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Securities Code 2201
June 9, 2017

To Shareholders with Voting Rights:

Toru Arai
Representative Director, President
MORINAGA & CO., LTD
5-33-1 Shiba, Minato ku, Tokyo

NOTICE OF CONVOCATION OF THE 169TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

1. **Date and Time:** Thursday, June 29, 2017, at 10:00 a.m. Japan time (reception opens at 9:00 a.m.)

2. **Place:** "Prince Hall" 5th floor of Annex Tower, Shinagawa Prince Hotel
10-30, Takanawa 4-chome, Minato-ku, Tokyo, Japan

3. **Meeting Agenda:**

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 169th Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Statutory Auditors
2. Non-consolidated Financial Statements for the Company's 169th Fiscal Year (April 1, 2016 - March 31, 2017)

Proposals to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Delegation of Gratis Allotment of Stock Acquisition Rights as a Measure to Address a Large-Volume Acquisition of the Company's Shares
Proposal 3: Election of 11 Directors
Proposal 4: Election of 1 Statutory Auditor
Proposal 5: Revision of Amount of Remuneration to Directors
Proposal 6: Revision of Amount of Remuneration to Statutory Auditors
Proposal 7: Payment of Bonuses to Directors and Statutory Auditors

- Pursuant to the laws and regulations as well as the provisions in Article 17 of the Articles of Incorporation, Non-consolidated Statements of Changes in Net Assets and Notes to Non-consolidated Financial Statements in the Non-consolidated Financial Statements, and Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements in the Consolidated Financial Statements, are posted on the Company's website on the Internet indicated below and therefore are not attached to this convocation notice. The Non-consolidated Financial Statements and the Consolidated Financial Statements audited by the Board of Statutory Auditors and the Accounting Auditors include the accompanying documents of this notice as well as Non-consolidated Statements of Changes in Net Assets and Notes to Non-consolidated Financial Statements and Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements posted on the Company's website.
- Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements require revisions, the revised content will be posted on the Company's website on the Internet indicated below.
- Due to circumstances at the venue, the product explanation briefing following the General Meeting of Shareholders will not be held. We appreciate your understanding on this matter.
- On the day of the General Meeting of Shareholders, executives and attendants of the Company will be wearing light business attire (no neckties). We appreciate your understanding on this matter. Shareholders are also encouraged to attend in light attire.

The Company's website: http://www.morinaga.co.jp/company/ir/stock/invite.html

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

As a result of careful consideration of factors such as business results for the fiscal year under review and future business expansion, the Company proposes year-end dividends for the fiscal year under review of ¥45 per share, an increase of ¥10 compared to the per share dividends for the previous fiscal year (¥35 yen) after the consolidation of shares which was implemented on October 1, 2016.

1. Type of dividend property
   Cash

2. Matters concerning the allotment of dividend property to shareholders and the total amount thereof
   ¥45 per share of common stock of the Company
   Total amount: ¥2,341,581,345

3. Effective date of distribution of surplus
   June 30, 2017

Proposal 2: Delegation of Gratis Allotment of Stock Acquisition Rights as a Measure to Address a Large-Volume Acquisition of the Company's Shares

At the Annual General Meeting of Shareholders of the Company for the 160th fiscal year (the fiscal year ended March 31, 2008) held on June 27, 2008, the Company received shareholders' approval regarding the introduction of the "Measures to Address a Large-Volume Acquisition of the Company's Shares (Takeover Defense Measures)," with the objective of protecting and enhancing the corporate value of the Company and shareholders' common interests (hereinafter, "corporate value and shareholders' common interests"). Subsequently, the Company received shareholders' approval to renew the measures at the Annual General Meeting of Shareholders of the Company for the 163rd fiscal year (the fiscal year ended March 31, 2011), held on June 29, 2011, and the 166th fiscal year (the fiscal year ended March 31, 2014), held on June 27, 2014 (hereinafter, the measures after renewal at the Annual General Meeting of Shareholders of the Company for the 166th fiscal year (the fiscal year ended March 31, 2014) held on June 27, 2014 shall be referred to as the "Current Plan").

As the effective period of the Current Plan is until the conclusion of the Annual General Meeting of Shareholders for the 169th fiscal year (the fiscal year ended March 31, 2017) (hereinafter, "this Meeting"), the Company has considered its status, including the appropriateness of its continuation, from the perspective of protecting and enhancing corporate value and shareholders' common interests. As a result, at a meeting of the Board of Directors of the Company held on May 12, 2017, the Company decided to renew the Current Plan, subject to receiving shareholders' approval at this Meeting, as an initiative (Article 118, item (iii), sub-item (b)2 of the Ordinance for Enforcement of the Companies Act) to prevent decisions about the Company's financial and business policies being controlled by inappropriate persons in light of the basic policy regarding the status of persons who control decisions about the Company's financial and business policies described in the below item I. (as provided for in the text of Article 118, item (iii) of the Ordinance for Enforcement of the Companies Act; hereinafter, the "Basic Policy") (hereinafter the "Measures to Address a Large-Volume Acquisition of the Company's Shares (Takeover Defense Measures)" after renewal shall be referred to as "this Plan").

Accordingly, pursuant to the stipulations of Article 13 of the Articles of Incorporation of the Company, the Company proposes that decisions on matters relating to the gratis allotment of stock acquisition rights as outlined in the below item II.2. "Details of this Plan" be delegated to the Board of Directors of the Company.

The Company has not made any substantial changes to the details of the Current Plan upon renewal to this Plan.

Furthermore, at the meeting of the Board of Directors of the Company that determined this Plan, all four (4) Statutory Auditors (including two (2) Outside Statutory Auditors) of the Company attended, and provided opinions consenting to this Plan, subject to the specific implementation of this Plan being appropriately conducted.

I. Basic policy regarding the status of persons who control decisions about the Company's financial and business policies

As the Company lists its shares and recognizes the free trading of the shares, the Company believes that the assessment of whether to accept a large-volume acquisition proposal for the Company's shares accompanied by a transfer of control should ultimately be entrusted to the will of shareholders. In addition, even large-volume acquisitions shall not be rejected by the Company if they will contribute to the corporate value and shareholders' common interests.

However, there are many large-volume acquisition proposals that will harm the corporate value of the target company and shareholders' common interests, such as those that: 1) will cause clear harm to corporate value and shareholders' common interests when the purchase objective and post-purchase management policies, etc. are considered; 2) may effectively force shareholders to sell shares; and 3) do not provide sufficient time and information for the Board of Directors of the target company and shareholders to consider the terms of the large-volume acquisition, etc., or for the Board of Directors of the target company to present an alternative proposal.

The Company believes that persons controlling decisions about the Company's financial and business policies should be persons who sufficiently understand the sources of the Company's corporate value, and will contribute to continuously ensuring and enhancing the corporate value and shareholders' common interests, and that persons who propose a large-volume acquisition that may harm the corporate value and shareholders' common interests are not suitable as persons controlling decisions

about the Company's financial and business policies. Accordingly, the Company believes that it is necessary to protect the corporate value and shareholders' common interests by taking the necessary and appropriate measures against large-volume acquisitions by such persons.

II. Initiatives to prevent decisions about the Company's financial and business policies being controlled by inappropriate persons in light of the Basic Policy

1. Objective of this Plan

The Current Plan shall be renewed to this Plan with the objective of ensuring and enhancing the corporate value and shareholders' common interests, in accordance with the Basic Policy described in the above item I.

The Board of Directors of the Company has judged that a framework continues to be indispensable for preventing large-volume acquisitions that will violate the corporate value and shareholders' common interests, by ensuring the necessary time and information for shareholders to assess whether or not to accept the large-volume acquisition in the event of a large-volume acquisition proposal for the Company's shares, or for the Board of Directors of the Company to present an alternative proposal to shareholders, in addition to making it possible to conduct consultations or negotiations, etc. with the large-volume purchaser on shareholders' behalf.

2. Details of this Plan

(1) Overview of this Plan

(a) Objective

The objective of this Plan is to ensure and enhance the corporate value and shareholders' common interests in ways that include ensuring the necessary and sufficient information and time for shareholders to make an appropriate assessment in the event that a large-volume acquisition is conducted for the Company's shares, in addition to securing the opportunity to consult or negotiate, etc. with the purchaser, etc.

(b) Establishment of procedures

In this Plan, the necessary procedures are set forth to ensure the objective in the above item (a) is realized, including requesting the advance submission of information from persons conducting the purchase, etc. (hereinafter, "purchaser, etc."), in the event of a purchase of the Company's share certificates, etc., other similar action, or a proposal thereof (hereinafter, "purchase, etc.") (see the below item (2) "Procedures relating to this Plan" for details).

(c) Implementation of gratis allotment of stock acquisition rights

In the event of a purchase, etc. of the Company's share certificates, etc. where the purchaser, etc. does not follow the procedure set forth in this Plan, or where there is a risk of clear harm to the corporate value and shareholders' common interests, etc. (see the below item (3) "Conditions for implementing the gratis allotment of Stock Acquisition Rights" for details of the conditions), the Company shall allot to all shareholders at that time excluding the Company, via the method of a gratis allotment, stock acquisition rights with an exercise condition whereby the exercise of rights by the purchaser, etc. shall not be permitted, and an acquisition clause whereby the Company may acquire the stock acquisition rights from persons excluding the purchaser, etc. in exchange for the Company's shares (the main details thereof shall be as described in the below item (4), "Overview of the gratis allotment of Stock Acquisition Rights"; hereinafter, the "Stock Acquisition Rights").

If a gratis allotment of Stock Acquisition Rights is conducted in accordance with this Plan and shares in the Company are delivered to shareholders other than the purchaser, etc. in line with the exercise thereof or acquisition by the Company, then the voting rights ratio of the Company held by the purchaser, etc. may be diluted by up to 50%.

(d) Use of Independent Committee, etc.

In order to eliminate arbitrary judgments by the Board of Directors of the Company, judgments regarding such matters as whether to implement, or not implement a gratis allotment of Stock Acquisition Rights in accordance with this Plan, or acquire them, shall be made following the objective assessment of an Independent Committee comprising highly independent outside persons, etc. (see the below item (5) "Establishment of Independent Committee" for details). In addition, when

implementing a gratis allotment of Stock Acquisition Rights, if the Independent Committee recommends the convening of a General Meeting of Shareholders to confirm the will of shareholders regarding the gratis allotment of Stock Acquisition Rights, the Board of Directors of the Company shall convene such a General Meeting of Shareholders. Furthermore, the transparency of the process of these procedures shall be ensured through the disclosure of information to shareholders.

(2) Procedures relating to this Plan

(a) Applicable purchases, etc.

This Plan shall apply in cases where a purchase, etc. is conducted that falls under 1) or 2) below. The purchaser, etc. shall comply with the procedures set forth in this Plan in advance.

1) A purchase of share certificates, etc.[1] issued by the Company whereby the holder's[2] ownership ratio of share certificates, etc.[3] shall be 20% or more;
2) A tender offer for share certificates, etc.[4] issued by the Company whereby the total of the ownership ratio of share certificates, etc.[5] of the person conducting the tender offer[6] and the ownership ratio of share certificates, etc. of any specially related parties[7] thereof shall be 20% or more.

(b) Requests to purchaser, etc. to provide information

Excluding cases separately permitted by the Board of Directors of the Company, a purchaser, etc. conducting a purchase, etc. shall submit to the Company, ahead of the execution of the purchase, etc., the information set forth in each of the items below (hereinafter, "the Necessary Information") and a written pledge, etc. to the effect that the purchaser, etc. will comply with the procedures set forth in this Plan when conducting the purchase, etc. (hereinafter, referred to generally as the "Purchase Statement"), in the format specified by the Company.

If the Board of Directors of the Company receives a Purchase Statement, it shall promptly submit it to the Independent Committee. If, upon receipt of the above, the Independent Committee judges that the content of the Purchase Statement is insufficient as the Necessary Information, it may request, itself or through the Board of Directors, that the purchaser, etc. provide additional Necessary Information, after setting an appropriate deadline for a response. In this case, the purchaser, etc. shall provide the additional Necessary Information by the deadline.

1) Details of the purchaser, etc. and their group (including any joint holders[8], specially related parties, the specially related parties of any persons for whom the purchaser, etc. is a controlled juridical person, etc.[9], and (in the case of a fund) members or other constituent members) (including the specific name, capital structure, financial details, details of any previous transactions by the purchaser, etc. of a similar nature to the purchase, etc., the results thereof, and the impact on the corporate value of the target company in those previous transactions);
2) Objective, method, and details of the purchase, etc. (including the amount and type of consideration for the purchase, etc., the timing of the purchase, etc., the structure of any related transactions, the legality of the method of purchase, etc., and any information related to the feasibility of the purchase, etc.);
3) Calculation basis for the consideration for the purchase, etc. (including the facts and assumptions that form the basis for the calculation, the calculation method, numerical data used in the calculation, and the details of any synergies expected to arise as a result of all transactions related to

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[1] As defined in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act. The same applies in this proposal unless otherwise provided for.

[2] Includes persons included as holders pursuant to Article 27-23, paragraph (3) of the Financial Instruments and Exchange Act (including persons recognized as such by the Board of Directors of the Company). The same applies in this proposal.

[3] As defined in Article 27-23, paragraph (4) of the Financial Instruments and Exchange Act. The same applies in this proposal.

[4] As defined in Article 27-2, paragraph (1) of the Financial Instruments and Exchange Act.

[5] As defined in Article 27-2, paragraph (8) of the Financial Instruments and Exchange Act. The same applies in this proposal.

[6] As defined in Article 27-2, paragraph (6) of the Financial Instruments and Exchange Act. The same applies in this proposal.

[7] As defined in Article 27-2, paragraph (7) of the Financial Instruments and Exchange Act (including persons recognized as such by the Board of Directors of the Company). However, for persons set forth in item (i) of the same, this excludes persons specified in Article 3, paragraph (2) of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer. The same applies in this proposal.

[8] Refers to joint holders as provided for in Article 27-23, paragraph (5) of the Financial Instruments and Exchange Act, and includes persons deemed joint holders pursuant to paragraph (6) of the same (including persons recognized as such by the Board of Directors of the Company). The same applies in this proposal.

[9] As defined in Article 9, paragraph (5) of the Ordinance for Enforcement of the Financial Instruments and Exchange Act.

the purchase, etc., including the details of synergies to be allocated to minority shareholders);
4) Backing for funds for the purchase, etc. (including the specific names of providers of funds (including de facto providers), method of raising funds, and the details of related transactions);
5) Management policy, business plans, capital policy, and dividend policy for the Group after the purchase, etc.;
6) Policies for treating and addressing the Company's employees, business partners, customers, and other stakeholders after the purchase, etc.;
7) Specific measures to avoid a conflict of interest with other shareholders of the Company;
8) Any other information reasonably judged necessary by the Independent Committee.

Furthermore, if it is recognized that the purchaser, etc. has commenced a purchase, etc. without complying with the procedures set forth in this Plan, the Independent Committee shall, in principle, recommend that the Board of Directors of the Company implement a gratis allotment of Stock Acquisition Rights as described in the below item (e) 1), excluding cases where there are specific circumstances whereby the Independent Committee should continue to request the submission of the Purchase Statement and the Necessary Information and conduct consultations and negotiations, etc. with the purchaser, etc.

(c) Requests to the Board of Directors of the Company to provide information

In order to compare, etc. the content of the Purchase Statement and the Necessary Information with the business plans of the Board of Directors of the Company and the corporate valuation, etc. of the Board of Directors of the Company from the perspective of ensuring and enhancing the corporate value and shareholders' common interests, in the event of the submission of the Purchase Statement or the Necessary Information by the purchaser, etc., the Independent Committee may also request that the Board of Directors of the Company promptly provide such information as an opinion regarding the details of the purchase, etc. by the purchaser, etc. (including any opinion to reserve its opinion; hereinafter the same shall apply), documents that form the grounds for that opinion, any alternative proposal (if there is such an alternative proposal), and any other information or documents, etc. appropriately recognized as necessary by the Independent Committee, after appropriately establishing a reasonable deadline for response taking into consideration the time required for the Board of Directors of the Company to collect information and consider the corporate valuation and an alternative proposal, etc. (including consideration by outside experts as necessary).

(d) Consideration of the details of the purchase, etc., negotiations with the purchaser, etc., and consideration of any alternative proposal

1) Consideration by the Independent Committee

If the Independent Committee recognizes that the submission of information and documents, etc. (including items that were requested to be additionally submitted) from the purchaser, etc. has been sufficiently conducted, it shall establish a period for consideration of up to ninety (90) days in principle (however, in cases such as those described in the below item (e) 3), the Independent Committee may resolve to extend this period) (hereinafter, the "Independent Committee Consideration Period"), and shall notify the purchaser, etc. and the Board of Directors of the Company of that fact. During the Independent Committee Consideration Period, the Independent Committee shall conduct such actions as considering the content of the purchase, etc. of the purchaser, etc., gathering information on and comparing the management plans and business plans, etc. of the purchaser, etc. and the Board of Directors of the Company, and considering any alternative proposals presented by the Board of Directors of the Company. In addition, if it is necessary to improve the content of the purchase, etc. from the perspective of ensuring and enhancing the corporate value and shareholders' common interests, the Independent Committee shall conduct consultations and negotiations, etc. with the purchaser, etc. either directly or indirectly through the Board of Directors of the Company, etc., and shall also conduct such actions as presenting to shareholders any alternative proposal presented by the Board of Directors of the Company. Furthermore, the Independent Committee Consideration Period shall be up to a maximum of ninety (90) days because it is expected that a certain period will be necessary until the completion of the submission of information and documents, etc. from the Board of Directors of the Company, as the Independent Committee Consideration Period shall begin regardless of whether the submission of such information or documents has been completed.

If the Independent Committee requests the submission of documents for consideration or other information, or consultations or negotiations, etc., either directly or indirectly through the Board of

Directors of the Company, the purchaser, etc. must promptly comply with these requests.
In order to ensure that the judgment of the Independent Committee contributes to the corporate value and shareholders' common interests, the Independent Committee may obtain, at the Company's expense, the advice of independent third parties (including financial advisers, certified public accountants, attorneys, consultants, and other experts).

2) Information disclosure to shareholders
The Company shall promptly disclosure to shareholders information regarding the fact that there is a purchaser, etc., the fact that a Purchase Statement was submitted by the purchaser, etc., the fact that the Independent Committee Consideration Period has begun, the fact that the Board of Directors of the Company has presented an alternative proposal to the Independent Committee, an overview of the Necessary Information, and any other information judged appropriate by the Independent Committee.

(e) Assessment by the Independent Committee

If a purchaser, etc. appears, the Independent Committee shall make a recommendation, etc. to the Board of Directors of the Company as follows. Furthermore, if the Independent Committee makes a recommendation to the Board of Directors of the Company in line with items 1) through 3) below, or in any other case judged to be appropriate by the Independent Committee, the Company shall promptly disclose information relating to the fact that there was a recommendation or resolution and an overview thereof, together with any other matters judged appropriate by the Independent Committee (if the Independent Committee Consideration Period has been extended, this shall include that fact, together with the extension period and an overview of the reasons for the extension).

1) If the Independent Committee recommends that a gratis allotment of Stock Acquisition Rights is implemented
If the purchaser, etc. does not comply with the procedures set forth in this Plan, or if, as a result of considering the content of the purchase, etc. of the purchaser, etc. and consulting and negotiating, etc. with the purchaser, etc., it is judged that the purchase, etc. by the purchaser, etc. falls under any of the categories in item (3) below "Conditions for implementing the gratis allotment of Stock Acquisition Rights," and it is judged that implementing a gratis allotment of Stock Acquisition Rights is appropriate, then the Independent Committee shall recommend that the Board of Directors of the Company implements a gratis allotment of Stock Acquisition Rights, regardless of whether the Independent Committee Consideration Period has begun or ended.
However, even after it has recommended the implementation of a gratis allotment of Stock Acquisition Rights, if either of the circumstances in the items below are judged to apply, the Independent Committee may make a new recommendation to cancel the gratis allotment of Stock Acquisition Rights (prior to the gratis allotment taking effect) or acquire the Stock Acquisition Rights without consideration (after the gratis allotment taking effect) during the period until the day before the start date of the exercise period of the Stock Acquisition Rights (as defined in (f) of the below item (4) "Overview of the gratis allotment of Stock Acquisition Rights").
(i) If the purchaser, etc. has withdrawn the purchase, etc. after the recommendation, or other cases where the purchase, etc. has ceased to exist;
(ii) If the facts, etc. forming the basis of the judgment in the recommendation have changed, and the purchase, etc. by the purchaser, etc. no longer falls under any of the categories set forth in the below item (3) "Conditions for implementing the gratis allotment of Stock Acquisition Rights," or even if it does fall under any of these categories, it is recognized that implementing a gratis allotment of Stock Acquisition Rights or the exercise thereof is not appropriate.
Furthermore, even in cases where the Independent Committee judges that implementing a gratis allotment of Stock Acquisition Rights is appropriate, if it is judged that obtaining a resolution regarding the implementation of the gratis allotment of Stock Acquisition Rights at a General Meeting of Shareholders is appropriate, the Independent Committee shall recommend that the Board of Directors of the Company convene a General Meeting of Shareholders and submit a proposal regarding the implementation of a gratis allotment of Stock Acquisition Rights.

2) If the Independent Committee recommends that a gratis allotment of Stock Acquisition Rights not be implemented
In cases where, as a result of considering the content of the purchase, etc. of the purchaser, etc. and consulting and negotiating, etc. with the purchaser, etc., it is judged that the purchase, etc. by the purchaser, etc. does not fall under any of the categories in the below item (3) "Conditions for

implementing the gratis allotment of Stock Acquisition Rights," or even if these categories apply, if it is judged that implementing a gratis allotment of Stock Acquisition Rights is not appropriate, then the Independent Committee shall recommend that the Board of Directors of Company not implement a gratis allotment of Stock Acquisition Rights, regardless of whether the Independent Committee Consideration Period has ended.

However, even after it has recommended not implementing a gratis allotment of Stock Acquisition Rights, if the facts, etc. forming the basis of the judgment in the recommendation change and it is judged that the purchase, etc. by the purchaser, etc. falls under any of the categories set forth in the below item (3) "Conditions for implementing the gratis allotment of Stock Acquisition Rights," and that implementing a gratis allotment of Stock Acquisition Rights is appropriate, then the Independent Committee may make a new assessment, including a new recommendation to implement a gratis allotment of Stock Acquisition Rights, and make this recommendation to the Board of Directors of the Company.

3) If the Independent Committee Consideration Period is extended

If the Independent Committee is not able to make a recommendation to implement or not implement a gratis allotment of Stock Acquisition Rights by the end of the initial Independent Committee Consideration Period (including a recommendation to convene a General Meeting of Shareholders and submit a proposal regarding the implementation of a gratis allotment of Stock Acquisition Rights), then the Independent Committee shall resolve to extend the Independent Committee Consideration Period within a reasonable range considered necessary to conduct such actions as considering the content of the purchase, etc. of the purchaser, etc., consulting and negotiating, etc. with the purchaser, etc., and considering any alternative proposal, etc. (however, this extension shall not exceed thirty (30) days).

If the Independent Committee Consideration Period is extended owing to a resolution to extend it as described above, the Independent Committee shall continue gathering information and engaging in consideration, etc., and exert every effort to make a recommendation to implement or not implement a gratis allotment of Stock Acquisition Rights within the extended period (including a recommendation to convene a General Meeting of Shareholders and submit a proposal regarding the implementation of a gratis allotment of Stock Acquisition Rights).

(f) Resolution of the Board of Directors and holding of a General Meeting of Shareholders

The Board of Directors of the Company shall promptly make a resolution as a body under the Companies Act regarding whether to implement or not implement a gratis allotment of Stock Acquisition Rights (including the cancellation of a gratis allotment of Stock Acquisition Rights), etc., while respecting the aforementioned recommendation of the Independent Committee to the maximum extent possible.

In addition, if the Board of Directors of the Company is recommended by the Independent Committee to convene a General Meeting of Shareholders and submit a proposal regarding the implementation of a gratis allotment of Stock Acquisition Rights, it shall promptly convene a General Meeting of Shareholders and submit a proposal regarding the implementation of a gratis allotment of Stock Acquisition Rights, in order that the General Meeting of Shareholders may be held in as short a time as is practically possible, excluding cases where holding a General Meeting of Shareholders is very difficult for practical reasons. In the event that a resolution (a resolution pursuant to the provisions of Article 13, paragraph (1) of the Articles of Incorporation of the Company) is made at the General Meeting of Shareholders to implement a gratis allotment of Stock Acquisition Rights, the Board of Directors of the Company shall execute the necessary procedures for a gratis allotment of Stock Acquisition Rights in accordance with the decision of the General Meeting of Shareholders (in the event that a resolution is made at the General Meeting of Shareholders to delegate the determination of matters regarding a gratis allotment of Stock Acquisition Rights to the Board of Directors, the Board of Directors shall make a resolution regarding the implementation of a gratis allotment of Stock Acquisition Rights). However, if the resolution regarding the implementation of a gratis allotment of Stock Acquisition Rights is rejected at the General Meeting of Shareholders, the Board of Directors of the Company shall make a resolution regarding the non-implementation of a gratis allotment of Stock Acquisition Rights. After the commencement of procedures relating to this Plan, the purchaser, etc. may not conduct the purchase, etc. until the Board of Directors of the Company makes a resolution regarding the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights, or if a General Meeting of Shareholders is held as described above, until the resolution regarding the implementation of a gratis allotment of Stock Acquisition Rights is approved or rejected.

In cases where the Board of Directors of the Company makes a resolution regarding the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights, cases where the Board of Directors of the Company makes a resolution to convene a General Meeting of Shareholders as described above, and in cases where a resolution is made at General Meeting of Shareholders regarding the implementation of a gratis allotment of Stock Acquisition Rights, the Board of Directors of the Company shall promptly disclose information regarding an overview of the resolution and any other matters judged as appropriate by the Board of Directors of the Company.

(3) Conditions for implementing the gratis allotment of Stock Acquisition Rights

If the purchase, etc. by the purchaser, etc. falls under any the below categories, and it is recognized that implementing a gratis allotment of Stock Acquisition Rights is appropriate, the Company intends to implement a gratis allotment of Stock Acquisition Rights by resolution of the Board of Directors of the Company or a General Meeting of Shareholders as described in item (f) of the above (2) "Procedures relating to this Plan." Furthermore, as described in item (e) of the above (2) "Procedures relating to this Plan," decisions regarding whether or not the below conditions apply and implementing a gratis allotment of Stock Acquisition Rights is appropriate must be conducted following an assessment by the Independent Committee.

(a) Cases where the purchase, etc. does not comply with the provision of information as set forth in item (b) of the above (2) "Procedures relating to this Plan," the maintenance of the Independent Committee Consideration Period, or other procedures set forth in this Plan;

(b) Cases where the purchase, etc. may cause clear harm to the corporate value and shareholders' common interests owing to the actions listed below or other similar actions:

1) Actions whereby share certificates, etc. are bought up, then a request is made to the Company to purchase back those share certificates, etc. at a high price;
2) Actions such as those whereby the management of the Company is temporarily controlled and management practices are conducted that realize a profit for the purchaser, etc. through the sacrifice of the Company, such as the acquisition of important assets, etc. of the Company for a low price;
3) Actions whereby the assets of the Company are used as collateral or repayment funds for the liabilities of the purchaser, etc. or its group companies, etc.;
4) Actions whereby the management of the Company is temporarily controlled, high value assets, etc. that have no current relevance to the Company's businesses are made to be disposed, and the profits of the disposal are used to force temporary high dividends, or advantage is taken of the opportunity afforded by the sudden rise in the share price owing to the temporary high dividends to sell the shares at a high price;
5) Actions such as those whereby despite there being no true intention to participate in the management of the Company, the Company's share price is increased and parties related to the Company, etc. are made to purchase the shares at a high price.

(c) Cases where the purchase, etc. may effectively force shareholders to sell shares, such as coercive two-stage purchases (refers to cases where the purchaser, etc. conducts a tender offer or other share purchase without offering to purchase all shares in the initial purchase, and setting second-stage purchase terms unfavorable to shareholders or not making them clear);

(d) Cases where the purchase, etc. is conducted without giving a reasonably necessary time to the Board of Directors to present an alternative proposal to the purchase, etc.;

(e) Cases where the purchase, etc. is conducted without sufficient provision of the Necessary Information or other information to the Company's shareholders that is reasonably considered necessary to assess the content of the purchase, etc.;

(f) Cases where the purchase, etc. has terms that are insufficient or inappropriate taking into consideration the intrinsic value of the Company (including the type and amount of consideration, the timing of the purchase, etc., the legality of the method of purchase, etc., the feasibility of the purchase, etc., and management policies and business plans after the purchase, etc.);

(g) Cases where the purchase, etc. has a significant risk of violating the corporate value and shareholders' common interests, such as by harming the brand value of the Company, product development capabilities, research and development capabilities, quality control structure, cooperation and trust with business partners, or social credibility, which are indispensable for creating the corporate value of the Company;

(4) Overview of the gratis allotment of Stock Acquisition Rights

An overview of the implementation of a gratis allotment of Stock Acquisition Rights based on this Plan is as follows.

(a) Number of Stock Acquisition Rights

The number of Stock Acquisition Rights shall be a number equivalent to the final total number of the Company's shares issued on the allotment date (hereinafter, the "Allotment Date") separately determined in the resolution of the Board of Directors or the General Meeting of Shareholders to implement the gratis allotment of Stock Acquisition Rights (hereinafter, the "Stock Acquisition Rights Gratis Allotment Resolution") (however, the number of shares in the Company held by the Company at that point in time shall be deducted).

(b) Shareholders eligible for allotment

The Company shall allot the Stock Acquisition Rights gratis to shareholders other than the Company registered or recorded in the final shareholder register of the Company on the Allotment Date, at a rate of one (1) Stock Acquisition Right per share of the Company's stock held.

(c) Effective date of the gratis allotment of Stock Acquisition Rights

The effective date of the gratis allotment of Stock Acquisition Rights shall be a date separately determined in the Stock Acquisition Rights Gratis Allotment Resolution.

(d) Number of shares underlying the Stock Acquisition Rights

The number of shares in the Company underlying each Stock Acquisition Right[10] (book-entry transfer shares as defined in Article 128, paragraph (1) of the "Act on Book Entry of Corporate Bonds and Shares," the provisions of which apply to the Company) (hereinafter, the "applicable number of shares") shall be one (1) share unless separately adjusted.

(e) Amount of property to be contributed when exercising the Stock Acquisition Rights

When exercising the Stock Acquisition Rights, monetary contributions shall be made, and the amount of property to be contributed per share of the Company's stock when exercising the Stock Acquisition Rights shall be an amount separately determined in the Stock Acquisition Rights Gratis Allotment Resolution, within the range of a minimum amount of one (1) yen and a maximum amount of 50% of the market price per share of the Company's stock. Furthermore, the "market price" shall refer to the average of the closing price (including quote indications) of the Company's stock in ordinary trading on the Tokyo Stock Exchange on each ordinary trading day over the ninety (90) day period counting back from the day prior to the Stock Acquisition Rights Gratis Allotment Resolution (excluding days without a closing price), and fractions of less than one (1) yen shall be rounded up.

(f) Exercise period of the Stock Acquisition Rights

The exercise period shall start from a date separately determined in the Stock Acquisition Rights Gratis Allotment Resolution (hereinafter, the first day of the exercise period shall be referred to as the "Exercise Period Start Date"), and it shall be a period separately determined in the Stock Acquisition Rights Gratis Allotment Resolution within a range from one (1) month to three (3) months. However, in the event the Company acquires the Stock Acquisition Rights based on the provisions of the below item (i) 2), the exercise period of the Stock Acquisition Rights relating to this acquisition shall be until the business day before the acquisition date. In addition, if the final day of the exercise period falls on

[10] In future, even if the Company becomes a corporation with class shares (Article 2, item (xiii) of the Companies Act), 1) the shares in the Company to be issued owing to the exercise of the Stock Acquisition Rights, and 2) the shares in the Company to be delivered in exchange for the acquisition of the Stock Acquisition Rights shall both refer to the same type of share as actually issued by the Company (common stock) at the time this Meeting is held.

a non-business day for the monetary payment handling institution to which payment will be made upon exercise, the final day shall be the preceding business day.

(g) Exercise conditions of the Stock Acquisition Rights

In principle, the following persons may not exercise the Stock Acquisition Rights: (I) a specified large-volume holder[11], (II) a joint holder of a specified large-volume holder, (III) a specified large-volume purchaser[12], (IV) a specially related party of a specified large-volume purchaser, or (V) a person to whom Stock Acquisition Rights have been transferred or succeeded from a person falling under any of the above categories (I) to (IV) without obtaining the approval of the Board of Directors of the Company, or (VI) a related party[13] of a person falling under any of the above categories (I) to (V) (hereinafter, persons falling under any of the categories (I) to (VI) shall be referred to as "Non-Qualified Persons"). In addition, in principle, non-residents of Japan for whom specific procedures are necessary to exercise the Stock Acquisition Rights owing to the application of the laws and regulations of foreign countries shall not be able to exercise the Stock Acquisition Rights (however, among non-residents, certain persons may exercise the Stock Acquisition Rights, such as those who can utilize provisions for exemption from the application of the laws and regulations of foreign countries, and additionally, Stock Acquisition Rights held by non-residents shall also be eligible for acquisition by the Company with the Company's shares as consideration, as described in the below item (i) 2)).

(h) Transfer of the Stock Acquisition Rights

The acquisition by transfer of the Stock Acquisition Rights shall require the approval of the Board of Directors of the Company.

(i) Acquisition of the Stock Acquisition Rights by the Company

1) If the Board of Directors of the Company recognizes that the acquisition of the Stock Acquisition Rights by the Company is appropriate, the Company may acquire all Stock Acquisition Rights without consideration on a day separately determined by the Board of Directors of the Company, at any time during the period until the day before the Exercise Period Start Date.
2) On a day separately determined by the Board of Directors of the Company, the Company may acquire all Stock Acquisition Rights that remain unexercised until the business day prior to the day determined by the Board of Directors of the Company from among Stock Acquisition Rights held by persons who are not Non-Qualified Persons, and deliver the applicable number of shares of the Company's stock per Stock Acquisition Right in exchange. In addition, if the Board of Directors of the Company recognizes that there are persons who are not Non-Qualified Persons among persons holding Stock Acquisition Rights on or after the date this acquisition is conducted, then on a day determined by the Board of Directors of the Company that is after the above acquisition, the Company may acquire all Stock Acquisition Rights that remain unexercised until the day before the day determined by the Board of Directors of the Company from among Stock Acquisition Rights held by those persons, and deliver the applicable number of shares of the Company's stock per Stock Acquisition Right in exchange, and the same shall apply after that date also.

(j) Amendments owing to revisions to laws and regulations, etc.

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[11] In principle, a "specified large-volume holder" refers to a holder of share certificates, etc. issued by the Company, whom the Board of Directors of the Company recognizes to have an ownership ratio of share certificates, etc. in relation to these share certificates, etc. of 20% or more.

[12] In principle, a "specified large-volume purchaser" refers to a person who has made a public announcement to the effect that he or she will conduct a purchase, etc. (as defined in Article 27-2, paragraph (1) of the Financial Instruments and Exchange Act; hereinafter, the same shall apply in this note 12) of share certificates, etc. (as defined in Article 27-2, paragraph (1) of the same; hereinafter the same shall apply in this note 12) issued by the Company by tender offer, and for whom the Board of Directors of the Company recognizes that after the purchase, etc., the total of the ownership ratio of share certificates, etc. held (including cases defined as equivalent in Article 7, paragraph (1) of the Order for Enforcement of the Financial Instruments and Exchange Act) by that person and the ownership ratio of share certificates, etc. of any specially related parties thereof will be 20% or more.

[13] A "related party" of a person refers to a person whom the Board of Directors of the Company have recognized as a person who substantially controls that person, is controlled by that person, or is under joint control with that person, or a person whom the Board of Directors of the Company have recognized as acting in concert with that person. Furthermore, "control" means "controls decisions on the financial and business policies" of another company, etc. (as defined in Article 3, paragraph (3) of the Ordinance for Enforcement of the Companies Act).

The provisions of laws and regulations quoted above are based on the provisions in effect as of April 26, 2017, and in the event that it becomes necessary to amend the meaning of clauses or phrasing, etc. set forth in the above items owing to the new establishment or abolition of laws and regulations on or after this date, the Board of Directors of the Company may deem the meaning of clauses or phrasing, etc. set forth in the above items to be replaced within an appropriately reasonable range, taking into consideration the intent of the newly established or abolished laws and regulations.

(5) Establishment of Independent Committee

The Company shall continue to have an Independent Committee as a body for eliminating arbitrary judgments by the Board of Directors of the Company regarding the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights, etc. based on this Plan, and objectively conducting practical assessments on shareholders' behalf when implementing this Plan. If renewal to this Plan is approved at this Meeting, the Company intends for the members of the Independent Committee after renewal to comprise one (1) Substitute Outside Statutory Auditor of the Company and two (2) outside experts, who are highly independent from the management team of the Company (the criteria for the election of members of the Independent Committee, resolution conditions, and matters to be resolved, etc. are as described in Attachment 1, "Overview of the Independent Committee Regulations").

As described in the above item (2) "Procedures relating to this Plan," if a purchase, etc. is actually conducted, the Independent Committee shall make a practical assessment of such matters as whether the purchase, etc. will harm the corporate value and shareholders' common interests, and the Board of Directors of the Company shall make a resolution as a body under the Companies Act while respecting that the assessment to the maximum extent possible.

(6) Effective period of this Plan, abolition and changes

The period for which the authority to determine matters related to the gratis allotment of Stock Acquisition Rights under this Plan shall be delegated by resolution at this Meeting (hereinafter, the "effective period") shall be until the conclusion of the Annual General Meeting of Shareholders for the latest fiscal year ending within three (3) years of the conclusion of this Meeting.

However, in the event that 1) a resolution is passed at a General Meeting of Shareholders of the Company to withdraw the aforementioned delegation to the Board of Directors of the Company of decisions on matters relating to the gratis allotment of Stock Acquisition Rights under this Plan, or 2) a resolution is passed to abolish this Plan by the Board of Directors of the Company, which comprises Directors elected at the General Meeting of Shareholders of the Company, then this Plan shall be abolished at that time, even prior to the end of the effective period.

In addition, the Board of Directors of the Company may amend or change this Plan after receiving the approval of the Independent Committee even during the effective period of this Plan, if it does not violate the intent of the delegation by resolution at this Meeting (including cases where laws and regulations relating to this Plan or securities listing regulations, etc. are newly established or abolished and it is appropriate to reflect the new establishment or abolition thereof, cases where it is appropriate to amend words or phrases owing to mistakes of spelling and wording, etc., and other cases that will not disadvantage the shareholders of the Company).

In the event that this Plan is abolished, amended, or changed, the Company shall promptly disclose information relating to the fact of the abolition, amendment, or change, details of the amendment or change (in the case of an amendment or change), and other related matters.

Reference

The content of this Plan is as described in the above item II.2., but 1) the effect on shareholders and investors upon renewal to this Plan and upon the implementation of a gratis allotment of Stock Acquisition Rights, and 2) the assessment of the Board of Directors of the Company in relation to this Plan and the reasons thereof are as follows. The Company requests that shareholders consider these points and approve this proposal.

1 Effect on shareholders and investors, etc.

(1) Effect on shareholders and investors upon renewal to this Plan

At the point of renewal to this Plan, only the authority to make decisions regarding a gratis allotment of Stock Acquisition Rights will be delegated to the Board of Directors of the Company, based on a resolution at a General Meeting of Shareholders, and no actual gratis allotment of Stock Acquisition Rights will be conducted, so there will be no specific direct impact on shareholders or investors.

(2) Effect on shareholders and investors upon a gratis allotment of Stock Acquisition Rights

If a resolution is made to implement a gratis allotment of Stock Acquisition Rights at a meeting of the Board of Directors of the Company or a General Meeting of Shareholders of the Company, then the Stock Acquisition Rights will be allotted gratis to shareholders on the Allotment Date separately determined in the Stock Acquisition Rights Gratis Allotment Resolution at a ratio of one (1) Stock Acquisition Right per share of the Company's stock held. If, during the rights exercise period of the Stock Acquisition Rights, shareholders do not make monetary payment or complete other procedures relating to the exercise of the Stock Acquisition Rights described in item (b) of the below (3) "Necessary procedures for shareholders accompanying the gratis allotment of Stock Acquisition Rights," the value of shares in the Company held as a whole shall be diluted by the exercise of the Stock Acquisition Rights by other shareholders. However, the Company may acquire the Stock Acquisition Rights from shareholders who are not Non-Qualified Persons and deliver shares in the Company in exchange, through the procedures described in item (c) of the below (3) "Necessary procedures for shareholders accompanying the gratis allotment of Stock Acquisition Rights." If the Company takes these procedures for acquisition, shareholders who are not Non-Qualified Persons shall receive shares in the Company without exercising the Stock Acquisition Rights or making monetary payment equivalent to the prescribed exercise price, and in that case, dilution of the value of each share of the Company's stock held will occur, but in principle, there will be no economic dilution of the value of the shares held in the Company as a whole.

Furthermore, even if a resolution to implement a gratis allotment of Stock Acquisition Rights is made, the Company may cancel the gratis allotment of Stock Acquisition Rights until the effective date of the gratis allotment of Stock Acquisition Rights, while respecting to the maximum extent possible the recommendation of the Independent Committee as described in item (e) of the above II.2.(2) "Procedures relating to this Plan," or alternatively, after the effective date of the gratis allotment of Stock Acquisition Rights, may acquire the Stock Acquisition Rights without consideration during the period lasting until the day before the Exercise Period Start Date of the Stock Acquisition Rights. In these cases, there shall be no dilution in the value of each share of the Company's stock, and therefore shareholders and investors who conducted a purchase or sale, etc. based on the assumption that the per-share value would be diluted may suffer a commensurate loss owing to the fluctuation in the share price.

(3) Necessary procedures for shareholders accompanying the gratis allotment of Stock Acquisition Rights

(a) Procedures for the gratis allotment of Stock Acquisition Rights

If the Board of Directors of the Company or a General Meeting of Shareholders of the Company resolves to implement a gratis allotment of Stock Acquisition Rights, the Company shall publicly announce the Allotment Date pertaining to the gratis allotment of Stock Acquisition Rights. In this case, the shareholders registered or recorded in the final shareholder register of the Company on the Allotment Date (hereinafter, the "Shareholders Eligible for Allotment") shall naturally be the Stock Acquisition Rights holders as of the effective date of the gratis allotment of the Stock Acquisition Rights, and so application procedures, etc. shall not be necessary.

(b) Procedures for exercising the Stock Acquisition Rights

The Company shall, in principle, deliver to Shareholders Eligible for Allotment an exercise request form for the Stock Acquisition Rights (a document in a form prescribed by the Company that includes necessary matters such as the content and number of Stock Acquisition Rights to be exercised, the date of exercise of the Stock Acquisition Rights, and the account for the book-entry of book-entry transfer shares, in addition to representations and warranties regarding matters such as the fact that the shareholder is not a Non-Qualified Person, indemnity clauses and other covenants), and other documents necessary for the rights exercise of the Stock Acquisition Rights. After the gratis allotment of Stock Acquisition Rights and within the rights exercise period of the Stock Acquisition Rights and before any acquisition of the Stock Acquisition Rights by the Company takes effect, if shareholders submit the exercise request form and these necessary documents in accordance with the procedures set forth by the Company, and the exercise request form and these necessary documents arrive at the place accepting requests for the exercise of the Stock Acquisition Rights, and the shareholder makes payment to the place accepting requests for exercise of an amount of money equivalent to the exercise price defined in the Stock Acquisition Rights Gratis Allotment Resolution within a range of a minimum of one (1) yen per Stock Acquisition Right and a maximum of 50% of the market price per

share of the Company's stock, then, in principle, one (1) share of the Company's stock shall be issued per Stock Acquisition Right.

(c) Procedures for acquisition of the Stock Acquisition Rights by the Company

If the Board of Directors of the Company decides to acquire the Stock Acquisition Rights, the Company shall acquire the Stock Acquisition Rights on a day separately determined by the Board of Directors of the Company, in accordance with the statutory procedures. Among such cases, if the Company acquires Stock Acquisition Rights from shareholders who are not Non-Qualified Person and delivers shares in the Company in exchange, then, in principle, shareholders shall receive one (1) share of the Company's stock per Stock Acquisition Right, as consideration for the acquisition of the Stock Acquisition Rights by the Company, without payment of money equivalent to the exercise price. Furthermore, in this case, the Company may separately require that these shareholders submit a document in a form prescribed by the Company that includes necessary matters such as the account for the book-entry of book-entry transfer shares, representations and warranties regarding matters such as the fact that the shareholder is not a Non-Qualified Person, and indemnity clauses and other covenants. In addition to the above, the Company shall disclose or notify shareholders of the method of allotment of the Stock Acquisition Rights and the details of the exercise method and the method of acquisition by the Company after the Stock Acquisition Rights Gratis Allotment Resolution has been made. Shareholders are requested to check the details at that time.

2 Assessment of the Board of Directors of the Company in relation to this Plan and the reasons thereof

The assessment of the Board of Directors of the Company in relation to this Plan and the reasons thereof are as described in items (1) and (2) below.

(1) This Plan conforms to the Basic Policy

This Plan is a framework for ensuring the corporate value and shareholders' common interests and conforms to the Basic Policy as, in the event of a purchase, etc. of the Company's share certificates, etc., it makes it possible for shareholders to assess whether to accept the purchase, etc., or to secure the necessary information and time for the Board of Directors of the Company to submit an alternative proposal to shareholders, and to conduct consultations and negotiations, etc. with the purchaser, etc. on behalf of shareholders.

(2) These initiatives do not harm shareholders' common interests, and are not aimed at maintaining the position of the Company's corporate officers

For the following reasons, the Company believes that initiatives to prevent control by persons that are unsuitable in light of the Basic Policy shall not harm shareholders' common interests, and are not aimed at maintaining the position of the Company's corporate officers.

(a) Satisfies the requirements of the Guidelines Regarding Takeover Defense Measures

This Plan satisfies the three principles (securing and enhancing the corporate value and shareholders' common interests, prior disclosure and the principle of upholding the shareholders' intent, and necessity and suitability principle) provided in the "Guidelines Regarding Takeover Defense for the Purposes of Securement and Enhancement of Corporate Value and Shareholders' Common Interests" announced on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice, and was also designed in consideration of the "Takeover Defense Measures in Light of Recent Environmental Changes" announced on June 30, 2008 by the Corporate Value Study Group established by the Ministry of Economy, Trade and Industry.

(b) Prioritizes the will of shareholders (resolution at General Meeting of Shareholders and sunset clause)

The Current Plan shall be renewed to this Plan subject to the approval of shareholders at this Meeting.
In addition, as described in the above item II.2.(6) "Effective period of this Plan, abolition and changes," this plan has a so-called sunset clause with an effective period of approximately three (3) years, and even prior to the expiration of that effective period, if a resolution is made at a General Meeting of Shareholders of the Company to withdraw the aforementioned resolution of delegation, or if a resolution to discontinue this Plan is made by the Board of Directors of the Company, which

comprises Directors elected at the General Meeting of Shareholders of the Company, then this Plan shall be discontinued at that time. In that sense, the suitability of the continued existence of the plan is based on the will of shareholders.

(c) Emphasizes the judgment of highly independent outside persons and information disclosure

When renewing to this Plan, the Company has made it such that arbitrary judgments by the Board of Directors of the Company shall be eliminated, and practical judgments regarding implementation, such as the conducting of a gratis allotment of Stock Acquisition Rights, shall continue to be made on behalf of shareholders by an Independent Committee comprising outside experts, etc. who are highly independent.

As described in the above item II.2.(2) "Procedures relating to this Plan," in the event that a purchase, etc. is actually conducted against the Company, the Independent Committee shall make a practical judgment regarding such matters as whether the purchase, etc. will harm the corporate value and shareholders' common interests, in accordance with the Independent Committee Regulations, and the Board of Directors of the Company shall make a resolution as a body under the Companies Act, while respecting the judgment to the maximum extent possible.

In this way, there shall be a strict supervision by the Independent Committee to ensure that the Board of Directors of the Company does not arbitrarily implement a gratis allotment of Stock Acquisition Rights, and additionally, information relating to an overview of its assessment shall be disclosed to shareholders, thus ensuring a mechanism whereby this Plan will be conducted in a transparent manner that is consistent with the corporate value and shareholders' common interests.

Furthermore, the Company intends for the members of the Independent Committee after renewal to this Plan to comprise one (1) Substitute Outside Statutory Auditor of the Company and two (2) outside experts, who are highly independent from the management team of the Company (the criteria for the election of members of Independent Committee, resolution conditions, and matters to be resolved, etc. are as described in Attachment 1, "Overview of the Independent Committee Regulations," and the past experience of the members of the Independent Committee expected to be appointed after renewal to this Plan are as shown in Attachment 2 "Names and Past Experience of the Independent Committee Members").

(d) Establishment of reasonable, objective conditions

As described in the above item II.2.(2) (e) "Assessment by the Independent Committee" and item II.2.(3) "Conditions for implementing the gratis allotment of Stock Acquisition Rights," a gratis allotment of Stock Acquisition Rights shall not be implemented under this Plan unless reasonable, detailed, and objective conditions are fulfilled, and thus it may be said that a mechanism is ensured for preventing arbitrary implementation by the Board of Directors of the Company.

(e) The term of office of Directors of the Company is one (1) year

The term of office of Directors of the Company is one (1) year, and so even during the effective period of this Plan, it is possible for the will of shareholders to be reflected in regard to this Plan through the annual election of Directors of the Company.

(f) Acquisition of opinions from outside experts

As described in the above item II.2.(2) (d) "Consideration of the details of the purchase, etc., negotiations with the purchaser, etc., and consideration of any alternative proposals," if a purchaser, etc. appears, the Independent Committee may obtain the advice of independent third parties at the Company's expense (including financial advisers, certified public accountants, attorneys, consultants, and other experts). As a result, this mechanism strongly ensures the fairness and objectivity of judgments by the Independent Committee.

(g) Not dead-hand or slow-hand takeover defense measures

As described in the above item II.2.(6) "Effective period of this Plan, abolition and changes," this Plan is designed such that it may be abolished by a Board of Directors comprising Directors who are nominated and elected by a person who has purchased a large volume of the Company's share certificates, etc. at a General Meeting of Shareholders, and thus is not a dead-hand takeover defense measure (a takeover defense measure whose activation may not be prevented even if the majority of members of the Board of Directors are replaced). In addition, as the Company does not use a staggered term system, this Plan is not a slow-hand takeover defense (a takeover defense measure whose activation requires time to prevent as the members of the Board of Directors cannot all be replaced at the same time).

Attachment 1

Overview of the Independent Committee Regulations

- The Independent Committee shall be established by resolution of the Board of Directors of the Company.

- There shall be three (3) or more members of the Independent Committee and they shall be elected by the Board of Directors of the Company from among persons who are independent from the management team engaged in the business execution of the Company, and who fall under any of the following categories: (i) Outside Director of the Company, (ii) Outside Statutory Auditor of the Company (including Substitute Outside Statutory Auditors), or (iii) outside expert. However, outside experts shall be corporate managers (including former corporate managers), attorneys, certified public accountants, academic experts or other equivalent appropriate persons, and must be persons who have entered into an agreement that includes a duty of due care of a prudent manager clause, etc. as separately specified by the Board of Directors of the Company.

- The term of office of members of the Independent Committee shall be until the conclusion of the Annual General Meeting of Shareholders relating to the latest fiscal year ending within three (3) years of the conclusion of this Meeting. However, this shall not apply in cases separately provided for by resolution of the Board of Directors of the Company. In addition, in the event that a member of the Independent Committee who was an Outside Director or Outside Statutory Auditor (including Substitute Outside Statutory Auditors) ceases to be a Director or Statutory Auditor (including Substitute Outside Statutory Auditors), his or her term of office as a member of the Independent Committee shall also end at the same time (however, this excludes cases where the member is reelected).

- The Independent Committee shall make decisions regarding the matters listed in each of the items below, and make recommendations of the content of those decisions to the Board of Directors of the Company together with the reasons thereof. The Board of Directors of the Company shall make a resolution as a body under the Companies Act regarding the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights, etc., while respecting the recommendation of the Independent Committee to the maximum extent possible (however, in the event that a proposal regarding the implementation of a gratis allotment of Stock Acquisition Rights is submitted at the General Meeting of Shareholders of the Company, the Board of Directors shall comply with the resolution of the General Meeting of Shareholders). Furthermore, when making these decisions, each member of the Independent Committee and each Director of the Company is required to do so solely from the perspective of whether or not it will contribute to the corporate value and shareholders' common interests, and must not work toward their own personal interests or those of the management team of the Company.
  1) Implementation or non-implementation of a gratis allotment of Stock Acquisition Rights (including the convening of a General Meeting of Shareholders, and the submission of a proposal regarding the implementation of a gratis allotment of Stock Acquisition Rights at the General Meeting of Shareholders);
  2) Cancellation of the gratis allotment of Stock Acquisition Rights or the acquisition of the Stock Acquisition Rights without consideration;
  3) Any other matters that should be assessed by the Board of Directors of the Company and about which the Board of Directors of the Company has consulted the Independent Committee.

- In addition to the above, the Independent Committee shall perform the actions listed in each of the items below:
  1) Assessment of the applicability of the purchase, etc. as the subject of this Plan;
  2) Determination of the information that should be provided to the Independent Committee by the purchaser, etc. and the Board of Directors of the Company and the deadline for the response;
  3) Examination and consideration of the details of the purchase, etc. by the purchaser, etc.;
  4) Negotiation and consultation with the purchaser, etc.;
  5) Requests for the submission of an alternative proposal by the Board of Directors of the Company, and the consideration and presentation of any such alternative proposal;
  6) Determination to extend the Independent Committee Consideration Period;
  7) Approval of amendments and changes to this Plan;

8) Any other actions that it is stipulated that the Independent Committee can perform under this Plan;
9) Any actions that the Board of Directors of the Company separately determines that the Independent Committee can perform.

- If it judges that the content of the Purchase Statement or the information provided is insufficient as the Necessary Information, the Independent Committee shall request that the purchaser, etc. submit additional information. In addition, if the Purchase Statement and any information requested to be additionally submitted by the Independent Committee are provided by the purchaser, etc., the Independent Committee may also request that the Board of Directors of the Company submit an opinion regarding the details of the purchase, etc. by the purchaser, etc. and documents that form the grounds for that opinion, an alternative proposal (if there is one), and any other information and documents, etc. that the Independent Committee reasonably deems necessary, within a prescribed period.

- If it is necessary in order to improve the details of the purchase, etc. by the purchaser, etc. from the perspective of ensuring and enhancing the corporate value and shareholders' common interests, the Independent Committee shall conduct consultations and negotiations with the purchaser, etc. either directly or indirectly through the Board of Directors of the Company, etc., and shall also perform such actions as presenting to shareholders any alternative proposal presented by the Board of Directors of the Company.

- In order to gather the necessary information, the Independent Committee may request the attendance of Directors of the Company, Statutory Auditors, employees, and any other persons deemed necessary by the Independent Committee, and ask for explanations regarding matters requested by the Independent Committee.

- The Independent Committee may perform such actions as obtaining, at the Company's expense, the advice of independent third parties (including financial advisers, certified public accountants, attorneys, consultants, and other experts).

- Each member of the Independent Committee may convene the Independent Committee in the event of a purchase, etc. or any other occasion.

- In principle, resolutions of the Independent Committee shall be adopted by a majority of votes at meetings of the Independent Committee when all members are in attendance. However, if a member is incapacitated, or in other unavoidable circumstances, resolutions may be made by a majority of votes at meetings of the Independent Committee when a majority of members are in attendance.

Attachment 2

Names and Past Experience of Independent Committee Members

The following 3 people are expected to be members of the Independent Committee after renewal to this Plan.

Osamu Sudoh Date of birth: January 24, 1952

●Attorney ●Substitute Outside Statutory Auditor of the Company

Past experience:

April	1980	Registered as an attorney at law and joined Tokyo Yaesu Law Offices
April	1993	Established Asahi Law Offices (currently Asahi Law Offices and Nishimura & Asahi) as Partner
June	1999	Established Sudoh & Takai Law Offices as Partner
September	2005	Outside Audit & Supervisory Board Member of BANDAI NAMCO Holdings Inc. (to present)
June	2011	Outside Auditor of Mitsui-Soko Co., Ltd. (to present)
May	2016	Established SUDOH & PARTNERS as Partner (to present)
June	2016	Outside Corporate Auditor of PRONEXUS INC. (to present)
June	2016	Outside Audit & Supervisory Board Member of Keikyu Corporation (to present)

* No business relations and special interests exist between Mr. Osamu Sudoh and the Company.

Masahiko Chino Date of birth: October 26, 1963 ●Certified public accountant

Past experience:

October	1988	Registered as an assistant certified public accountant Joined Minato Audit Corporation (currently KPMG AZSA LLC)
August	1992	Registered as a certified public accountant
July	1993	Seconded to KPMG LLP (US firm of KPMG)
August	1997	Returned to Century Audit Corporation (currently KPMG AZSA LLC)
September	2001	Established KPMG FAS Co.,Ltd. as Representative Partner (to present)

* No business relations and special interests exist between Mr. Masahiko Chino and the Company.

Reijiro Yamamoto Date of birth: October 3, 1960 ●Management consultant

Past experience:

April	1984	Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)
May	1990	Worked at Chicago Headquarters of AT Kearney
July	1991	Worked at London Branch of Sakura Bank (currently Sumitomo Mitsui Banking Corporation)
July	1998	Head of Cross-border M&A Group, Corporate Information Division of Sakura Bank
January	2000	Director of Unison Capital, Inc.
April	2004	Director & Partner of GCA Corporation
October	2005	Representative Director of MCo Corporation
January	2006	Representative Director & Partner of Integral Corporation (to present)
March	2006	Visiting Professor of Graduate School of Business Administration, Kobe University

* No business relations and special interests exist between Mr. Reijiro Yamamoto and the Company.

Proposal 3: Election of 11 Directors

The terms of office of all 10 Directors will expire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, the election of 11 Directors is proposed. The candidates are as follows:

No.		Name		Current positions at the Company	Attendance at Board of Directors Meetings
1	Reappointment	Gota Morinaga		Representative Director, Representative Chairman	100% (18/18)
2	Reappointment	Toru Arai		Representative Director, President	100% (18/18)
3	Reappointment	Eijiro Oota		Director, Managing Executive Officer	100% (18/18)
4	Reappointment	Takashi Hirakue		Director, Senior Executive Officer	100% (18/18)
5	Reappointment	Shinichi Uchiyama		Director, Senior Executive Officer	100% (18/18)
6	Reappointment	Mitsuhiro Yamashita		Director, Senior Executive Officer	89% (16/18)
7	Reappointment	Tadashi Nishimiya		Director, Senior Executive Officer	100% (13/13)
8	New appointment	Yoshifumi Taima		Executive Officer	—
9	New appointment	Toshiaki Fukunaga		Executive Officer	—
10	Reappointment	Machiko Miyai	Outside Director Independent Officer	Director	100% (18/18)
11	Reappointment	Masato Hirota	Outside Director Independent Officer	Director	100% (13/13)

(Note) The Company donates operating assets and has other transactions with the Morinaga Angel Foundation, where candidate for Director Gota Morinaga concurrently serves as Head Director. Additionally, the Company has transactions related to food items with Kato Sangyo Co. Ltd., where candidate for Director Machiko Miyai concurrently serves as Outside Director. However, the amounts from these transactions are insignificant (less than 2% of total net sales of the Group). There are no special interests between any of the other candidates for Director and the Company.

Pursuant to the stipulations in Article 427, Paragraph 1 of the Companies Act and Article 32 of the Company's Articles of Incorporation, the Company has entered into agreements with Ms. Machiko Miyai and Mr. Masato Hirota to limit their liabilities under Article 423, Paragraph 1 of the Companies Act. The amount of liability for damages under the agreements shall be limited to the amount stipulated by laws and regulations. If both Ms. Machiko Miyai and Mr. Masato Hirota are reelected, the Company plans to continue such agreements with them.

Reappointment : Candidate for Director who is reappointed
New appointment : Candidate for Director who is newly appointed
Outside Director : Candidate for Outside Director
Independent Officer : Candidate for Independent Director/Auditor as prescribed by the regulations of the Tokyo Stock Exchange

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
1	**Gota Morinaga** (September 13, 1939) Reappointment Number of shares of the Company held: 387,940 Attendance at Board of Directors Meetings: 100% (18/18) Term of office as Director: 34 years	Apr. 1962 Joined the Company Jun. 1983 Assumed the office of Director Jun. 1988 Assumed the office of Managing Director Commissioned General Manager of Food Business Headquarters Jun. 1992 Assumed the office of Senior Managing Director Jun. 1995 Assumed the office of Representative Director, Senior Managing Executive Officer Jun. 1997 Assumed the office of Representative Director, President Jun. 2006 Assumed the office of Representative Director, Representative Chairman (current position)
		Significant concurrent positions
		Head Director of Morinaga Angel Foundation
		Reason for nomination as a candidate for Director
		Mr. Gota Morinaga has been involved in the management of the Company for many years, and as Representative Director, Representative Chairman of the Company from June 2006, has demonstrated strong leadership toward improving the corporate value of the Group. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests for his reelection as Director.
2	**Toru Arai** (June 3, 1950) Reappointment Number of shares of the Company held: 18,400 Attendance at Board of Directors Meetings: 100% (18/18) Term of office as Director: 9 years	Apr. 1973 Joined the Company Jun. 2008 Assumed the office of Director Commissioned General Manager of Public Relations & IR Division and General Manager of Advertising Division Jun. 2009 Commissioned General Manager of Corporate Planning Office Apr. 2010 Commissioned General Manager of Corporate Planning Division Jul. 2011 Commissioned General Manager of Corporate Strategy Department Jun. 2012 Assumed the office of Managing Director Jun. 2013 Assumed the office of Representative Director, President (current position) [Responsibilities] Internal Audit Division, Business Creation and Development Division
		Reason for nomination as a candidate for Director
		As Representative Director, President of the Company from June 2013, Mr. Toru Arai has demonstrated strong leadership toward improving the corporate value of the Group. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests for his reelection as Director.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
3	**Eijiro Oota** (June 30, 1959) Reappointment Number of shares of the Company held: 7,700 Attendance at Board of Directors Meetings: 100% (18/18) Term of office as Director: 6 years	Apr. 1982 Joined the Company Jun. 2011 Assumed the office of Director Commissioned General Manager of Frozen Dessert Business Headquarters Apr. 2014 Commissioned General Manager Sales (current position) Jun. 2014 Assumed the office of Director, Senior Executive Officer Jun. 2015 Assumed the office of Director, Managing Executive Officer (current position) [Responsibilities] Sales Division, Human Resources and General Affairs Division, Logistics Department Reason for nomination as a candidate for Director Through experience primarily in the sales division and marketing division of the Company, Mr. Eijiro Oota has served in managerial positions in each division, while being involved in the Company's management as Director from 2011 onward. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests for his reelection as Director.
4	**Takashi Hirakue** (November 24, 1961) Reappointment Number of shares of the Company held: 8,200 Attendance at Board of Directors Meetings: 100% (18/18) Term of office as Director: 7 years	Apr. 1984 Joined the Company Jun. 2006 Executive Officer General Manager of Frozen Dessert Business Headquarters Jun. 2008 Senior Executive Officer General Manager of Frozen Dessert Business Headquarters Apr. 2009 Senior Executive Officer General Manager of Confectionery Business Headquarters Jun. 2010 Assumed the office of Director Commissioned General Manager of Confectionery Business Headquarters Jun. 2013 Commissioned General Manager of Food Business Headquarters Apr. 2014 Commissioned Head of Marketing Division Jun. 2014 Assumed the office of Director, Senior Executive Officer (current position) [Responsibilities] Corporate Strategy Department Reason for nomination as a candidate for Director Through experience primarily in the sales division and marketing division of the Company, Mr. Takashi Hirakue has served in managerial positions in each division, while being involved in the Company's management as Director from 2010 onward. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests for his reelection as Director.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
5	**Shinichi Uchiyama** (February 17, 1961) Reappointment Number of shares of the Company held: 4,200 Attendance at Board of Directors Meetings: 100% (18/18) Term of office as Director: 5 years	Apr. 1983 Joined The Mitsubishi Bank, Ltd. May 2009 General Manager of Nagoya Corporate Banking Division No.3, Nagoya Corporate Banking Group of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aug. 2010 General Manager of Trade Business Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Jun. 2012 Assumed the office of Director of the Company Apr. 2013 Commissioned General Manager of Accounting Division (current position) Jun. 2014 Assumed the office of Director, Senior Executive Officer (current position) [Responsibilities] Accounting Division, Corporate Communications Division Significant concurrent positions Representative Director, President of Morinaga Finance Co., Ltd. Reason for nomination as a candidate for Director Mr. Shinichi Uchiyama has a wealth of experience through serving in manager roles at financial institutions. Additionally, while serving in a managerial position in the accounting division of the Company, he has been involved in the Company's management as Director from 2012 onward. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests for his reelection as Director.
6	**Mitsuhiro Yamashita** (June 11, 1964) Reappointment Number of shares of the Company held: 600 Attendance at Board of Directors Meetings: 89% (16/18) Term of office as Director: 2 years	Apr. 1987 Joined Mandom Corporation May 2001 President Director & CEO of PT Mandom Indonesia Tbk May 2008 Executive Officer, General Manager of International Operations Division of Mandom Corporation Oct. 2012 Joined the Company Executive Officer Jan. 2013 Executive Officer, General Manager of Overseas Business Division Apr. 2015 Executive Officer, General Manager of Overseas Business Headquarters Jun. 2015 Assumed the office of Director, Senior Executive Officer (current position) Commissioned General Manager of Overseas Business Headquarters (current position) [Responsibilities] Overseas Business Headquarters Significant concurrent positions Chairman of Shanghai Morinaga Co., Ltd. Chairman of Morinaga Food (Zhejiang) Co., Ltd. Chairman of the Board of Corporate Auditors of PT. Morinaga Kino Indonesia Reason for nomination as a candidate for Director Mr. Mitsuhiro Yamashita has a wealth of experience through serving as the representative of overseas firms in the chemicals industry. Additionally, while serving in a managerial position in the overseas division of the Company, he has been involved in the Company's management as Director from 2015 onward. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests for his reelection as Director.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, positions, responsibilities,
and significant concurrent positions</th></tr>
<tr><td rowspan="3">7</td><td rowspan="3">Tadashi Nishimiya
(December 31, 1957)

Reappointment

Number of shares of the Company held: 3,600

Attendance at Board of Directors Meetings: 100% (13/13)

Term of office as Director: 1 year</td><td>Apr. 1981 Joined the Company
Jun. 2008 Executive Officer
General Manager of Food Business Headquarters
Jun. 2010 Senior Executive Officer
General Manager of Food Business Headquarters
Apr. 2012 Senior Executive Officer
General Manager of Corporate Strategy Department
Apr. 2014 Senior Executive Officer
General Manager of Confectionery & Food Marketing Department, Marketing Division
Apr. 2015 Senior Executive Officer
Head of Marketing Division
Jun. 2016 Assumed the office of Director, Senior Executive Officer (current position)
Commissioned Head of Marketing Division (current position)
[Responsibilities]
Marketing Division, Health and Wellness Headquarters</td></tr>
<tr><td>Reason for nomination as a candidate for Director</td></tr>
<tr><td>Through experience primarily in the sales division and marketing division of the Company, Mr. Tadashi Nishimiya has served in a managerial position in the marketing division, while being involved in the Company’s management as Director from 2016 onward. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests for his reelection as Director.</td></tr>
<tr><td rowspan="3">8</td><td rowspan="3">Yoshifumi Taima
(January 19, 1960)

New appointment

Number of shares of the Company held: 1,200</td><td>Apr. 1982 Joined the Company
Jun. 2006 Executive Officer
General Manager of Oyama Factory
Oct. 2007 Executive Officer
General Manager of Tsurumi Factory
Jun. 2008 Representative Director, President of Morinaga Shoji Co., Ltd.
Oct. 2015 Executive Officer of the Company
General Manager of Production Administration Department, Production Division
Apr. 2017 Executive Officer
General Manager of Production Division (current position)</td></tr>
<tr><td>Reason for nomination as a candidate for Director</td></tr>
<tr><td>Mr. Yoshifumi Taima has experience primarily in the sales division and production division of the Company, and currently serves in a managerial position in the production division. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests for his election as Director.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, positions, responsibilities,
and significant concurrent positions</th></tr>
<tr><td rowspan="3">9</td><td rowspan="3">Toshiaki Fukunaga
(February 4, 1960)

New appointment

Number of shares of the Company held: 1,000</td><td>Apr. 1982 Joined the Company
Apr. 2010 Executive Officer
General Manager of Project Planning & Development Division, Research & Development Institute
Jun. 2011 Executive Officer
General Manager of Chukyo Factory
Jan. 2014 President of Morinaga America Foods, Inc.
Apr. 2017 Executive Officer of the Company
Director-General of Research & Development Institute (current position)</td></tr>
<tr><td>Reason for nomination as a candidate for Director</td></tr>
<tr><td>Mr. Toshiaki Fukunaga has experience primarily in the research division and production division of the Company, and currently serves in a managerial position in the research division. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests for his election as Director.</td></tr>
<tr><td rowspan="4">10</td><td rowspan="4">Machiko Miyai
(September 29, 1960)

Reappointment
Outside Director
Independent Officer

Number of shares of the Company held: 500

Attendance at Board of Directors Meetings: 100% (18/18)

Term of office as Director: 3 years</td><td>Apr. 1983 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)
Oct. 2001 Director-General of Life Research Institute of Matsushita Electric Industrial Co., Ltd.
Apr. 2005 Executive Director of Matsushita Electric Industrial Co., Ltd.
Apr. 2006 Executive Director, General Manager of Cooking Equipment Business Unit of Matsushita Electric Industrial Co., Ltd.
Apr. 2011 Officer, General Manager of Environment Headquarters and Power Saving Headquarters of Panasonic Corporation
Oct. 2012 Officer, in charge of Future Life Research, R&D Headquarters of Panasonic Corporation
Apr. 2014 Advisor of Panasonic Corporation
Jun. 2014 Assumed the office of Director (Outside Director) of the Company (current position)
Dec. 2014 Assumed the office of Outside Director of Kato Sangyo Co. Ltd. (current position)
May 2015 Assumed the office of Outside Director of YOSHINOYA HOLDINGS CO., LTD. (current position)</td></tr>
<tr><td>Significant concurrent positions</td></tr>
<tr><td>Outside Director of Kato Sangyo Co. Ltd.
Outside Director of YOSHINOYA HOLDINGS CO., LTD.</td></tr>
<tr><td>Reason for nomination as a candidate for Director</td></tr>
<tr><td colspan="2"></td><td>Although Ms. Machiko Miyai has not been directly involved in corporate management, she has experience executing important duties in areas such as marketing in the electronics industry, and based on this experience, she has provided objective and neutral advice on overall management coming from a broad perspective that extends beyond Company’s industry. The Company therefore requests her reelection as Director (Outside Director).</td></tr>
</table>

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
11	**Masato Hirota** (January 21, 1953) Reappointment Outside Director Independent Officer Number of shares of the Company held: 200 Attendance at Board of Directors Meetings: 100% (13/13) Term of office as Director: 1 year	Apr. 1975 Joined Kao Soap Co., Ltd. Jun. 2004 Executive Officer of Kao Corporation Assumed the office of Director of Kao Cosmetics Sales Co., Ltd. Jun. 2006 Assumed the office of Director, Executive Officer of Kao Corporation Assumed the office of Outside Director of Kanebo Cosmetics Inc. Assumed the office of Chairman of the Board of Directors of Molton Brown Group Ltd. Jul. 2014 Management Consultant of AUTOBACS SEVEN CO. LTD (current position) Apr. 2016 Assumed the office of Representative Director of SMC Corporation (current position) Jun. 2016 Assumed the office of Director (Outside Director) of the Company (current position) Significant concurrent positions Representative Director of SMC Corporation Reason for nomination as a candidate for Director Mr. Masato Hirota has experience as an executive in the chemicals industry, and based on the above experience, he has provided objective and neutral advice on overall management coming from a broad perspective that extends beyond Company's industry. The Company therefore requests his reelection as Director (Outside Director).

Proposal 4: Election of 1 Statutory Auditor

The term of office of Statutory Auditor Naoki Ito will expire at the conclusion of Annual General Meeting of Shareholders. Accordingly, the election of 1 Statutory Auditor is proposed.

The Board of Statutory Auditors has given its consent to this proposal.

The candidate is as follows:

Name (Date of birth)	Career summary, positions, and significant concurrent positions
Naoki Ito (July 27, 1953) Reappointment Outside Statutory Auditor Independent Officer Number of shares of the Company held: 2,400 Attendance at Board of Directors Meetings: 100% (18/18) Term of office as Statutory Auditor: 4 years	Apr. 1976 Joined The Dai-Ichi Kangyo Bank, Limited Nov. 1994 General Manager of Bond-trading Division of DKB Securities Co., Ltd. Jun. 1998 Assumed the office of Director of DKB Securities Co., Ltd. Oct. 2000 Assumed the office of Managing Executive Officer of Mizuho Securities Co., Ltd. Feb. 2007 Assumed the office of President of Dai-Ichi Kangyo Asset Management Co., Ltd. Jul. 2007 Assumed the office of Deputy President of Mizuho Asset Management Co., Ltd. Jun. 2013 Assumed the office of Outside Statutory Auditor of the Company (current position)
	Reason for nomination as a candidate for Statutory Auditor
	Mr. Naoki Ito has experience in finance operations fostered in the finance industry at banks and securities companies, etc., and a subsequent wealth of managerial experience, through which he has provided objective and neutral audits from a broad perspective that extends beyond Company's industry. The Company therefore requests his reelection as Outside Statutory Auditor.

(Note) No special interest exists between Mr. Naoki Ito and the Company.
Pursuant to the stipulations in Article 427, Paragraph 1 of the Companies Act and Article 42 of the Company's Articles of Incorporation, the Company has entered into an agreement with Mr. Naoki Ito to limit his liabilities under Article 423, Paragraph 1 of the Companies Act. The amount of liability for damages under the agreements shall be limited to the amount stipulated by laws and regulations. If Mr. Naoki Ito is reelected, the Company plans to continue such agreement with him.

Reappointment : Candidate for Statutory Auditor who is reappointed
Outside Statutory Auditor: Candidate for Outside Statutory Auditor
Independent Officer : Candidate for Independent Director/Auditor as prescribed by the regulations of the Tokyo Stock Exchange

Proposal 5: Revision of Amount of Remuneration to Directors

The maximum total amount of remuneration to Directors was approved at the 158th Annual General Meeting of Shareholders held on June 29, 2006 to be ¥30 million monthly, and has not been changed to the present. Taking into consideration various conditions such as subsequent economic trends and changes in the management environment, we propose modifying the said remuneration framework from a monthly to an annual amount, and the revision of the maximum amount of remuneration to Directors to be ¥500 million annually (including ¥40 million or less annually for Outside Directors).

The amount of remuneration to Directors shall not include the employee salaries of Directors who concurrently serve as employees, as in the past.

Currently, the number of Directors is 10 (including 2 Outside Directors). If Proposal 3 is approved as originally proposed, the number of Directors will be 11 (including 2 Outside Directors).

Proposal 6: Revision of Amount of Remuneration to Statutory Auditors

The maximum total amount of remuneration to Statutory Auditors was approved at the 143rd Annual General Meeting of Shareholders held on June 27, 1991 to be ¥6 million monthly, and has not been changed to the present. Taking into consideration various conditions such as subsequent economic trends and changes in the management environment, we propose modifying the said remuneration framework from a monthly to an annual amount, and the revision of the maximum amount of remuneration to Statutory Auditors to be ¥80 million annually.

Currently, the number of Statutory Auditors is 4. If Proposal 4 is approved as originally proposed, the number of Statutory Auditors will remain to be 4.

Proposal 7: Payment of Bonuses to Directors and Statutory Auditors

Taking into consideration the performance of the fiscal year under review, among other factors, we propose to pay Bonuses to Directors and Statutory Auditors at the amount of ¥54 million (¥46.8 million for Directors excluding Outside Directors, ¥3.2 million for Outside Directors, and ¥4 million for Statutory Auditors) to 10 Directors (of which 2 are Outside Directors) and 4 Statutory Auditors as of the end of the fiscal year under review.