etc., of the Company to attend the Independent Committee meeting, as necessary, and seek explanations regarding necessary information. In addition, the Independent Committee deliberates and makes resolutions about matters regarding which the Board of Directors of the Company has requested consultation with the Independent Committee, and based on the resulting resolution, the Independent Committee will make recommendations for the Board of Directors of the Company. Such recommendations shall be publicly announced and the Board of Directors of the Company shall respect such recommendations to the utmost extent and promptly make resolutions about whether or not to execute countermeasures.

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

#### 4) Holding a General Meeting of Shareholders

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1) Detailed information (including specific name, business description, capital structure, and financial condition of the Large-scale Purchaser, and information on experience with the same type of business as that of the Group, etc.) about the Large-scale Purchaser and its group (including Joint Holders, Persons in Special Relationships, partners (in the case of a fund), and other members)
- 2) The number of the Company’s Share Certificates, etc., actually owned by the Large-scale Purchaser and its group, and transactions of the Company’s Share Certificates, etc., by the Large-scale Purchaser during the 60 days prior to the submission date of Purchase Statement
- 3) The purpose (acquisition of control, participation in management, portfolio investment, business relationship investment, assignment of the Company’s Share Certificates, etc., to a third party following the Large-scale Purchase, or Act of Making Important Suggestion, etc. (Act of Making Important Suggestion, etc. defined under Paragraph 1, Article 27-26 of the Financial Instruments and Exchange Act, Paragraph 1, Article 14-8-2 of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Ordinance on Disclosure of the Status of Large Volume Holding of Share Certificates, etc.) or in case that there exist other purposes, information to such effect and the outline thereof shall be included. In addition, in case that there exist multiple purposes, all of such purposes shall be included), method, and nature of the Large-scale Purchase (including the type and number of the Company’s Share Certificates, etc., which are scheduled to be acquired through Large-scale Purchases, the amount and type of value of Large-scale Purchases, timing of Large-scale Purchases, associated transaction system, legality of the method for Large-scale Purchases, and the feasibility of Large-scale Purchases and associated transactions, etc.)

- 4) Basis for calculation of the acquisition value of the Company's Share Certificates, etc. (including the basis and hypothetical conditions for computation, computation method, numerical information used for computation, amounts of synergistic effects expected to occur from the relevant series of transactions related to Large-scale Purchases, and the basis for calculation, etc., thereof)
- 5) Evidence of the existence of Large-scale Purchase funds (including the specific name, the procurement method, and descriptions of associated transactions made by fund suppliers (including substantial fund suppliers))
- 6) Manager candidates (including information on experience, etc., with the same type of business as that of the Group), managing policies, business plans, financial plans, capital policies, dividend policies, and asset utilization policies, etc., that would be expected upon participation in the management of the Group (however, in the case where an acquisition offer by a Large-scale Purchaser is an offer for a 100% cash acquisition that would result in the nonexistence of any minority shareholders, provision of summaries alone will be sufficient regarding the provision of information under this Item)
- 7) The presence or absence of changes that are scheduled following the completion of Large-scale Purchases and the nature thereof, regarding the relationships between the Group and stakeholders including customers, clients, employees, and parties related to local communities of the Group
- 8) Policies for recovery of capital invested in Large-scale Purchases
- 9) Information on the presence or absence of relationships with antisocial forces or terrorism-associated organizations (regardless of whether such relationships are direct or indirect)
- 10) Other information that the Board of Directors of the Company or the Independent Committee reasonably deems necessary

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

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

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

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

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

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

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

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

Based on the information and data supplied by the Large-scale Purchaser within the Period for Review by the Board of Directors, from the viewpoint of maintenance and enhancement of the corporate value of the Group, and thus, common interests of its shareholders, the Board of Directors of the Company will perform assessment and review, etc. of the Large-scale Purchase conducted by the Large-scale Purchaser. Moreover, the Board of Directors of the Company will undertake endeavors to understand the intentions of the shareholders, while at the same time obtain opinions from clients, customers, employees, and parties related to local communities, etc., as necessary. Furthermore, the Board of Directors of the Company will be able to obtain advice from third parties (including financial advisers, certificated public accountants, lawyers, consultants, and other

experts; hereinafter referred to as “External Experts, etc.”) that are independent of the management of the Company in order to enhance the rationality and objectivity of the corresponding judgments.

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

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

#### **(5) Assessment and review by the Independent Committee**

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

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

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

## **(6) Procedures for recommendations by the Independent Committee**

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

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

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

However, even if the procedures regulated under the Plan has been followed, regardless of commencement or completion of the Period for Review by the Board of Directors, in the case where the Independent Committee has judged that a Large-scale Purchase will significantly damage the corporate value of the Group, and thus, common interests of its shareholders, the Independent Committee will recommend execution of countermeasures (including decision for the undertaking procedures and conditions necessary for such execution).

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

- (i) Cases where the Large-scale Purchase is likely to cause obvious damage to the corporate value of the Group, and thus, common interests of shareholders due to the actions, etc. described in a. through d. below
  - a. The act of buying-up of the Company's Share Certificates, etc., and request for purchase thereof at a high price from the Company
  - b. The act of undertaking management that causes benefits to the Large-scale Purchaser at the expense of the Company, such as acquisition of important assets and technical information of the Company, etc., at a low cost through temporary control of the Company
  - c. The act of diverting assets of the Company in order to provide security for obligations of the Large-scale Purchaser and/or its group companies, etc., or to use the same as a repayment source
  - d. The act of causing temporarily high dividends to be issued through disposal of highly priced assets, etc., that are not related to the corporate business through temporary control of corporate management, or selling the same at a profit at the time of sharp rise in stock price based on temporarily high dividends
- (ii) In the case where the Large-scale Purchase is likely to force the shareholders to sell the Company's Share Certificates, etc., in nature, such as coercive two-tier tender offer etc. (establishing terms and conditions for a second-tier purchase that would be disadvantageous to a greater extent than those for the initial purchase, or undertaking purchases without clarification of terms and conditions for a second-tier purchase, such as through a tender offer, without solicitation of an offer to purchase all shares, etc., of the Company upon the initial purchase)
- (iii) In the case where, due to acquisition of the right of control by the Large-scale Purchaser, damage is caused to benefits of stakeholders, such as clients, customers, employees, and parties related to local communities, etc., which would result in

significant damage to the corporate value of the Group, and thus, common interests of its shareholders

- (iv) In the case where the conditions for Large-scale Purchases would result in significantly insufficient or inappropriate Large-scale Purchases from the viewpoint of the corporate value of the Group and common interests of its shareholders (including the nature and amount of payment, period during which Large-scale Purchases take place, legality of method of purchase, and response policies for stakeholders, such as employees, clients, and customers of the Group, etc., following Large-scale Purchases
- (v) In case there exist reasonable causes to believe that the Large-scale Purchaser is deemed to be inappropriate as a controlling shareholder of the Company from the viewpoint of public, such as cases in which a party that has a relationship with an antisocial force is included among the management, major shareholders, or investors in the Large-scale Purchaser, etc.
- (vi) In the case of purchases that satisfy both of the following conditions, in addition to any of the cases above
  - a. Cases that it is objectively and rationally presumed that the corporate value of the Group, and thus, common interests of its shareholders, would be likely to be significantly damaged.
  - b. Cases which become impossible to avoid damaging the corporate value of the Group, and thus, common interests of its shareholders, or there is a likelihood that the same would occur, if anti-takeover measures are not invoked at a given time.

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

In the case where the Large-scale Purchaser has not complied with the procedures regulated under the Plan, and if such non-compliance is not corrected within 5 business days following a written request for such compliance by the Board of Directors of the Company (the aforementioned procedures would not be necessary, in case which the Board of Directors of the Company deems that there is no possibility for correction thereof), the Independent Committee will recommend execution of countermeasures, in principle, except when it is obviously necessary not to execute countermeasures for maintenance and enhancement of the corporate value of the Group, and thus, common interests of its shareholders and except where there exist other special circumstances. In the case where a recommendation has been made by the Independent Committee, the Company will undertake timely and appropriate disclosure of the opinions of the Independent Committee and reasons for the opinions, and other information deemed to be appropriate in accordance with laws, regulations, and rules of the associated Financial Instruments Exchanges.

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

In the case that a Large-scale Purchaser conducts, or attempts to conduct, a Large-scale Purchase in accordance with the procedures regulated under the Plan, the Company's Board of Directors, upon respecting the recommendation made by the Independent Committee given under the above (6) 1) to the utmost degree, will as a rule resolve on whether to execute countermeasures against a Large-scale Purchase, but in the case that a recommendation has been received from the Independent Committee that the advisability of executing countermeasures should be conferred

upon in a General Meeting of Shareholders, or in the case a recommendation has been received from the Independent Committee on the execution of countermeasures, various circumstances such as the nature of the Large-scale Purchase by Large-scale Purchasers, the time required to hold a General Meeting of Shareholders., etc., will be considered, and in light of laws and regulations as well as the Board of Directors' duty of diligence, a General Meeting of Shareholders may be convened to confirm the will of shareholders regarding the execution of countermeasures. In the case that the Company's Board of Directors decides to hold a General Meeting of Shareholders, in addition to disclosing the facts and reasons for said decision to shareholders in a timely manner, a General Meeting of Shareholders shall be convened as soon as practically possible.

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

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

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

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

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

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

Board of Directors, the Large-scale Purchaser may, beginning on the business day following the receipt of said Notice, conduct a Large-scale Purchase.

**(9) Change of Necessary Information**

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

**(10) Outlines of anti-takeover measures**

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

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

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

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

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

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

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

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

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

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

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

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

Stock Acquisition Rights will be allotted to shareholders with no compensation, as of the Allotment Date on the basis of one or more Stock Acquisition Rights by the ratio regulated by the Board of Directors of the Company for each Company share owned. Thus, as long as the exercise of the Stock Acquisition Rights as mentioned, the value of all Company shares held by shareholders will not be diluted.

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

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

In addition, discriminatory conditions for exercise or acquisition of Stock Acquisition Rights are

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

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

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

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

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

In regards to details and procedures related to the method of allotment of Stock Acquisition Rights, the method of exercise, and the method of acquisition by the Company, will be disclosed or notified to the shareholders after a resolution by the Board of Directors of the Company regarding execution of countermeasures has been made. Thus, please confirm the information therein. Upon exercise or acquisition of Stock Acquisition Rights by the Company, the Company may request the shareholders to separately submit relevant documents in the form prescribed by the Company including provisions on representation and guarantee, indemnification provisions, or other pledge wording to the effect that the shareholders are not non-eligible parties, etc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Plan, as stated in III. 4. above, can be abolished at any time by a resolution at a meeting of the

Board of Directors of the Company composed of directors appointed by the Ordinary General Meeting of Shareholders of the Company, and thus is not a so called dead-hand type Anti-Takeover Policy in which the execution of countermeasure cannot be deterred, even if the majority of the members of the Board of Directors is replaced.

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

**Major Shareholders of the Company**

The table below shows major shareholders of the Company as of March 31, 2016.

Shareholder	Number of shares held	Percentage of shares outstanding (Note)
Japan Trustee Services Bank, Ltd. (Trust Account)	15,268,200	% 5.79
Mitsui Sumitomo Insurance Co., Ltd.	14,283,798	5.41
Toyota Financial Services Corporation	14,280,000	5.41
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,016,853	4.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,539,600	3.24
The Bank of Yokohama, Ltd.	7,014,553	2.66
J. P. Morgan Bank Luxembourg S.A. 380578	5,860,800	2.22
Nippon Life Insurance Company	5,611,890	2.13
Sumitomo Mitsui Trust Bank, Limited	4,800,000	1.82
RBC ISB S/A DUB NON RESIDENT / TREATY RATE UCITS-CLIENTS ACCOUNT	4,500,000	1.71

(Note 1) The percentage of shares outstanding is calculated with treasury stock subtracted from the total number of issued shares.

(Note 2) Tokai Financial Holdings, Inc. then possessed 16,706,568 shares of treasury stock, which is not reflected in the above table prepared as of March 31, 2016.

### **Outlines of the Rules on the Independent Committee**

- The Independent Committee shall be established by resolution of the Board of Directors of the Company.
- The Independent Committee shall consist of at least three (3) members, who are appointed by the Board of Directors of the Company from either (i) Outside Directors of the Company (including Substitute Outside Directors) or (ii) outside experts who are independent from the management that executes the operations of the Company. Outside experts shall be company managers with proven track records, experts in investment banking services, those who are well familiar with the Company's businesses, lawyers, certified public accountants, academics who major mainly in subject matters of the Companies Act, etc., or parties similar thereto. The Independent Committee member shall also conclude an agreement with the Company specified by the Board of Directors of the Company, including confidentiality agreements.
- The term of office of the Independent Committee members shall be until the conclusion of the Ordinary General Meeting of Shareholders of the last business year ending within three years from the conclusion of the General Meeting of Shareholders scheduled to be held in June of this year. However, this shall not apply if different provisions were made by the decision of the Board of Directors of the Company.
- The Independent Committee shall deliberate, reach a decision, and make recommendations to the Board of Directors of the Company with respect to each of the items below. The recommendation shall indicate content of the decision and the reasons for the decision. Each Independent Committee member shall participate in the decision-making process from the viewpoint of whether or not the matter in question contributes to the corporate value of the Group and the common interests of its shareholders, and shall not seek one's own gain or the personal gain of a member of the management of the Company.
  1. Whether or not the Large-scale Purchaser complies with the procedures regulated under the Plan
  2. Decision of whether or not the content of the Large-scale Purchase is significantly detrimental to the corporate value of the Group and the common interests of its shareholders, and whether to execute or not to execute countermeasures
  3. Cancellation of countermeasures
  4. Extension of the Period for Review by the Board of Directors of the Company
  5. Other matters to be decided by the Board of Directors of the Company, which the Board of Directors of the Company has consulted with the Independent Committee
- In addition to the above mentioned, Independent Committee members may execute each of the actions listed below.
  1. Consideration of conformity of the Large-scale Purchase that is applicable to the Plan
  2. Consideration of the information which should be presented by the Large-scale Purchaser or the Board of Directors of the Company to the Independent Committee
  3. Detailed examination and consideration of the contents of the Large-scale Purchase by the Large-scale Purchaser
  4. Requesting the Board of Directors of the Company to submit an alternative plan and considerations of the alternative plan
  5. Consideration of modifications or changes to the Plan

6. Consideration of whether or not to adopt Anti-Takeover Policy other than the Plan
  7. Other actions provided for in the Plan, which could be executed by the Independent Committee
  8. Other actions provided for by the Board of Directors of the Company separately, which could be executed by the Independent Committee
- In cases where the Independent Committee judges that the Purchase Statement or information provided by the Large-scale Purchaser is insufficient as Necessary Information, Independent Committee may request the Large-scale Purchaser to submit additional information. In cases where a Purchase Statement or Necessary Information has been provided by the Large-scale Purchaser, the Independent Committee may also request the Board of Directors of the Company to provide, within a given period of time, opinions about Large-scale Purchases by the Large-scale Purchaser, its supporting data, alternative proposals (if any), and other information, etc., that the Independent Committee deems necessary.
  - In order to collect sufficient information, the Independent Committee may request the Large-scale Purchaser, Directors and employees of the Company, as well as other persons that the Independent Committee deems necessary, to submit necessary explanations and ledgers, etc.
  - The Independent Committee may, at the expense of the Company, obtain advice from an independent third party (financial advisors, certified public accountants, lawyers, consultants, and other experts, etc.).
  - Each of the Independent Committee members may convene Independent Committee at any time in the event that a Large-scale Purchase is conducted or in any other events.
  - Resolutions of the Independent Committee, in principle, shall be adopted by a majority vote of the Independent Committee members with the majority of the members attending.

### Brief Personal Histories of the Independent Committee Members

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

#### Shigeo Kashiwagi

Born on July 20, 1950

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

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

#### Masaki Kato

Born on April 15, 1945

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

#### Atsushi Nagano

Born on March 20, 1944

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

## **Outline of Stock Acquisition Rights**

### **1. Number of Stock Acquisition Rights**

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

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

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

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

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

### **4. Shares underlying the Stock Acquisition Rights**

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

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

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

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

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

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

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

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

#### 8. Exercise period of the Stock Acquisition Rights

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

#### 9. Conditions for exercise of Stock Acquisition Rights

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

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11 Refers to persons who are holders of shares of which the Company is the issuer and who hold 20% or more of Holding Ratio of Share Certificates, etc., related to the said share, etc. (including those deemed by the Board of Directors of the Company to correspond to the above), in principle. However, those whose acquisition or holding of the Company’s shares is deemed not to be detrimental to the corporate value of the Group and the common interests of its shareholders, and others separately determined by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights with no Compensation shall not apply to specified large-volume holders. Hereinafter, the same shall apply, unless provided separately.

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

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

10. Restrictions on the transfer of Stock Acquisition Rights

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

11. Acquisition of Stock Acquisition Rights by the Company

(1) If the Board of Directors of the Company deems it appropriate for the Company to acquire the Stock Acquisition Rights, the Company may acquire all Stock Acquisition Rights, at any time prior to the Exercise Commencement Date, with no compensation, on a date separately determined by the Board of Directors of the Company.

(2) The Company may acquire all Stock Acquisition Rights held by persons other than Non-eligible Parties that remain unexercised by the date prior to the business date determined by the Board of Directors of the Company, on a date separately determined by the Board of Directors of the Company, and, in exchange, the Company may issue shares of the Company in the Number of Underlying Shares per each Stock Acquisition Right.

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

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

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

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

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

14. Non-issuance of Stock Acquisition Rights certificates

The Company shall not issue any Stock Acquisition Rights certificates.

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

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

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

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

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

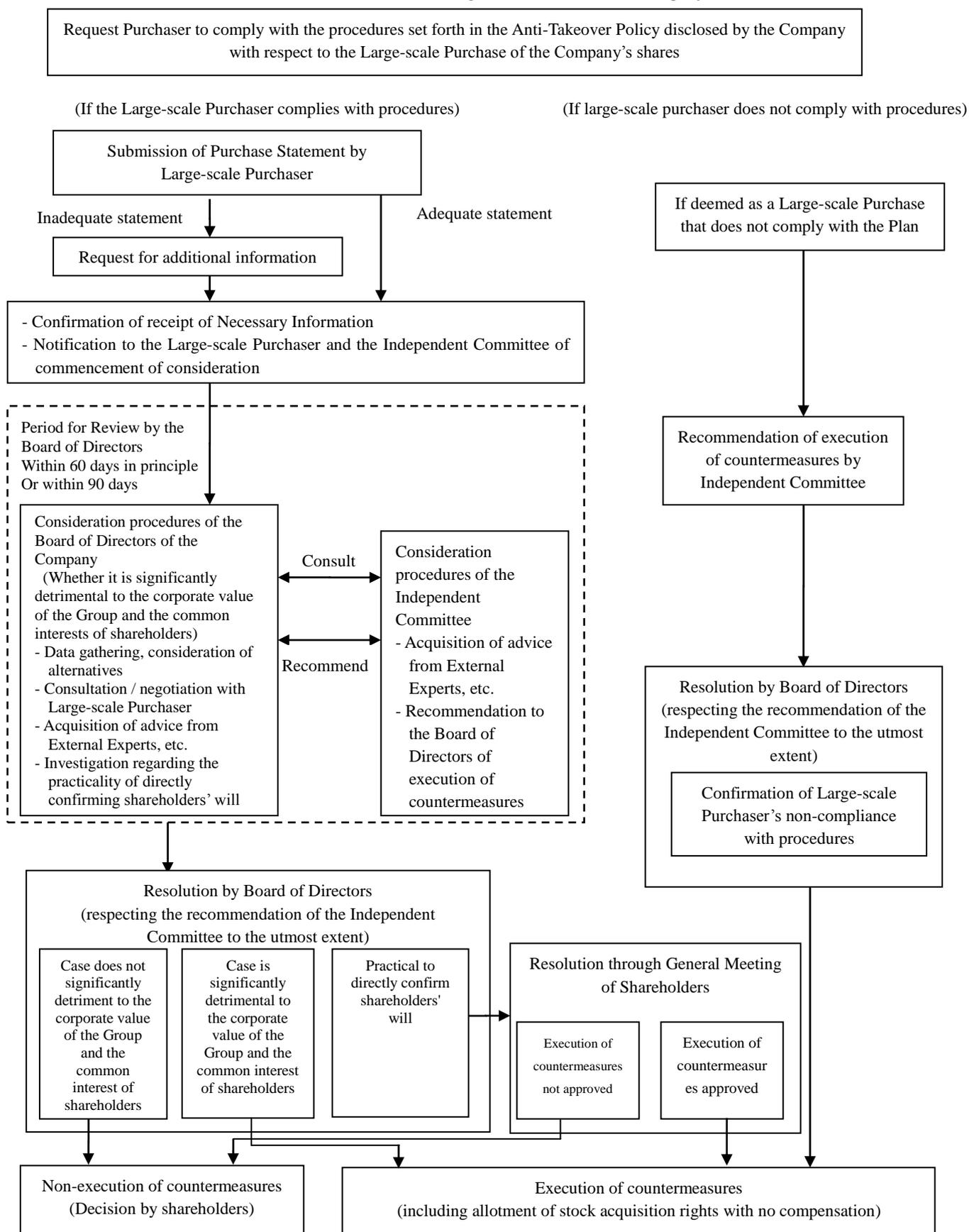
The exercise of Stock Acquisition Rights shall become effective upon arrival of the exercise request form prescribed by the Company and the attached documents, as per 16. above, at the payment handlers, and a full payment in cash equivalent to the exercise price is deposited to the payment handlers.

#### 18. Amendment, etc., of laws and regulations

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

(Reference)

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



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