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(Stock Exchange Code 2146)
June 7, 2017

To Shareholders with Voting Rights:

Yoichi Wakayama
President and Representative Director
UT Group Co., Ltd.
1-11-15 Higashi-Gotanda, Shinagawa-ku, Tokyo

NOTICE OF THE 10TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 10th Annual General Meeting of Shareholders of UT Group Co., Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. If exercising your voting rights in writing, please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 6:00 p.m. on Friday, June 23, 2017, Japan time.

1. **Date and Time:** Saturday, June 24, 2017 at 10:00 a.m. Japan time

2. **Place:** THE GRAND HALL on the third floor of Shinagawa Grand Central Tower located at 2-16-4 Konan, Minato-ku, Tokyo, Japan

3. **Meeting Agenda:**

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 10th Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 10th Fiscal Year (April 1, 2016 - March 31, 2017)

Proposals to be resolved:

Company's Proposals (Proposal 1 and Proposal 2)

Proposal 1: Election of Four (4) Directors

Proposal 2: Election of One (1) Auditor

Shareholders' Proposals (Proposal 3 to Proposal 22)

Proposal 3:	Partial Amendment to the Articles of Incorporation (Individual disclosure of Officers' remuneration)
Proposal 4:	Partial Amendment to the Articles of Incorporation (Separation of roles of Chairman of the Board and CEO)
Proposal 5:	Partial Amendment to the Articles of Incorporation (Establishment of a contact point within the Board of Auditors for whistle-blowing)
Proposal 6:	Partial Amendment to the Articles of Incorporation (Prior notice and disclosure of sales of shares by Directors)
Proposal 7:	Partial Amendment to the Articles of Incorporation (Retaining of legal counsel to the Board of Directors)
Proposal 8:	Partial Amendment to the Articles of Incorporation (Allocation of committee budget that may be used without approval of Representative Director of the Board of Directors)
Proposal 9:	Partial Amendment to the Articles of Incorporation (Obligation to hold management conferences among Outside Directors not involving the Representative Director)
Proposal 10:	Partial Amendment to the Articles of Incorporation (Prohibition to treat a submitted voting form left blank as affirmative to Company's proposal and dissenting to shareholder's proposal)
Proposal 11:	Partial Amendment to the Articles of Incorporation (Amendment to increase the volume of explanatory text permitted for shareholders' proposals to 1,000 characters)
Proposal 12:	Partial Amendment to the Articles of Incorporation (Provision regarding Revlon duties)
Proposal 13:	Partial Amendment to the Articles of Incorporation (Nomination of candidates of 40 years or under and female candidates for Director)
Proposal 14:	Partial Amendment to the Articles of Incorporation (Establishment of a special investigation committee on correlation between remuneration for Directors and share value)
Proposal 15:	Partial Amendment to the Articles of Incorporation (Provision regarding dialogue with shareholders)
Proposal 16:	Partial Amendment to the Articles of Incorporation (Provision relating to facts concerning expulsion orders from membership or disciplinary actions for the Company's officers)
Proposal 17:	Partial Amendment to the Articles of Incorporation (Disclosure of policy and results of officer training)
Proposal 18:	Partial Amendment to the Articles of Incorporation (Publication of shareholders' proposals up to a maximum of 100 in the convocation notice of General Meeting of Shareholders)
Proposal 19:	Partial Amendment to the Articles of Incorporation (Provision regarding communication and responses between shareholders and Directors)
Proposal 20:	Partial Amendment to the Articles of Incorporation Establishment of a special investigative committee into the problematic behavior of the attorney Mr. Kazumasa Otsuka conducted both inside and outside of the Company)
Proposal 21:	Dismissal of Director Mr. Kazumasa Otsuka
Proposal 22:	Amendment to the Company's proposal on Election of Directors

(Handling of voting rights)
If you indicate neither your approval nor disapproval of each proposal on the Voting Rights Exercise Form, your vote will be deemed as approval if it is the Company's proposal and disapproval if it is a shareholder's proposal.

When the Voting Rights Exercise Form is reissued, etc., and you exercise your voting rights more than once, only the last vote exercised will be deemed valid.

Approval of Proposal 22 cannot be compatible with approval of the election of Mr. Kazumasa Otsuka as Outside Director in Proposal 1 proposed by the Company. So, please be careful not to approve both the election of Mr. Kazumasa Otsuka as Outside Director in Proposal 1 and Proposal 22 when exercising your voting rights. If you approve both the aforementioned proposals, the Company will regard exercising your voting rights as invalid in both the election of Mr. Kazumasa Otsuka as Outside Director in Proposal 1 and Proposal 22.

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

Of the matters to be included in this Notice, pursuant to laws and regulations and provisions of Article 15 of the Articles of Incorporation of the Company, Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are disclosed on the Company's website (http://www.ut-g.co.jp) and are therefore not included in the documents attached to this Notice. Accordingly, the documents attached to this Notice constitute a part of the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by Auditors and the Accounting Auditor in preparing their audit report.

Should the Reference Documents for the General Meeting of Shareholders, the Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (http://www.ut-g.co.jp).

After the conclusion of this General Meeting of Shareholders, a company briefing session for the shareholders will be held for an hour at the same venue. We look forward to your participation.

Reference Documents for the General Meeting of Shareholders

[Company's Proposals (Proposal 1 and Proposal 2)]

Proposal 1: Election of Four (4) Directors

The terms of office of all Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of four (4) Directors is proposed.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company (Significant concurrent positions)		Number of shares of the Company held
1	Yoichi Wakayama (February 23, 1971)	October 1989 September 1991 May 1994 April 1995 July 1996 April 2007	Joined Temporary Center Inc. Joined Crystal Co., Ltd. Established Seibu Corporation Senior Managing Director Established Aim CIC Company President and Representative Director President and Representative Director of Nihon Aim Co., Ltd. (currently UT Aim Co., Ltd.) President and Representative Director of the Company (current position)	6,662,000
2	Noboru Hachimine (June 22, 1967)	April 1991 March 1994 June 2016	Joined Mori Building Co., Ltd. Established Deca Legs, Ltd. (currently OPT Holding, Inc.) President and Representative Director (current position) Outside Director of the Company (current position)	2,000
3	Tetsuro Yoshimatsu (August 13, 1972)	April 1996 July 1999 February 2008 February 2008 May 2012 May 2012 August 2012 October 2012 November 2012 September 2014 November 2014 December 2014 June 2015 July 2015 July 2015 July 2015 September 2015 March 2016 June 2016 July 2016 September 2016 October 2016	Joined Andersen Consulting (currently Accenture Japan Ltd.) Established I-Style Co., Ltd. (currently istyle Inc.) President and Chief Executive Officer (current position) Director of cosme. com Inc. (current position) Director of cosme next Co. Ltd. (current position) Director of Cyberstar Inc. (currently istyle Beauty Solutions Inc.) (current position) Representative Director of istyle Global (Hong Kong) Co., Limited (currently istyle International Trading (Hong Kong) Co., Limited) Director of istyle Global (Singapore) Pte. Limited (current position) Director of istyle China Co., Limited Director of PT. Creative Visions Indonesia Chairman of istyle China Co., Limited Director of istyle capital inc. (currently iSGS Investment Works Inc.) Representative Director of istyle trading inc. Director of istyle Global (Hong Kong) Co., Limited (currently istyle International Trading (Hong Kong) Co., Limited) (current position) Director of istyle trading inc. (current position) Director of istyle career, Inc. (current position) Director of istyle China Co., Limited (current position) Director of Media Globe Co., Ltd. (current position) Director of ISPartners Inc. (current position) Outside Director of the Company (current position) Director of istyle Makers Inc. Establishment Preparation Company (currently iMakers Inc.) (current position) Director of Eat Smart,Inc. (current position) Director of istyle Retail (Hong Kong) Co., Limited (current position)	-

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company (Significant concurrent positions)		Number of shares of the Company held
4	Kazumasa Otsuka (January 18, 1971)	April 1999	Registered as an attorney (duties suspended until February 2018)	-
		June 2005	Supervisor of THE NOHGAKU PERFORMERS' ASSOCIATION	
		April 2006	Part-time lecturer at Meiji Gakuin University Graduate Law School (Companies Act)	
		July 2011	Established Nijubashi Partners	
		June 2013	Corporate Auditor of CDG Co., Ltd.	
		June 2015	Director of Universal Entertainment Corporation	
		June 2015	Member of the Corporate Value Enhancement Committee, NH Foods Ltd.	
		June 2016	Outside Director of the Company (current position)	
		December 2016	Director and member of Audit and Supervisory Committee of REALWORLD,inc. (current position)	

(Notes)

1. Messrs. Noboru Hachimine, Tetsuro Yoshimatsu and Kazumasa Otsuka are candidates for Outside Director.
2. Mr. Noboru Hachimine is the founder of OPT Holding, Inc. and has supported the growth of numerous IT companies with his "Business Creation Platform vision" in a rapidly-changing IT industry. He was selected as candidate for Outside Director based on the determination that he will reflect his experiences on the management of the Company that is working for innovation and growth of the employment service industry.
3. Mr. Tetsuro Yoshimatsu is the founder of istyle Inc. With his vision of "Creation of a consumer-oriented market," he has developed various businesses including media, retail, distribution and human resources by utilizing the proprietary database. He was selected as candidate for Outside Director based on the determination that, by drawing on such experiences, he will contribute to the growth of the Company that defines people working on contract basis as clients.
4. Mr. Kazumasa Otsuka has supported the growth of numerous companies as a specialist in corporate governance including the Companies Act and M&As. He was selected as candidate for Outside Director based on the determination that he will reflect his experience on the management of the Company that is drawing a growth strategy through M&As.
5. Messrs. Noboru Hachimine, Tetsuro Yoshimatsu and Kazumasa Otsuka are currently Outside Directors of the Company and will have been in office for 1 year as of the conclusion of this General Meeting of Shareholders.
6. Subject to the approval of the election of Messrs. Noboru Hachimine, Tetsuro Yoshimatsu and Kazumasa Otsuka as Outside Directors, the Company intends to continue the agreements with each of them to limit their liabilities for damages as Outside Directors under Article 423, Paragraph 1 of the Companies Act to the amount stipulated by laws and regulations.
7. Messrs. Noboru Hachimine, Tetsuro Yoshimatsu and Kazumasa Otsuka satisfy the qualification for the Independent Officers stipulated by the Tokyo Stock Exchange. The Company has appointed them as Independent Officers and submitted a notification of their appointments to the Exchange.
8. There are no special interests between each candidate and the Company.

Proposal 2: Election of One (1) Auditor

The election of one (1) Auditor is proposed to strengthen and enrich the auditing system.
The approval of the Board of Auditors has been obtained for this proposal.
The candidate is as follows:

Name (Date of birth)	Past experience and positions at the Company (Significant concurrent positions)		Number of shares of the Company held
Masahito Fukumori (October 1, 1960)	April 1979	Joined The Daiwa Bank, Ltd.	1,100
	May 2005	Joined icon World Co., Ltd.	
	April 2012	Joined UT icom Co., Ltd.	
	December 2013	Seconded to UT Holdings Co., Ltd. (currently UT Group Co., Ltd.)	
		Manager of the Internal Audit Section	
	May 2014	Transferred to UT Holdings Co., Ltd. (currently UT Group Co., Ltd.) after a merger with UT icom Co., Ltd.	
		Section Manager of the Management Foundation Department	
	December 2016	General Manager of the Management Foundation Department of the Company (current position)	

(Notes)

1. Mr. Masahito Fukumori is a candidate for Outside Auditor.
2. Mr. Masahito Fukumori is currently executing business of the Company. Positions in the UT group are as described in "Past experience and positions at the Company (Significant concurrent positions)" of the above table.
3. Subject to the approval of the election of Mr. Masahito Fukumori, the Company intends to enter into an agreement with him to limit his liability for damages as Auditor under Article 423, Paragraph 1 of the Companies Act to the amount stipulated by laws and regulations.
4. There are no special interests between Mr. Masahito Fukumori and the Company.

[Shareholders' Proposal (Proposal 3 through Proposal 22)]

Proposals No. 3 to No. 22 are proposals made by four shareholders. The number of voting rights of the proposing shareholders is 313 (representing 0.08% of all voting rights).

The Board of Directors of the Company **opposes all of the Shareholders' Proposals** as described hereafter.

The summaries of the following proposals and reasons thereof are presented as submitted by the proposing shareholders.

Proposal 3: Partial Amendment to the Articles of Incorporation (Individual disclosure of Officers' remuneration)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "The amounts and specifics of remuneration paid to Executive Officers and Directors must be disclosed individually in the business report and securities report every year, and all of the disclosed amounts must be individually evaluated on a yen basis for the disclosure."

Reasons for Proposal

Disclosing the amounts and specifics of remuneration paid to each of the Officers is extremely important for shareholders when they check whether or not the remuneration paid to the Officers is appropriate in terms of maximizing the shareholders' benefits. In capital markets in developed countries other than Japan, individual disclosure of remuneration is a matter of course. This has not caused any inconvenience to investors in particular, and the indexes of those capital markets have created significantly higher return than Japan's indexes such as Nikkei Stock Average for the past 20 years. The real issue is not a large amount of remuneration but the remuneration structure which is completely unrelated to a medium-to long-term value of the shares. If the compensation for Officers will be individually disclosed, it would be easier to measure cost-effectiveness. A similar proposal to this one made at the general meeting of HOYA CORPORATION in 2011 was agreed to by its shareholders holding 48.47% of the voting shares, and the Company will attract positive attention if it promptly discloses the remuneration for individual Officers.

Opinion of the Board of Directors Regarding Proposal 3

The Board of Directors of the Company **opposes this proposal**.

The Company discloses a breakdown of the total amount of Officers' remuneration of Directors, Auditors, Outside Directors and Outside Auditors in the Notice of General Meeting of Shareholders which we deliver to our shareholders as well as in the securities report and other documents disclosed on the Company's website. We believe such disclosure can reveal the level of remuneration paid to Officers and ensures its transparency.

Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 4: Partial Amendment to the Articles of Incorporation (Separation of roles of Chairman of the Board and CEO)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "In principle, Chairman of the Board of Directors shall be prohibited from concurrently acting as CEO, and only an Outside Director shall act as Chairman of the Board of Directors. With regard to an exception in special circumstances that allows such concurrent duties, a written disclosure to shareholders in a Notice of General Meeting of Shareholders or Reference Documents for the General Meeting of Shareholders is necessary explaining why it is in the best interests of shareholders to allow such concurrent duties. In such case, an instructive Outside Director must be appointed. The role of an instructive Outside Director shall be determined by the Board of Directors and disclosed to shareholders."

Reasons for Proposal

Since a CEO has power over internal resources and personnel matters, etc. and should be in a position subject to closest monitoring, the concurrent holding of the positions of Chairman of the Board of Directors and CEO should be avoided as much as possible because it is contrary to the global trend of strengthening of corporate governance. Under the current system, it is suspected that the executive employees in Corporate Planning Office who are subject to the authority of the Representative Executive Officer in terms of personnel matters, etc., actually have a substantial influence on choice of information for decision by the Board of Directors and each Committee. However, those are the tasks that should be implemented by Chairman of the Board of Directors, who is independent from Executive Officers and Chairman of the Board of Directors is required to spend longer hours supervising the Company than other Outside Directors.

In North America, the concept of this proposal is a standard view of researchers of corporate governance and practitioners (in "Points to be Checked for Corporate Governance of Board of Directors from Perspective of Shareholders" in "CFA Examination Handbook (Level II)" by Tadashi Ono (Kinzai Institute for Financial Affairs, Inc., 2004, p.177), independence of Chairman of the Board of Directors is the second item for checking), and an instructive outside director is a well-known concept.

Opinion of the Board of Directors Regarding Proposal 4

The Board of Directors of the Company **opposes this proposal**.

As of June 7, 2017, three Directors out of four are Independent Outside Directors. Such Independent Outside Directors are always supervising the execution of duties by Representative Director concurrently acting as CEO and exchanging their opinion with him based on their ample expertise.

No issues are seen in the system where the Representative Director serves as Chairman of the Board of Directors in terms of governance and operation. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 5: Partial Amendment to the Articles of Incorporation (Establishment of a contact point within the Board of Auditors for whistle-blowing)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "A contact point for whistle-blowing within and from outside the Company with respect to Directors and employees of the Company shall be established within the Board of Auditors, and the process thereof shall be disclosed inside and outside the Company. Internal Directors and employees who are under the chain of command of internal Directors may not engage in the process and handling of whistle-blowing."

Reasons for Proposal

Compared with corporate scandals caused by employees, corporate scandals caused by internal Directors

are likely to be more serious from a financial view point. Although the Board of Auditors and the Board of Outside Directors are established to supervise execution of business within the Company, there is room to consider collusion between Directors, Auditors and Outside Directors, similar to the cases of many other listed companies in Japan. In fact, there was a case where the Company resolved to select Mr. Kazumasa Otsuka, an attorney who had been condemned for his conduct by Daini Tokyo Bar Association as "Withdrawal order should be issued because his conduct deserves strong condemnation and his irresponsible attitude without self-examination" and had been ordered to suspend business for 2 years and is currently under punishment, as candidate for Outside Director. As to the aforementioned case of the Company, we would have to say that the supervision of internal Directors by Outside Directors and the Board of Auditors is not functioning effectively.

Opinion of the Board of Directors Regarding Proposal 5

The Board of Directors of the Company **opposes this proposal**.

The Company established a whistle-blowing system that has a function of receiving voluntary reports from employees in April 2007. The system ensures anonymity of the reporter and prohibits the person in charge of dealing with consultation and reports from being involved in matters related to him or her directly or indirectly, or affect his or her interest. When someone reports a matter related to Directors, the system prohibits such Director from being involved in dealing with consultation and reports related to the matter. So, the system works effectively as a supervising function over execution of business by Directors including Representative Director.

Moreover, the company established the same whistle-blowing system outside of the Company. When an employee judges it is difficult to report matters to the internal contact point, he or she can report the matters to the outside contact point.

There is already an appropriate and effective system to supervise execution of business by Directors, including Representative Director, and to reveal problems if they are found in their execution of business. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 6: Partial Amendment to the Articles of Incorporation (Prior notice and disclosure of sales of shares by Directors)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "Sales of shares by Directors shall require at least 30 days' notice in advance and must be disclosed to shareholders."

Reasons for Proposal

Even if a Director is given stock subscription rights, there may be a case in which his benefits will increase when the share price falls if the Director or his/her family sells the shares at the same or higher price, creating actual conflict of interest. For example, a family enterprise of Mr. Hiroshi Suzuki, an internal Director of HOYA CORPORATION, sold shares whose value is more than 10 billion yen in total, which is extremely large compared with stock subscription rights given to Mr. Hiroshi Suzuki in past 12 years. This was only revealed by material disclosed after the event. It frequently happens that investment banks approach members of the founding family for scheme to liquidate their shares, which sometimes results in the aforementioned conflict of interest. Accordingly, the Company should make internal rules to monitor option trading by Directors and their family members. It is also important to introduce a system to allow shareholders to monitor inappropriate sales of shares. It does not prohibit sales of shares itself, so it does not mean illegal restriction on property rights. The same proposal made to the general meeting of HOYA CORPORATION in 2011 received recommendation for approval by Institutional Shareholder Services Inc. (ISS), and was agreed to by the shareholders holding 30.26% of the voting shares.

Opinion of the Board of Directors Regarding Proposal 6

The Board of Directors of the Company **opposes this proposal**.

The Board of Directors has formulated "Regulations for Prevention of Insider Trading" and imposes restrictions on sales of their shares on all executives including Directors in order to appropriately manage insider information and prevent insider trading. In addition to the restrictions, imposing requirements of at least 30 days' notice in advance shall be nothing but an unfair ban on sales of shares and excessive restrictions on individual property rights when Directors want to sell their shares promptly within the regulations on insider trading. The Company believes that restrictions on sales of shares by Directors under the aforementioned "Regulations for Prevention of Insider Trading" are necessary and sufficient. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 7: Partial Amendment to the Articles of Incorporation (Retaining of legal counsel to the Board of Directors)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "The Board of Directors must retain its own legal counsel who is different from the one retained by Representative Director"

Reasons for Proposal

While it is said that companies with committees have excellent corporate governance systems, there are actual evidence that shows that the share prices of companies with committees in Japan are not faring so well, which is the basis of distrust of the supervising capability by Outside Directors and Auditors.

The Board of Directors should supervise management by officers below the Representative Directors. However, in the event that legal counsel to Executive Officers and legal counsel to the Board of Directors are the same, for example, if illegality of the management were an issue, it would be difficult for the Board of Directors to appropriately check the legality. If both always appoint different legal counsel, different opinions of the legal counsel to the Board of Directors and the legal counsel to the Company will be made clear at the meetings of the Board of Directors, which would enhance supervising capability of the Board of Directors and would also benefit the Company with much lower costs and expenses compared with a case in which the Company disputes with a third party in court. Retaining different legal counsel is recommended in the standard text books in North America for a company with committees, which were referred to in legislation for companies with committees in Japan. The same proposal made to the general meeting of HOYA CORPORATION in 2011 received a recommendation for approval by Institutional Shareholder Services Inc. (ISS), and was agreed to by the shareholders holding 26.08% of the voting shares.

Opinion of the Board of Directors Regarding Proposal 7

The Board of Directors of the Company **opposes this proposal**.

According to the Companies Act, Directors have an obligation to perform their duties with due care of a prudent management. Therefore, it is a matter of course for the Board to appoint its own legal counsel and other outside experts if necessary for the performance of its duty and if judged to improve profit for the Company and its shareholders. It could be said that it is requested by rules and regulations. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 8: Partial Amendment to the Articles of Incorporation (Allocation of committee budget that may be used without approval of Representative Director of the Board of Directors)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "A budget must be allocated to the Board of Directors to enable it to retain an independent third-party consultant without the approval of Representative Directors."

Reasons for Proposal

While the Outside Directors have powerful authority within a company, they are often deceptively persuaded by the Representative Director. This is attributable to the fact that Outside Directors rely on information provided mainly by Executive Officers, in making most of their decisions. In order to maintain the fundamental function of the Board of Directors, it is important to establish a system enabling the Board of Directors to retain a consultant to perform relevant monitoring services with sufficient budget and authority independent of Representative Director. This is a governance principle recommended by institutional investors including CalPERS (California Public Employees' Retirement System). If the Board of Directors led by Independent Outside Directors with supervising function could retain independent consultants instead of submissive management, young capable professional managers may be appointed, which would bring favorable results in terms of shareholder's value of the Company. The same proposal made to the general meeting of HOYA CORPORATION in 2011 received recommendation for approval by Institutional Shareholder Services Inc. (ISS), and was agreed to by the shareholders holding 25.32% of the voting shares.

Opinion of the Board of Directors Regarding Proposal 8

The Board of Directors of the Company **opposes this proposal**.

When members of the Board of Directors judge it necessary to retain an outside expert in order to increase profits of the Company and the Company's shareholders, the Board of Directors can hire such outside expert with sufficient budget through its resolution. The resolution does not necessarily require the approval of the Representative Director. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 9: Partial Amendment to the Articles of Incorporation (Obligation to hold management conferences among Outside Directors not involving the Representative Director)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "The Board of Directors shall hold management meetings consisting solely of Outside Directors, at which the Representative Director and internal Directors are not present, once or more a year, and report the activities thereof to the shareholders at least once a year."

Reasons for Proposal

There is a concern that, the Board of Directors of the Company which consists of Outside Directors who were invited by the management team and who receive a large amount of remuneration despite the number of hours they dedicate, headed by Mr. Kazumasa Otsuka who is now unemployed due to Daini Tokyo Bar Association's disciplinary action of membership termination, mostly agree with the management team as their "yes-men" based on the information provided by the executive members affiliated with the Representative Director. To change this situation, it is proposed that the Board of Directors shall regularly hold management meetings consisting of only Independent Outside Directors, at which the Representative Director is not present. It is recommended by the CalPERS' governing principle, as it would be psychologically difficult to, for example, dismiss a Representative Director or point out problems if there exists only meetings where the Representative Director is present. A proposal similar to this proposal obtained 33.91% approval along with a recommendation for approval by ISS at the General Meeting of Shareholders of HOYA in 2010. HOYA management stated, in the following year's convocation notice for the General Meeting of Shareholders, that "internal rules were amended to reflect the purpose of the proposal in an appropriate manner" and it seems that effective changes occurred to a certain degree.

Opinion of the Board of Directors Regarding Proposal 9

The Board of Directors of the Company **opposes this proposal**.

Out of the four Directors of the Company, three are Independent Outside Directors (as of June 7, 2017). Given this composition of the Board of Directors of the Company, each and every one of our Outside Directors is able to provide diverse opinions based on their extensive knowledge, representing an objective standpoint that is independent from that of the Representative Director's, and creates an environment where one can actively reflect ideas and participate in discussions at the Board of Directors.

Therefore in the meantime, it is not necessary to hold management conferences among Outside Directors not involving the Representative Director, and we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 10: Partial Amendment to the Articles of Incorporation (Prohibition to treat a submitted voting form left blank as affirmative to the Company's proposal and dissenting to shareholder's proposal)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "A submitted voting form left blank without indication of approval or disapproval ("blank vote") must be treated as an abstention and must not be treated inequitably between Company's proposals and shareholder's proposals."

Reasons for Proposal

There is a concern that the method of resolution at General Meeting of Shareholders of the Company, which treats abstention votes differently, lacks reasonable grounds and is unfair as a method of resolution, because voting forms without indications of shareholders' approval or disapproval are deemed to approve the Company's proposals, but disapprove the shareholders' proposals. For example, in the case of proposals for appointment of Directors where the Company's proposal and the shareholders' proposal are treated as opposing proposals, if approval is indicated for the shareholders' proposals but there is no indication with

respect to the Company's proposals, it will be deemed to be an indication of approval of the Company's proposal; since both the Company's proposal and the shareholders' proposal are approved, both proposals will be treated as an abstention, which is an unreasonable scenario. Regarding blank voting forms, since we do not know the intentions of the voter, the votes regarding the proposal should be treated as abstentions, regardless of whether it is the Company's proposal or the shareholders' proposal. A proposal similar to obtained 37.65% approval along with a recommendation for approval by Institutional Shareholder Services Inc. (ISS) at the General Meeting of Shareholders of HOYA in 2011.

Opinion of the Board of Directors Regarding Proposal 10

The Board of Directors of the Company **opposes this proposal**.

Regarding the voting form, treatment of a blank vote for a Company's proposal as approval and disapproval for a shareholder's proposal are practices widely adopted by listed companies as part of the practical work regarding General Meeting of Shareholders, and case examples also deem this type of treatment legitimate. We also receive returns of Shareholders' voting forms on the assumption that they have full understanding of the precautions and notes regarding this type of treatment, which is clearly stated on the form.

In addition, most of the voting forms without indication of approval or disapproval (blank vote) which are sent back to the Company from shareholders leave all proposals for the General Meeting of Shareholders blank without marking approval or disapproval to any of the proposals. It can be rationally considered that the shareholder entrusted the decision to the Company by submitting the voting form in this manner to the Company, who prepared the forms. Thus, treating any submitted voting form left blank as abstention results in the failure to reflect the shareholder's intention, as they have sent the voting form in this manner for a reason. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 11: Partial Amendment to the Articles of Incorporation (Amendment to increase the volume of explanatory text permitted for shareholders' proposals to 1,000 characters)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "In case where shareholders submit a proposal at a General Meeting of Shareholders, the reason for the proposal to be printed in the Reference Documents for the General Meeting of Shareholders or the convocation notice should be printed exactly the same as description of shareholders' proposal, in principle, if it is within 1,000 Japanese characters, and one-sided alteration or summary should not be made by the Board of Directors."

Reasons for Proposal

The purpose of informing outline of proposals and reasons for the proposals to shareholders are to make proposals and their reasons known to general shareholders, to enable general shareholders to prepare for each meeting, to disclose the Company's opinion at each meeting, and to provide general shareholders with opportunities to substantially exercise their voting rights at each meeting. Hence, the reasons for the proposal should be provided in at least 1,000 Japanese characters. While the Company and many other Japanese listed companies say that it treats shareholders as important on the surface, there have been such problems that the Company edits and compress in one-sided manner shareholders' proposals which are unfavorable to the management of the Company. At the HOYA General Meeting of Shareholders in 2010, a shareholder made a proposal that the Articles of Incorporation shall be amended to increase the maximum number of words of shareholders' proposal up to 4,000 Japanese words, which was supported by Institutional Shareholder Services Inc. (ISS), Glass Lewis & Co., Japan Proxy and other major institutional investors (holding 43.18%). For example, if a shareholder states in an opposing proposal against the Company's proposal for appointment of Directors that "The inappropriate harassment of ex-students by the real estate appraiser's course tutor is becoming problematic at the Company" and wishes to state more, the shareholder cannot compose a convincing reason as long as there is a limit of 400 Japanese characters.

Opinion of the Board of Directors Regarding Proposal 11

The Board of Directors of the Company **opposes this proposal**.

According to the Company's Articles of Incorporation and internal regulations, the Company has not set any restrictions regarding shareholder's proposals'' reasons for proposal, so that it is not necessary to set any restrictions as outlined in this proposal. Going forward, we will correspond to shareholders' agendas and proposals appropriately in accordance with laws and regulations.

Proposal 12: Partial Amendment to the Articles of Incorporation (Provision regarding Revlon duties)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "The Company shall bear duties equivalent to the Revlon duties used to protect minority shareholders in Delaware, America. That is, to make an effort to sell to the buyer presenting the highest price in case the Board of Directors decides to sell the Company. In case of a breach of this provision, the Directors and Auditors in favor of this decision shall compensate to all minority shareholders the difference in value between the price proposed by the buyer presenting the highest price and the actual selling price paid to the actual buyer."

Reasons for Proposal

In practicing the Companies Act in Japan, with regards to the Revlon duties, that is, "in case the Board of Directors decides to sell the Company, they have the duty to sell to the buyer presenting the highest price," there is no clear legal or preceding theory of such a duty among Directors. As a result, it is common to see majority shareholders buying shares at a price that greatly lowers net assets per share, and the protection of minority shareholders is lacking and perfunctory as compared to other countries. By adding this provision, which protects minority shareholders, to the Articles of Incorporation, and individually regulating the provision as a duty of Directors, we can clarify the Directors' duty of loyalty to minority shareholders, which as a result links to the protection of the Company's minority shareholders' interests.

Opinion of the Board of Directors Regarding Proposal 12

The Board of Directors of the Company **opposes this proposal**.

The Board of Directors bears the duty of care of prudent management of the Company, and part of this duty is to perform the job function properly and make sure the selling of the Company leads to the maximization of interests for both the Company and shareholders. In addition, when deciding whether or not the selling of the Company leads to the maximization of interests for both the Company and shareholders, we believe that we should not only focus on the selling price, but also consider the future increase in corporate value, the synergy between the Company and the other party, and all other related aspects.

The Board of Directors considers these aspects and bears the duty of deciding, among many things, whether or not to sell the Company, who to sell to, the legal framework regarding the sales and the selling price. From this, we fear that over-restricting our freedom of judgment will only result in compromising the interests of shareholders. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 13: Partial Amendment to the Articles of Incorporation (Nomination of candidates of 40 years or under and female candidates for Director)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "The Board of Directors must nominate candidates of 40 years or under and female candidates for Director at the General Meeting of Shareholders. In case of failure to nominate an appropriate candidate, the Company must disclose the reason to shareholders."

Reasons for Proposal

While the Board of Directors thinks it is desirable to have different people from diverse backgrounds, we previously had Attorney Akiko Monden as a Director, a female in her thirties, who unfortunately resigned from the position. What is surprising are the circumstances surrounding Mr. Kazumasa Otsuka, who is under Daini Tokyo Bar Association's disciplinary action of membership termination, in June last year when we made him an Outside Director. Mr. Otsuka has been expelled by the Association, which stated that "(he) has violated the the Discipline Requesting Party's right to sexual self-determination, and while this behavior has crushed the dignity of the Discipline Requesting Party, it has also violated Article 3 of Daini Tokyo Bar Association's Rules Regarding the Prohibition of Gender-based Discriminatory Treatment etc., and has misbehaved in a manner impairing his or its own integrity according to Article 56 (1) of the Attorney Act" and that "the aforementioned behavior is flagrantly worthy of punishment, and taking into consideration factors such as the persistent lack of remorse and irresponsible attitude of the Party to be Disciplined, we have chosen the disciplinary action of membership termination." This is unbelievable from the viewpoint of the shareholder, and we believe Mr. Otsuka still has no remorse over what he had done.

Opinion of the Board of Directors Regarding Proposal 13

The Board of Directors of the Company **opposes this proposal**.

In order to nominate people with diverse backgrounds as candidates for Director, apart from age and gender, the Company also takes into consideration a range of details such as the diversity of experiences and knowledge when deciding on people worthy of nomination as candidates for Director. The situation the Company is in and social conditions at the time of nomination play an important role in deciding the people we would nominate as candidates for Director and the backgrounds we need, so it is not appropriate to restrict the candidates' qualifications solely based on their age and gender by establishing this rule beforehand in the Articles of Incorporation. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 14: Partial Amendment to the Articles of Incorporation (Establishment of a special investigation committee on correlation between remuneration for Directors and share value)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation: "Establishment of a special investigation committee on correlation between remuneration for Directors and share value."

Reasons for Proposal

Since the second Abe administration, in order to revitalize Japan's financial market, policies such as the "Corporate Governance Code" have been implemented, but the one thing the administration is not aware of is the way of management remuneration. Overseas institutional investors have pointed out the problem of Japan's management remuneration, which has low correlation with business performance and stock market trends, as well as low ownership ratio of company shares by the management. There are also discussions regarding their recommendation of an ownership of shares worth around three times of the annual income, and remuneration by shares. The Company is different from other companies in that remuneration correlated with shares means a massive amount that exceeds normal assumptions, and issuance of Subscription Rights to Shares presented at last year's General Meeting of Shareholders was abnormal, so we ask for the establishment of a special investigation committee. By nature, the shareholder and the management should possess the relationship of that of principal and agent, but the conflict of interest that exists between the ordinary agent and client usually results in the agent's desire for a remuneration system that conforms to the interests of the shareholder.

Opinion of the Board of Directors Regarding Proposal 14

The Board of Directors of the Company **opposes this proposal**.

The Articles of Incorporation are the basic regulations that determine the Company's structure and operations, so it is considered inappropriate to regulate the establishment of investigation committees in response to individual events via the Articles of Incorporation. In addition, the reason for the establishment of a special investigation committee as described in the Reasons for Proposal is the issuance of performance-based stock options approved during last year's General Meeting of Shareholders, which is clearly an individual event that seeks the establishment of investigation committees. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 15: Partial Amendment to the Articles of Incorporation (Provision regarding dialogue with shareholders)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation:

"The Company shall stipulate a provision related to the dialogue with shareholders and disclose it to shareholders."

Reasons for Proposal

Under the second Abe administration, Japan's Corporate Governance Code and Japan's Stewardship Code were established, in which the social responsibilities of the management and directors of listed companies are defined for holding a constructive dialogue with shareholders, aimed at increasing share value in the medium- and long-term. Such an effort has attracted attention of international investors, however, the opportunities for shareholders to discuss measures for increasing share value in the medium- and long-term with the companies' management and directors are, practically, limited to the few hours at financial results briefings and the General Meeting of Shareholders, nor is the Company an exception. We believe that this

situation would contradict the Japan's national policy to make its capital market more attractive to the international investors. In light of the Company's current circumstances, in which its stock price has long remained below the net asset per share, this situation has to be considered a problem. To achieve the maximization of the Company's share value in the medium- and long-term, it is proposed that the provision regarding the dialogue between shareholders and the Company's management or directors be established and disclosed to the shareholders.

Opinions of the Board of Directors Regarding Proposal 15

The Board of Directors of the Company **opposes this proposal**.

Believing in the importance of dialogue with shareholders, the Company, in addition to General Meeting of Shareholders and financial results briefings, holds an explanatory session after the conclusion of General Meeting of Shareholders as an opportunity for communicating with shareholders and for providing information to them. In addition, by formulating and disclosing the Disclosure Policy on the Company's website, the Company is swiftly providing information to its shareholders with adherence to our principles of transparency, fairness and continuity. In this manner, the Company has already established a system to promote constructive dialogue with its shareholders and secured opportunities for appropriate and swift provision of information. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 16: Partial Amendment to the Articles of Incorporation (Provision relating to facts concerning expulsion orders from membership or disciplinary actions for the Company's officers)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation:

"Regarding the past experience of the candidates for Director and Auditor of the Company, should an attorney or certified public accountant have received any punishment from a bar association, the Financial Services Agency and so forth, such facts shall be provided in the notice of General Meeting of Shareholders or in the Reference Documents."

Reasons for Proposal

At the General Meeting of Shareholders held in June 2016, the Company nominated Mr. Kazumasa Otsuka as a Director who had received an expulsion order from the Daini Tokyo Bar Association's membership as a disciplinary action. Nonetheless, in the notice of the convocation of the meeting, there were no descriptions of the fact that he had received disciplinary action to withdraw from the bar association to which he belonged, but only the fact that he had been registered as an attorney until February 2016. Mr. Otsuka faces indictment and a request for disciplinary action from a female associate attorney of Nijubashi Law Firm to which he belonged, for alleged forced indecency and criminal assault. Record of dispositions in the background of attorneys and certified public accountants is important information for shareholders in judging the qualification and sense of ethics of the candidates for corporate officers. Due to the absence of description concerning the fact of such a material disposition, it is strongly suspected that the Company has, as a consequence, misled its investors who would have voted against the election of Mr. Otsuka, if they had known who he really was. In order to remove all these concerns, it is proposed that the past dispositions in the background of attorneys and certified public accountants be described in the notice of General Meeting of Shareholders or in the Reference Documents.

Opinions of the Board of Directors Regarding Proposal 16

The Board of Directors of the Company **opposes this proposal**.

As materials to enable shareholders to make a judgment on adequacy and qualification of the candidates for officers, the Company discloses past experience, etc. of the candidates on the Reference Documents for General Meeting of Shareholders. With such description on the Reference Documents for General Meeting of Shareholders, necessary and sufficient information is being provided to shareholders for judging the appropriateness of electing candidates for officers. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 17: Partial Amendment to the Articles of Incorporation (Disclosure of policy and results of officer training)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation:

"Policies for training of the officers of the Company and its consolidated subsidiaries shall be disclosed on the Company's website."

Reasons for Proposal

In electing Directors and Auditors, past experience of the candidates for Director and Auditor described in the notice of General Meeting of Shareholders or information provided in the report of which disclosure is obligated by the Tokyo Stock Exchange are insufficient for judging whether or not each candidate is appropriate as an officer bearing duty of care of prudent management and duty of loyalty. Business execution at individual divisions is different in nature from monitoring and supervising the company as a whole. Therefore, to have officers perform their duties while preventing scandals, all the officers are required to be well versed in the overall operation, including obligations as an officer as well as in business fields they have yet to experience. Not only the capabilities of the candidates for outside officers but those of internal personnel, who account for the majority of the candidates, are unknown in terms of degree of such knowledge and readiness. It is therefore suggested that the policies for training of the officers of the Company (at least as to whether or not officer training by a third party is to be conducted) be disclosed on the Company's website so as to help shareholders make better decisions on the qualifications and appropriateness of the candidates for Directors.

Opinions of the Board of Directors Regarding Proposal 17

The Board of Directors of the Company **opposes this proposal**.

The Company provides its officers with training related to the prevention of insider trading and code of conducts to be followed by them as necessary, and offers opportunities to share knowledge and information required for performing their duties. In addition to this, the Company's compliance system and basic policies on the matters to be followed by its officers and employees are stipulated in the "UT Group Compliance Manual," thereby working to ensure that officers and employees of the Company are fully aware of these policies. Furthermore, such basic stance of the Company regarding compliance and corporate governance has been already announced on the Company's website.

Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 18: Partial Amendment to the Articles of Incorporation (Publication of shareholders' proposals up to a maximum of 100 in the convocation notice of General Meeting of Shareholders)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation:

"In case that the Company receives a request to notify its shareholders of the shareholders' proposals pursuant to Article 305 of the Companies Act, it shall publish the agendas proposed, summaries of such proposals and reasons thereof up to a maximum of 100, as long as such proposals are legally appropriate, in the notice of General Meeting of Shareholders or in the Reference Documents."

Reasons for Proposal

In the course of negotiated settlement of the "AMSC's case," a lawsuit demanding revocation of resolution at a shareholders meeting, which was ultimately decided in favor of the shareholders at the Supreme Court, Kazumasa Otsuka, a specialist in the Companies Act and a Director of the Company (currently suspended from practicing as an attorney by a disciplinary action for two years) and his subordinate attorney Yusuke Nishioka commented to one of the shareholder proposers that although the legality of the proposals or the proposer's qualification requirements to make the proposal would be reviewed, if 100 proposals or less were made, all legally appropriate proposals would be provided in the notice, and submitted a document to such effect to one of the proposers. In particular, in the first place, when the convocation process and method for exercising voting rights have been (completely) digitalized, even if there are 100 proposals, a shareholder would have to approve only the proposals that he/she would like to vote for in order to express his/her opinion. In this age in which the importance of dialogue between shareholders and the Board of Directors is emphasized, limiting the number of proposals is an outdated approach with no understanding of the recent advances in voting technology backed by Fintech and blockchain technology, etc.

Opinions of the Board of Directors Regarding Proposal 18

The Board of Directors of the Company **opposes this proposal**.

The Company does not set an upper limit on the number of shareholders' proposals neither in its Articles of Incorporation nor in other internal regulations. Accordingly, the Board of Directors is of the opinion that it is unnecessary to add the proposed provision to the Articles of Incorporation. With regard to the agendas and proposals received from the shareholders, the Company will respond to them as appropriate in accordance with laws and regulations.

Proposal 19: Partial Amendment to the Articles of Incorporation (Provision regarding communication and responses between shareholders and Directors)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation:

"The Company shall establish a system whereby a shareholder having a material concern can directly contact each Director, including Outside Director, as well as Auditor, without the Representative Director's knowledge. Having employees, who are subordinated to the Representative Director or other internal Directors, involved in the communication process between shareholders and each Director or Auditor shall be avoided, unless it is for archiving purposes. In case of archiving, a record of the procedures on reception and delivery to the Board of Directors and respective committees as well as their response shall be retained for submission at the request of shareholders."

Reasons for Proposal

Having a way to reach out to Directors, Auditors and especially, independent officers without Representative Director's knowledge is essential for the shareholders, so a system shall be established whereby the shareholders can independently recommend candidates for Director to the independent officers. For instance, with the current system, even if a shareholder tries to report to the independent officers or the Board of Auditors on the improper activities jointly conducted by the Representative Director and the Legal Affairs Department, employees in managerial positions may interrupt and prevent such reporting. At the Company, when a shareholder sends the Board of Auditors a notice of misconduct committed by the Company's lecturers and Legal Affairs Department via content-certified mail, it is not certain whether or not the Representative Director and employees even relay such record to the Board of Auditors. For references as to the opinions of institutional investors concerning this Proposal, please see page 35 of "Global Principles of Accountable Corporate Governance" by California Public Employees' Retirement System (CalPERS) dated April 21, 2008, etc. For future generations including our own children and grandchildren, "fake corporate governance" should be prevented.

Opinions of the Board of Directors Regarding Proposal 19

The Board of Directors of the Company **opposes this proposal**.

In addition to General Meeting of Shareholders and financial results briefings, the Company holds an explanatory session for shareholders after the conclusion of General Meeting of Shareholders as an opportunity for them to consult and communicate with Directors of the Company. Therefore, we believe that the communication network between shareholders and the Company's Directors has been sufficiently developed.

Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposal 20: Partial Amendment to the Articles of Incorporation (Establishment of a special investigative committee into the problematic behavior of the attorney Kazumasa Otsuka conducted both inside and outside the Company)

Summary of Proposal

It is proposed that the following provision be added to the Articles of Incorporation:

"A special investigative committee shall be established regarding the problematic behavior of the attorney Kazumasa Otsuka, who is an Outside Director of the Company and is also a member of the "UT Group Compliance Risk Management Committee" which has been announced by the Company to be also joined by external attorneys.

Reasons for Proposal

Mr. Kazumasa Otsuka, an attorney and Outside Director of the Company is a person who received an expulsion order in February 2016 from the Daini Tokyo Bar Association's membership due to committing a compliance violation in the attorneys' community (the order was later mitigated to a two year business suspension by Japan Federation of Bar Associations). The detail of the compliance violation he committed was described as "an act of sexual coercion against the will of the other side, which should be referred to as sexual harassment" and was strongly condemned even by Japan Federation of Bar Associations that mitigated the punishment. Having this attorney as an Outside Director in the name of strengthening compliance of the Company may be regarded as an inconsistency with the Company's Compliance Code of Conduct stipulating that "we will respect the fundamental human rights of each employee and engage in no unjust discrimination of any kind whatsoever. Furthermore, any conduct that is disrespectful to an individual, such as sexual harassment, shall not be tolerated."

Opinions of the Board of Directors regarding Proposal 20

The Board of Directors of the Company **opposes this proposal**.

The Articles of Incorporation are the basic regulations that determine the Company's structure and operations. Establishing a provision related to a committee for such a specific matter as proposed in this Proposal in the Articles of Incorporation would not be appropriate. Accordingly, the Board of Directors is of the opinion that it is unnecessary to add the proposed provision to the Articles of Incorporation.

Proposal 21: Dismissal of Director Kazumasa Otsuka

Summary of Proposal

It is proposed that Director of the Company Mr. Kazumasa Otsuka be dismissed from the post of Director.

Reasons for Proposal

According to Daini Tokyo Bar Association, Director of the Company Kazumasa Otsuka received an expulsion order on a disciplinary ground for the reason that in February 2013 he had taken a woman (a female attorney of Nijubashi Law Firm) who was attending a social gathering, into a hotel room, insistently saying "let's drink in a hotel room," or "it's okay, it's okay, we're just going to have a drink," and forced to have sexual contact against her will. Later, even Japan Federation of Bar Associations that mitigated his disposition to a two years business suspension admitted that "he perpetrated a sexual act against her will" and "his act should be referred to as sexual harassment" and that it was "a misbehavior that significantly degraded the dignity of attorneys." It has been also pointed out that Mr. Otsuka repeated behaviors that "were legal when considered individually but socially unacceptable when put altogether." Moreover, there has been no satisfactory explanation from Mr. Otsuka himself with regard to this alleged sexual assault. Having this person as an Outside Director of the Company may damage the reputation, and in turn, the shareholder value of the Company.

In addition, at this Meeting, if a proposal to elect Kazumasa Otsuka as a Director is submitted by the Company or by other shareholder(s) beforehand, we demand that the Amended Proposal as described below be provided in the notice of General Meeting of Shareholders or in the Reference Documents.

Opinions of the Board of Directors Regarding Proposal 21

The Board of Directors of the Company **opposes this proposal**.

The term of office of Directors of the Company is one year, and the term of office of Mr. Kazumasa Otsuka serving as an Outside Director is until the conclusion of this year's General Meeting of Shareholders. Therefore, even in the case where his dismissal is not resolved, the term of office of Mr. Kazumasa Otsuka will expire at the conclusion of this year's General Meeting of Shareholders. For this reason, the Board of Directors does not deem it necessary to dismiss Mr. Otsuka by its resolution.

In addition, as Mr. Otsuka possesses a wealth of experience required for performing the duties as a Director of the Company, the Company believes that there are no special reasons to dismiss him.

Proposal 22: Amendment to the Company's proposal concerning the Election of Directors

Summary of Proposal

It is proposed that Lucian A. Bebchuk be elected as Director, instead of electing Kazumasa Otsuka as Director.

Reasons for Proposal

Mr. Kazumasa Otsuka received an expulsion order from the Daini Tokyo Bar Association's membership as a disciplinary action, and is currently suspended from the business for a period of two years as a mitigated form of the aforementioned sanction by the Japan Federation of Bar Associations. Taking into account the reasons for the punishment as well (forced his subordinate female attorney to have sexual contact with him), he is far from being appropriate as an Outside Director of the Company. Nijubashi Law Firm (now Iwaida Partners), where he serves as the representative, has been sending attorneys as independent directors to listed companies that have advisory contracts or appointment relationships with the firm, alleging that they are not directly in charge of the said attorney. The firm has openly conducted these acts of depreciating the recent trend in which international investors place an emphasis on corporate governance, and which are something that the major law firms in Japan would not practice. What is surprising is that Mr. Otsuka has not made any explanation externally in relation to the series of his acts that are the target of criticism. We would have to say that literally he repeated "behaviors that were legal when considered individually but socially unacceptable when put altogether" and is unqualified for the post of Outside Director of the Company. If this is the case, it should be simply a matter of approaching a world-renowned scholar on corporate law as an "employed foreigner" instead.

Candidate for Director: Lucian A. Bebchuk

Career summary: Born in Poland in 1955. Obtained a B.A. in Mathematics and Economics from the University of Haifa, and LL.B. from the Tel Aviv University, then moved to the U.S. Obtained an S.J.D. and Ph.D. from Harvard University. His publications include *Pay without Performance: The Unfulfilled Promise of Executive Compensation* (co-authored with Professor Jesse Fried).He is especially renowned for the research that verified that activist intervention is followed by improved operating performance during the five-year period following the intervention, in terms of both return on assets (ROA) and Tobin's Q (value obtained by dividing the corporate value of a company by the reacquisition cost of capital), in *The Long-Term Effects of Hedge Fund Activism*, a dissertation that analyzed approximately 2,000 cases in the U.S. from 1994 to 2007.

Opinions of the Board of Directors Regarding Proposal 22

The Board of Directors of the Company **opposes this proposal**.

In light of the current circumstances surrounding the Company, the Board of Directors believes that the composition of the Board explained in the Company's Proposal is the most adequate. Accordingly, the Company believes that it is unnecessary to elect the individual proposed in this Proposal as a Director.

End