Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 4541
May 31, 2017

To our shareholders:

Yuichi Tamura
President & CEO
Nichi-Iko Pharmaceutical Co., Ltd.
1-6-21 Sogawa, Toyama-shi

NOTICE OF THE 53RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 53rd Ordinary General Meeting of Shareholders of Nichi-Iko Pharmaceutical Co., Ltd. (the "Company"), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by either of the following methods. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:40 p.m., Thursday, June 15, 2017 (Japan Standard Time).

1. Date and Time: Friday, June 16, 2017 at 10:00 a.m. (Japan Standard Time)

2. Venue: 6F Multipurpose Hall, Global Development Center (Honeycomb Building), Nichi-Iko Pharmaceutical Co., Ltd.
205-1, Shimo-Umezawa, Namerikawa-shi, Toyama Prefecture

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 53rd Term (from April 1, 2016 to March 31, 2017), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 53rd Term (from April 1, 2016 to March 31, 2017)

Items to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Election of Eight (8) Board Members
Proposal 3: Election of One (1) Substitute Audit & Supervisory Board Member
Proposal 4: Approval of Countermeasures Against Large-Scale Purchases of the Company's Share Certificates, etc. (Takeover Defense Measures)

4. Instructions for Exercising Voting Rights

(1) Exercising voting rights by postal mail
Please return the enclosed voting form indicating your vote for or against each proposal so that your vote will be received by 5:40 p.m., Thursday, June 15, 2017 (Japan Standard Time).

(2) Exercising voting rights via the Internet, etc.
If you exercise your voting rights via the Internet, etc., you are kindly requested to examine the "Instructions for Exercising Voting Rights via the Internet, etc." and enter your vote for or against each proposal by 5:40 p.m., Thursday, June 15, 2017 (Japan Standard Time).

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

As a basic policy of distributing profits, the Company is working to improve and strengthen its financial condition while maintaining a sufficient level of retained earnings and continues to ensure proper return of profits to shareholders. Accordingly, the Company makes effective use of its internal reserves resulting in prioritized allocation to pharmaceutical development, expansion into new markets, capital investment aimed at ensuring stable supply, and profit distribution based on financial performance.
For appropriation of surplus, based on the above policy, the Company proposes as below:

1. Matters related to year-end dividends
   (1) Type of dividend property
   Cash
   (2) Allocation of dividend property and total amount thereof
   15 yen per common share of the Company
   Total amount of dividends: 854,623,830 yen
   Full-year dividends including the interim dividend for this fiscal year will be 30 yen per share.
   (3) Effective date of distribution of dividends of surplus
   June 19, 2017
2. Matters related to other appropriation of surplus
   (1) Item of surplus to be increased and amount of increase thereof
   General reserve: 4,000,000,000 yen
   (2) Item of surplus to be decreased and amount of decrease thereof
   Retained earnings brought forward: 4,000,000,000 yen

Proposal 2: Election of Eight (8) Board Members

The terms of office of all nine (9) Board Members will expire at the conclusion of this Meeting. The Company therefore proposes to elect eight (8) Board Members, reducing the number of Board Members by one (1) to accelerate the pace of decision-making and enhance the efficiency of management operations.
The candidates for Board Members are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions)		Number of the Company's shares owned
1	Yuichi Tamura (July 2, 1962)	Apr. 1989	Joined the Company	1,817,384
		Feb. 1990	Board Member, Director, Corporate Strategy and Planning Office of the Company	
		Feb. 1992	Board Member, Responsible for Sales and Marketing Division and Director, Corporate Strategy and Planning Office and Tokyo Management Department of the Company	
		Feb. 1994	Representative Board of Executive Director, Responsible for Sales and Marketing Division and Corporate Strategy and Planning Office of the Company	
		Feb. 2000	President & CEO of the Company (present position)	
2	Toshinori Kongouji (November 7, 1951)	May 1971	Joined the Company	41,425
		Jan. 1998	Director, Finance Department of the Company	
		Dec. 2001	Operating Officer, Director, Finance Department of the Company	
		Feb. 2004	Board Member, Responsible for Finance and Director, Finance Department of the Company	
		June 2007	Board Member, Head of Business Management Section of the Company	
		Dec. 2008	Senior Board Member, Responsible for Group Management of the Company	
		Oct. 2009	Senior Board Member, Responsible for Sales and Marketing Division of the Company	
		June 2010	Executive Board Member, Head of the Sales and Marketing Division of the Company	
		Feb. 2011	Board of Executive Director, Head of the Sales and Marketing Division of the Company	
		June 2014	Representative Board of Executive Director, Responsible for Sales and Marketing Division and Head of Sales and Marketing Division of the Company	
		May 2016	Representative Board of Executive Director, Responsible for Sales and Marketing Division of the Company	
		Apr. 2017	Representative Board of Executive Director, Responsible for Sales and Marketing of the Company (present position)	

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions)	Number of the Company's shares owned
3	Kenji Akane (August 5, 1953)	Apr. 1976 Joined The Hokuriku Bank, Ltd. June 2005 General Manager, Finance and Public Funds Department of The Hokuriku Bank Ltd. Sept. 2006 Joined the Company Sept. 2006 Director, General Affairs Department of the Company Dec. 2006 Operating Officer, Director, General Affairs Department of the Company Mar. 2007 Operating Officer, Director, Finance Department and General Affairs Department of the Company Dec. 2008 Operating Officer, Head of the Administrative Division and Director, Finance Department of the Company Feb. 2009 Board Member, Head of the Administrative Division and Director, Finance Department of the Company Dec. 2009 Board Member, Head of the Administrative Division of the Company Feb. 2011 Board of Senior Director, Head of the Administrative Division of the Company Dec. 2011 Board of Executive Director, Responsible for Overall Management and Internal Audit Group of the Company Apr. 2013 Board of Executive Director, Responsible for President Office and Internal Audit Group of the Company Apr. 2017 Board of Executive Director, Responsible for President Office and Compliance & Internal Auditors Office of the Company (present position)	37,327
4	Takahiro Yoshikawa (March 8, 1952)	Apr. 1975 Joined SUMITOMO CORPORATION Apr. 2005 Senior Officer, General Manager of the Life Science Division of SUMITOMO CORPORATION Oct. 2010 Joined the Company Oct. 2010 Operating Officer, Vice Head of the Distribution Stabilization Promotion Division of the Company Dec. 2010 Senior Operating Officer, Head of the Planning Division of the Company Feb. 2011 Senior Operating Officer, Head of the Planning Division of the Company Dec. 2011 Senior Operating Officer, Head of the Development and Planning Division of the Company June 2013 Board of Senior Director, Head of the Development and Planning Division of the Company Apr. 2016 Board of Senior Director, Head of the Procurement Division of the Company (present position)	22,668

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions)	Number of the Company's shares owned
5	Noboru Inasaka (December 18, 1955)	Mar. 1978 Joined the Company Dec. 2001 Director, Operation Department of the Company Dec. 2005 Representative Board Member of Oriental Pharmaceutical Co., Ltd. (secondment) Jan. 2008 Operating Officer, Director, Operation Department of the Company Dec. 2008 Operating Officer, Vice Head of the Sales and Marketing Division and Director, Operation Department of the Company May 2009 Senior Operating Officer, Director, Purchasing Department of the Company Dec. 2009 Senior Operating Officer, Director, Finance Department of the Company Dec. 2011 Senior Operating Officer, Head of the Administrative Division of the Company June 2014 Board of Senior Director, Head of the Administrative Division of the Company (present position)	23,154
6	Shigeo Takagi (April 2, 1948)	Apr. 1971 Joined The Hokuriku Bank, Ltd. June 1998 Board Member of The Hokuriku Bank, Ltd. June 2002 Representative Executive and President of The Hokuriku Bank, Ltd. Sept. 2003 Representative Executive and President of Hokugin Financial Group, Inc. (present Hokuhoku Financial Group, Inc.) Feb. 2011 Outside Board Member of the Company (present position) June 2013 Special Advisor of The Hokuriku Bank, Ltd. Nov. 2013 President of the Toyama Chamber of Commerce and Industry (present position) July 2016 Supreme Advisor of The Hokuriku Bank, Ltd. (present position) [Significant concurrent positions] President, Toyama Chamber of Commerce and Industry Supreme Advisor, The Hokuriku Bank, Ltd. Outside Director, Hokuriku Electric Power Company Outside Auditor, Seiren Co., Ltd. Outside Auditor, Kawada Technologies, Inc.	10,897

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions)	Number of the Company's shares owned
7	Hideki Sakai (September 19, 1962)	Apr. 1992 Research Fellowship for young scientists of Japan Society for the Promotion of Science Aug. 1992 Assistant of Toyama Medical and Pharmaceutical University Sept. 1996 Long-term Staff Researcher of Ministry of Education May 1998 Assistant Professor of Toyama Medical and Pharmaceutical University Feb. 2005 Professor, Pharmaceutical Department of Toyama Medical and Pharmaceutical University Apr. 2006 Professor, Graduate School of Medicine and Pharmaceutical Sciences of University of Toyama (present position) Oct. 2013 Deputy Dean, Faculty of Pharmacy and Pharmaceutical Sciences of University of Toyama (present position) June 2014 Outside Board Member of the Company (present position) [Significant concurrent positions] Professor, Graduate School of Medicine and Pharmaceutical Sciences, University of Toyama Deputy Dean, Faculty of Pharmacy and Pharmaceutical Sciences, University of Toyama	-
8	* Hajime Imamura (November 19, 1955)	Apr. 1984 Registered Toyama-ken Bar Association (present position) Feb. 1994 Outside Auditor of the Company (currently Outside Audit & Supervisory Board Member) Jan. 1998 Representative of Imamura Law Office (present position) [Significant concurrent positions] Attorney, Representative of Imamura Law Office Outside Director, TANAKA SEIMITSU KOGYO CO., LTD.	-

Notes:
1. New candidate for Board Member is indicated by an asterisk (*).
2. Shigeo Takagi and Hideki Sakai are candidates for Outside Board Member.
3. Hajime Imamura is a candidate for Outside Board Member. Mr. Imamura is current Audit & Supervisory Board Member of the Company, and his term of office as Outside Corporate Auditor is twenty-three (23) years and four (4) months as of the conclusion of this Meeting. Mr. Imamura will resign his position as an Audit & Supervisory Board Member effective as of the conclusion of this Meeting.
4. Shigeo Takagi has abundant experience and knowledge cultivated in financial institutions for many years, and the Company requests his election as Outside Board Member to reflect his experience and knowledge in the corporate governance of the Company.
5. Hideki Sakai has expertise knowledge and insights, cultivated as a university professor, and the Company requests his election as Outside Board Member so that he can provide useful opinions based on his knowledge and insight. Mr. Sakai has never been directly involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as Outside Board Member based on the above reasons.
6. During the term as Outside Audit & Supervisory Board Member of the Company, Hajime Imamura has expressed opinions from an independent perspective as an attorney based on this extensive knowledge and experience regarding legal matters and has adequately fulfilled his duties. Mr. Imamura has also become very familiar with the details of the Company's operations by conducting audits, and the Company requests his election as an Outside Board Member so that he can use his abundant knowledge and experience in overseeing the Company's management. Mr. Imamura has never been directly involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as Outside Board Member based on the above reasons.
7. Shigeo Takagi resigned as Representative Executive and President and assumed the office of Special Advisor of The Hokuriku Bank, Ltd., which is a major lender and major shareholder of the Company (a business entity that has a special relationship with the Company) in June 2013. He then assumed the office of Supreme Advisor of The Hokuriku Bank Ltd. in July 2016. However, Mr. Takagi individually has no special interests directly with the Company.

There are no special interests between the Company and other candidates for Board Members.

8. The Hokuriku Bank, Ltd., where Mr. Takagi is currently Supreme Advisor and served as Representative Executive and President until June 21, 2013, received an Order for Business Improvement under Article 26, Paragraph 1 of the Banking Act by the Hokuriku Local Finance Bureau on December 7, 2012. Specifics of the Order were enhancement and reinforcement of the business management environment, internal management environment and compliance environment in order to ensure appropriateness of business operations relating to sales of financial instruments such as derivatives, etc. Although Mr. Takagi had positioned compliance as one of the most important issues of the management as Representative Executive and President of the Bank on a daily basis and instructed so that measures for prevention of wrongful acts could be thoroughly implemented by officers and employees, however not all employees were thoroughly familiarized with these instructions. After the occurrence of the relevant incident, he had fulfilled his job duties by taking recurrence prevention measures including improvement of bank-wide compliance awareness and reinforcement and enhancement of check and balance functions, giving instructions on reinforcement of the internal audit environment and enhancement of education of officers and employees.
   As a result of these efforts, the Order for Business Improvement was canceled effective June 23, 2015.
9. Shigeo Takagi and Hideki Sakai are current Outside Board Members of the Company, and their terms of office as Outside Board Members are, six (6) years and four (4) months for Mr. Takagi and three (3) years for Mr. Sakai, as of the conclusion of this Meeting. The Company has executed an agreement to limit liability under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, and the cap on liability under the relevant agreement is the amount stipulated under the laws and regulations. If the reelection of Mr. Takagi and Mr. Sakai is approved, the Company plans to renew the aforementioned agreements with them.
10. The Company has executed an agreement with Hajime Imamura, as Outside Audit & Supervisory Board Member, to limit liability under Article 423, Paragraph 1 of the Companies Act to the amount stipulated by laws and regulations, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. If Mr. Imamura is elected as Outside Board Member, the Company will newly execute an agreement with Mr. Imamura, as Outside Board Member, to limit liability under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The cap on liability under the relevant agreement is planned to be the amount stipulated under the laws and regulations.
11. The number of shares of the Company in the possession of the candidates for the Board Members includes their own shares in the shareholding association of the Company.
12. The Company registered with the Tokyo Stock Exchange Mr. Takagi and Mr. Sakai as independent executives stipulated by the Tokyo Stock Exchange. The Company also plans to register Mr. Imamura as independent executive, as Outside Board Member.

Proposal 3: Election of One (1) Substitute Audit & Supervisory Board Member

The Company proposes to elect one (1) substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Audit & Supervisory Board Members fall below the number in accordance with the laws and regulations.
In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.
The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions)		Number of the Company's shares owned
Eiichi Furukawa (June 5, 1963)	Apr. 1987	Joined Nomura Securities Co., Ltd.	-
	May 1999	Joined TOKYO Company Information Co., Ltd. (now TOKYO M&A Co., Ltd.)	
	June 2004	Chief Executive Officer and President of TOKYO M&A Co., Ltd. (present position)	
	Sept. 2006	Part-time lecturer at Graduate School of Finance, Accounting and Law, Waseda University	

Notes:
1. There is no special interest between the candidate and the Company.
2. Eiichi Furukawa is a candidate for substitute Outside Audit & Supervisory Board Member.
3. Eiichi Furukawa is a candidate for Outside Audit & Supervisory Board Member so that his extensive experience and advanced knowledge gained as a company manager, management consultant, and university lecturer can be utilized in the Company's audits, and the Company requests his election as a substitute member.
4. When Eiichi Furukawa assumes the office of the Audit & Supervisory Board Member, the Company is planning to execute an agreement with him to limit liability under Article 423, Paragraph 1, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The cap on liability under the relevant agreement is the amount stipulated under the laws and regulations.

Proposal 4: Approval of the Policy of Countermeasures against Large-Scale Acquisitions of Share Certificates, etc. of Nichi-Iko Pharmaceutical Co., Ltd. (Takeover Defense Measures)

At the 50th Ordinary General Meeting of Shareholders held on June 20, 2014, Nichi-Iko Pharmaceutical Co., Ltd. (the "Company") obtained the shareholder approval to implement the "Policy of Countermeasures against Large-Scale Acquisitions of Share Certificates, etc. of Nichi-Iko Pharmaceutical Co., Ltd. (Takeover Defense Measures)" (the "Original Plan"), in order to forestall abusive acquisitions against the Company as an initiative to protect and enhance the corporate value of the Company, and in turn, the common interests of shareholders, and the Original Plan was implemented on the same date.

Thereafter, the Company has, paying close attention to such development as the amendments of Financial Instruments and Exchange Act and related governmental and ministerial ordinances, and taking into consideration recent progress of the discussions regarding the takeover defense measures, as an initiative to further protect and enhance the corporate value of the Company, and in turn, the common interests of shareholders, continued to review the Original Plan.

The Company hereby announces that, as a result of such review, it decided, at a meeting of its Board of Directors held on May 10, 2017, to implement the new "Policy of Countermeasures against Large-Scale Acquisitions of Share Certificates, etc. of Nichi-Iko Pharmaceutical Co., Ltd. (Takeover Defense Measures)" whose details are included hereinafter (the "New Plan") in place of the Original Plan, of which the effective period will expire at the conclusion of the 53rd Ordinary General Meeting of Shareholders of the Company to be held in June 2017 (the "Ordinary General Meeting of Shareholders"), on the condition that its effective period be approved and adopted at the Ordinary General Meeting of Shareholders by the majority of voting rights of the shareholders present thereat.

Except for an increase in the number of independent committee members by two to five in order to enhance functions of the independent committee at the opportunity of introducing the New Plan, the New Plan will not substantially change from the Original Plan.

Please be noted that, as of today, there is no approach or offer whatsoever with respect to Large-Scale Acquisitions of the Company's shares. Please see Exhibit 1 for the status of major shareholders.

1. Purpose of the implementation of the New Plan

The Company implements the New Plan for the purpose of protecting or enhancing the corporate value of the Company, and in turn, the common interests of its shareholders. The detailed view of the Company regarding the implementation of the New Plan is as follows.

The Company operates as a generic pharmaceutical manufacturer, and is engaging in various initiatives to enhance its corporate value, and in turn, the common interest of shareholders aiming at corresponding to the demands from the society and further strengthening its corporate structure.

Therefore, in the event that the Company receives a proposal for a Large-Scale Acquisition (as defined in 2. (1) (a) below; hereinafter the same) from a Large-Scale Acquirer, it is extremely important for the shareholders to make a proper judgment on whether or not to accept such proposal for a Large-Scale Acquisition, based on sufficient understanding of the business conditions of the Company and the corporate value of the Company taking into consideration various initiatives the Company is already engaging in, and the specific conditions and methods of such proposal for the Large-Scale Acquisition.

Also, the Company believes that, in order for the shareholders to make proper judgment on whether or not to accept such proposal for the Large-Scale Acquisition, not only one-sided information provided by the Large-Scale Acquirer but information provided from the Board of Directors of the Company, which is actually in charge of the management of the Company and is conversant with its business characteristics as well as various initiatives described above, and evaluations and opinions of the Board of Directors of the Company regarding such Large-Scale Acquisition need to be provided to the shareholders, and moreover, it is essential that sufficient time for the shareholders to give careful consideration is secured.

Furthermore, from the viewpoint of protecting and enhancing the corporate value of the Company, and in turn, the common interests of shareholders, if the Company determines that it is necessary to have the conditions and methods of the Large-Scale Acquisition changed or improved, the Company believes that negotiation with the Large-Scale Acquirer on the conditions and methods of the Large-Scale Acquisition and proposing alternative ideas will become necessary, and therefore sufficient time for such actions must be secured as well.

If the Company determines, as a result of evaluation and examination as to whether or not the conditions and

methods of such Large-Scale Acquisition will contribute to protecting or enhancing the corporate value of the Company, and in turn, the common interests of shareholders, including the management policies of the Company after the Large-Scale Acquisition contemplated by the Large-Scale Acquirer, that such Large-Scale Acquisition is seriously detrimental to the corporate value of the Company, and in turn, the common interests of shareholders, including cases where the Large-Scale Acquirer accumulates shares and conducts an abusive management which only pursues self-interest as the major shareholder, or where the Large-Scale Acquirer practically coerces the shareholders to sell the shares of the Company or create a situation in which the shareholders are forced to sell the shares of the Company at lower price that does not reflect the real corporate value of the Company, then necessary and reasonable countermeasures must be implemented against such Large-Scale Acquisition.

Based on the foregoing policies, in order to facilitate the shareholders to make proper judgment as to whether or not to accept the acquisition, the Board of the Directors of the Company hereby establishes rules regarding the Large-Scale Acquisition (“Large-Scale Acquisition Rules”) so that the Board of Directors can obtain necessary information from the Large-Scale Acquirer and secure sufficient time to evaluate and examine the content of such information, and provide the shareholders with necessary time for their judgment (including judgment on alternative proposals).

Also, under the New Plan, if the Large-Scale Acquirer contemplating the Large-Scale Acquisition was requested to provide sufficient information and sufficient time for evaluation and examination but did not follow such request, or if the Large-Scale Acquirer carries out or attempts to carry out a Large-Scale Acquisition that will be seriously detrimental to the corporate value of the Company, and in turn, the common interests of shareholders, countermeasures may be implemented.

Therefore, the New Plan is a plan to prevent the Large-Scale Acquisitions by such Large-Scale Acquirer, and the implementation of the New Plan is a part of the efforts to prevent gaining of control on decisions on the Company’s financial and business policies by a party who is inappropriate in light of “Basic Policy Regarding Control of the Company” established by the Company.

2. Details of the New Plan

The Large-Scale Acquisition Rules are rules under which, prior to a Large-Scale Acquisition, (i) the acquirer must in advance provide necessary and sufficient information regarding the Large-Scale Acquisition to the Board of Directors of the Company, and (ii) the commencement of the Large-Scale Acquisition is permitted only after a certain assessment period for the Board of Directors of the Company.

The outline of the Large-Scale Acquisition Rules is as follows:

(1) Establishment of the Large-Scale Acquisition Rules

(a) Acquisitions of the shares of the Company subject to the New Plan

Under the New Plan, if any action that falls under (i) or (ii) below or any action similar to them (the “Large-Scale Acquisition,” except for those actions approved by the Board of Directors of the Company in advance; and any person who conducts or plans to conduct a Large-Scale Acquisition is hereinafter referred to as the “Large-Scale Acquirer”) is conducted or contemplated, the Company may implement countermeasures under the New Plan:

(i) An acquisition of the Share Certificates, etc. (*kabuken tou*)[1] issued by the Company that would result in the Holding Ratio of Share Certificates, etc. (*kabuken tou hoyuu wariai*)[2] of holders (*hoyuusha*)[3] amounting to 20% or more; or

(ii) A Tender Offer (*koukai kaitsuke*)[4] that would result in the Ownership Ratio of Share Certificates, etc. (*kabuken tou shoyuu wariai*)[5] of Share Certificates, etc. (*kabuken tou*)[6] subject to the Tender Offer, when aggregated with the Ownership Ratio of Share Certificates, etc. of Persons in Special Relationship (*tokubetsu kankei-sha*)[7] totaling 20% or more of the Share Certificates, etc. issued by the Company.

(b) Prior submission of “Large-Scale Acquisition Statement” to the Company

Unless pre-approved by the Board of Directors of the Company, a Large-Scale Acquirer is required to submit to the Company’s President & CEO a “Large-Scale Acquisition Statement” before commencing a Large-Scale Acquisition, in a form prescribed by the Company and written in Japanese, containing an undertaking that the acquirer follows procedures set out in the New Plan (“Large-Scale Acquisition Rules”) and certain other items.

The following information shall be included in the Large-Scale Acquisition Statement.

(i) Outline of the Large-Scale Acquirer:

a. name and address;
b. name of the representative;
c. purpose of the company and its business;
d. outline of major shareholders or large contributors (top 10 in number of shares held or percentage of contribution);
e. contact information in Japan; and
f. governing law for establishment.

(ii) Number of the Company's share certificates, etc. currently held by the Large-Scale Acquirer, and the trading history of the Company's share certificates, etc. by the Large-Scale Acquirer during 60 days prior to the date of submission of the Large-Scale Acquisition Statement;

(iii) Outline of the Large-Scale Acquisition which the Large Scale Acquirer proposes (class and number of the Company's share certificates, etc. the Large Scale Acquirer contemplates to acquire through the Large-Scale Acquisition, and the outline of the purpose of the Large-Scale Acquisition (including acquisition of control or participation in management, portfolio investment or strategic investment, transfer or other disposal of the Company's share certificates, etc. to any third party after the Large-Scale Acquisition, or if important proposal acts, etc[8] or any other actions are contemplated, such fact and the outline thereof. If there are multiple purposes, specify all of them.))

(iv) Undertaking to follow the Large-Scale Acquisition Rules

When submitting the "Large-Scale Acquisition Statement," a certified copy of commercial registration, certificate of registered matters, a copy of the articles of incorporation or any other document that proves the existence of the Large-Scale Acquirer, shall be attached.

(c) Provision of "Large-Scale Acquisition Information"

Following the submission of the "Large-Scale Acquisition Statement" described in (b) above, the Large-Scale Acquirer is required to provide the Company with necessary and sufficient information in Japanese for the shareholders to make judgments on, and the Board of Directors of the Company to evaluate and examine, the Large-Scale Acquisition (the "Large-Scale Acquisition Information"), according to the following procedure.

First, the Company will, within ten business days[9] after the Large-Scale Acquisition Statement has been submitted (first day excluded), send out the "List of Large-Scale Acquisition Information" describing information that should be initially submitted, to the address stated in (b)(i) e. above, and disclose the same to the shareholders, and therefore the Large-Scale Acquirer is expected to provide to the Company sufficient information in accordance with the List of Large-Scale Acquisition Information.

Also, if the Board of Directors of the Company objectively and reasonably determines the information provided by the Large-Scale Acquirer in accordance with the List of Large-Scale Acquisition Information described above to be insufficient for the shareholders' judgment and the Board of Directors of the Company's evaluation and examination, considering the content and condition of the Large-Scale Acquisition, additional information which the Board of Directors of the Company requests separately shall also be provided by the Large-Scale Acquirer.

Regardless the content and condition of the Large-Scale Acquisition, information listed in the following items shall be, in principle, included as a part of the List of Large-Scale Acquisition Information:

a. Details of the Large-Scale Acquirer and its group (including name, history, amount of capital or contribution, aggregate number of shares issued, names, careers, shareholding of representatives, officers and employees and other constituent members and other statuses of the company, etc., and financial position and operating results and other financial conditions for the last two fiscal years, intra-group relationship of the Large-Scale Acquirer (including, but not limited to, capital relationship, trading relationship, interlocking officers and employees and other personal relationship, contract relationship and histories of those relationships));
b. The purpose (specific content of the purpose disclosed in the Large-Scale Acquisition Statement), method and content (including the opinion on the legality of the Large-Scale Acquisition) of the Large-Scale Acquisition;

c. Kind and amount of consideration for the purchase (in the event that securities, etc. are used as consideration, the status of the issuer of such securities, etc. and kind and exchange ratio of such securities, etc., and in the event securities, etc. and cash are used as consideration, kind, exchange ratio of such securities, etc. and the amount of cash shall be stated) and the basis and process of calculation of such amount (with respect to the calculation basis, the ground for calculation shall be specifically stated, and if such amount differs from the market price or the price in a trade recently conducted by the Large-Scale Acquirer, the amount of such difference shall be stated as well. Also, with respect to the difference in the amount of the purchase price depending on the kind of share certificates, etc., details such as the conversion policy shall be stated specifically. Regarding the process of calculation, if a third party opinion was obtained upon the calculation, name of such third party, outline of the opinion and process of determination of the amount taking such opinion into consideration shall be specifically stated);

d. Status of funding necessary for the Large-Scale Acquisition, and the outline of the source of such funding (including, in case of deposits, balance by the type of deposit, in case of borrowings, borrowing amount, business type of the lender, content of the loan agreement, and in case of any other method of funding, the content, amount of funding, business type of the source of funding);

e. Timing of acquisition, number of share certificates, etc. acquired and acquisition price for each time with respect to all of the acquisitions of the Company's share certificates, etc. made by the Large-Scale Acquirer's group in the past, and the timing of sales and the number of share certificates, etc. sold and the selling price for each time of all of the share certificates, etc. of the Company sold in the past;

f. If there is any lease agreement, collateral agreement, sell-back agreement, reservation agreement for sale and purchase or any other material agreements or arrangements in connection with the Company's share certificates, etc. already held by the Large-Scale Acquirer (the "Collateral Agreement, etc."), the kind of such agreement, the counterparty of such agreement, specific content of such Collateral Agreement, etc. such as the number of share certificates, etc. subject to such agreement;

g. If there is any Collateral Agreement, etc. scheduled to be executed or any other agreement scheduled to be entered with a third party in connection with the Company's share certificates, etc. scheduled to be acquired at the Large-Scale Acquisition by the Large-Scale Acquirer, the kind of Collateral Agreement, etc. or any other agreement scheduled to be entered with a third party, the counterparty of such agreement, specific content of such Collateral Agreement, etc. or any other agreement scheduled to be entered with a third party, such as the number of share certificates, etc. targeted, etc.;

h. If the purpose of the Large-Scale Acquisition is acquisition of control or participation in management, the methods of acquiring control or participating in management of the Company and the Company group contemplated after the completion of the Large-Scale Acquisition, and management policies after the acquisition of control or plans and policies on exercising voting rights after participating in management. Past experience in investment, management, business involvement in relation to any company or any other corporation in the same type of business as the Company (including those outside Japan), the details thereof, results, etc. If any organization restructuring, corporate group restructuring, dissolution, disposal or transfer of any material assets, significant amount of borrowing, appointment or dismissal of representative directors, change in the composition of officers, material change with respect to dividend and capital policies, or any other action making a material significant change in, or having a material effect on, the management policies of the Company and the Company group is scheduled, the details and necessity thereof;

i. If the purpose of the Large-Scale Acquisition is portfolio investment or strategic investment, policies on holding of share certificates, etc., policies on sale and purchase thereof, policies on exercise of voting rights, after the Large-Scale Acquisition and reasons thereof;
If the Large-Scale Acquisition is carried out as a strategic investment with the purpose of a long-term capital alliance, the necessity thereof;

j. If the purpose of the Large-Scale Acquisition is important proposal acts, etc., or if any important proposal acts, etc., may take place after the Large-Scale Acquisition, purpose, details, necessity and timing, of such important proposal acts, etc. and information on in what situation such important proposal acts, etc. may take place;

k. If any further acquisition of the Company's share certificates, etc. is scheduled to take place after the Large-Scale Acquisition, the reason and content thereof;

l. If the share certificates, etc. of the Company may be delisted after the Large-Scale Acquisition, such fact and the reason thereof;

m. If there is any common intention (including contracts, other agreements or arrangements to engage in the joint purchase of the shares certificates, etc. of the Company on or after the submission date of the Large-Scale Acquisition Information) between the Large-Scale Acquirer and the third party in connection with the Large-Scale Acquisition, the purpose and content thereof and the outline of such third party; and

n. If any change in relationship with the Company's employees, counterparties, clients, community, or any stakeholder of the Company is contemplated after the completion of the Large-Scale Acquisition, specific details thereof.

If the Company considers that the shareholders need to know the fact that a proposal for the Large-Scale Acquisition has been made or the information provided by the Large-Scale Acquirer in order to make their judgment, the Company will disclose all or part of such information at the time deemed appropriate.

Also, if the provision of the Large-Scale Acquisition Information by the Large-Scale Acquirer is reasonably determined to be completed at the meeting of the Board of Directors of the Company, the Company shall make a notification to that effect to the Large-Scale Acquirer (the "Completion Notice of Provision of Information") and promptly disclose it.

(d) Establishment of the Board of Directors Evaluation Period, etc.

After making the Completion Notice of Provision of Information, the Company will set the period, depending on the degree of difficulty of the evaluation of the Large-Scale Acquisition, during which the Board of Directors of the Company evaluates, considers, negotiates over, forms an opinion on, and drafts an alternative plan (the "Board of Directors Evaluation Period"), and the length of which is 60 days in the case of the acquisition of all share certificates, etc. of the Company by way of a tender offer only in consideration for cash (Japanese currency) or 90 days in the case of any other Large-Scale Acquisitions (in both cases, the initial dates are not counted).

Furthermore, in cases where it is inevitable that the Board of Directors of the Company cannot reach a resolution determining whether or not to implement the countermeasures within the Board of Directors Evaluation Period due to certain reasons, including failure of the independent committee to make recommendations as stated in (3) (b) (ii) below within the Board of Directors Evaluation Period, the Board of Directors of the Company, based on a resolution of the independent committee, may extend the period up to 30 days (the initial date is not counted) to the extent necessary.

If the Board of Directors of the Company decides to extend the Board of Directors Evaluation Period, the Company shall make an appropriate disclosure in a timely and appropriate manner as to the specific period and the reason for the necessity of such specific period, in accordance with the applicable laws and regulations and stock exchange regulations.

The Large-Scale Acquirer may commence the Large-Scale Acquisition only after the Board of Directors Evaluation Period has elapsed.

The Board of Directors of the Company will thoroughly evaluate and examine the Large-Scale Acquisition Information it receives, with advice from external experts if necessary, during the Board of Directors Evaluation Period and will carefully form its opinion with respect to the Large-Scale Acquisition as the Board of Directors of the Company, make notice to the Large-Scale Acquirer and disclose it to shareholders in a timely and appropriate manner. In addition, if necessary, the Board of Directors of the Company may negotiate over the terms and method of the Large-Scale Acquisition with the Large-Scale Acquirer and may present alternative plans to shareholders as the Board of Directors of the Company.

(2) Policy of countermeasures against Large-Scale Acquisitions

(a) Conditions for implementing countermeasures

(i) If a Large-Scale Acquirer conducts a Large-Scale Acquisition without complying with the Large-Scale Acquisition Rules

If a Large-Scale Acquirer conducts or plans to conduct a Large-Scale Acquisition without complying with the Large-Scale Acquisition Rules, the Board of Directors of the Company will deem such Large-Scale Acquisition to be seriously detrimental to the corporate value of the Company and, in turn, the common interests of shareholders, regardless of its specific terms and method, and take the countermeasures necessary and appropriate to protect or enhance the corporate value of the Company and, in turn, the common interests of shareholders.

(ii) If a Large-Scale Acquirer conducts a Large-Scale Acquisition in compliance with the Large-Scale Acquisition Rules

If a Large-Scale Acquirer conducts or plans to conduct a Large-Scale Acquisition in compliance with the Large-Scale Acquisition Rules, the Board of Directors of the Company will not, in principle, take any countermeasures against the Large-Scale Acquisition, even if it objects to the Large-Scale Acquisition, although it may still express a dissenting opinion, propose an alternative plan or give an explanation to shareholders. It is shareholders who will make decisions as to whether or not to accept the proposal for a Large-Scale Acquisition, taking into consideration the Large- Scale Acquisition Information with regard to such Large-Scale Acquisition as well as the opinion and alternative plan thereon of the Board of Directors of the Company.

However, even if the Large-Scale Acquirer conducts or plans to conduct the Large-Scale Acquisition in compliance with the Large-Scale Acquisition Rules, the Board of Directors of the Company may take the necessary and appropriate countermeasures to protect or enhance the corporate value of the Company and the common interests of shareholders, if it is considered that the Large-Scale Acquisition will be seriously detrimental to the corporate value of the Company and, in turn, the common interests of shareholders such as a case where the purpose of the relevant Large-Scale Acquisition is only to pursue the short-term profit for the Large-Scale Acquirer. More specifically, if any Large-Scale Acquisition is considered, or objectively and reasonably suspected, to be falling under any of the categories set out in Exhibit 2, such Large-Scale Acquisition, in principle, will be considered to be seriously detrimental to the corporate value of the Company and, in turn, the common interests of shareholders.

(b) Details of the countermeasures

As countermeasures against a Large-Scale Acquisition under the New Plan, the Company will, in principle, in accordance with a resolution of the Board of Directors of the Company, allot share options (the "Stock Acquisition Rights") without contribution as outlined in Exhibit 3. If it is appropriate to implement other countermeasures which are permitted under the Companies Act and other laws and regulations and the articles of incorporation of the Company, such other countermeasures might be taken.

(3) Systems and procedures to ensure the rationality and fairness of the New Plan

(a) Confirmation of the shareholders' opinion with respect to the introduction of the New Plan, effective period, continuation and abolition

(i) Confirmation of the shareholders' opinion

It is obvious that it is desirable to reflect the shareholders' opinion in implementing the New Plan. In order to do so, the Company has decided to introduce the New Plan subject to the approval by the majority of voting rights of the shareholders present at this Ordinary General Meeting of Shareholders. Therefore, the New Plan will not be introduced if such approval is not obtained.

(ii) Effective period, continuation and abolition

The effective period of the New Plan will be three years ending on the conclusion of the 56th Ordinary General Meeting of Shareholders which is scheduled to be held in June 2020, and thereafter, the approval of the General Meeting of Shareholders shall be obtained every three years as to the continuation of the New Plan (including the continuation with partial modification).

In addition, (i) if the Company's General Meeting of Shareholders approves a proposal for abolishment of the New Plan or (ii) if the Board of Directors of the Company resolves to abolish the New Plan, the New Plan will be abolished at that time, even before the expiry of the effective period.

Furthermore, its continuation, abolition or amendment will be discussed and determined at the first meeting of the Board of Directors of the Company held after the conclusion of the Ordinary General Meetings of Shareholders of the Company to be held in 2018 and 2019.

The Board of Directors of the Company may amend the New Plan within the scope of the basic policy or the intention behind the approval at the General Meeting of Shareholders or within the scope of the amendment of the related laws and regulations and the listing system stipulated by the listed stock exchange or its interpretation or operation, to the extent reasonably necessary.

In addition, the term of office of directors of the Company is one year as stipulated in the articles of incorporation and the term of office of all directors of the Company will expire at the conclusion of the Ordinary General Meeting of Shareholders. Therefore, the New Plan may be abolished at any time even before the expiration of the effective period through the exercise of the voting rights for the proposal for the appointment of directors, whereby, the opinion of shareholders about the New Plan can be confirmed.

If the New Plan is abolished or amended, the Company will promptly disclose the fact of such abolishment or amendment, and any other matters which the Board of Directors of the Company considers appropriate, pursuant to the applicable laws and regulations and stock exchange regulations.

(b) Establishment of the independent committee and the procedures of consultation, etc.

(i) Establishment of the independent committee

Although the Board of Directors of the Company will make the final judgment as to whether a series of procedures have been conducted in compliance with the Large-Scale Acquisition Rules, and if the Large-Scale Acquisition Rules have been observed, whether certain countermeasures that are deemed necessary and appropriate to protect or enhance the corporate value of the Company and, in turn, the common interests of shareholders should be taken, the Company will set up an independent committee, as an organization independent of its Board of Directors, to ensure the rationality and fairness of the judgment.

(For an outline of the rules of the independent committee, please see Exhibit 4.)

The independent committee shall consist of not less than three members, and members shall be appointed from external directors or external statutory auditors of the Company, or attorneys, tax accountants, certified public accountants, academic experts, specialists in the investment banking business or outsiders with experiences in directors or executive officers of other companies. Persons scheduled to be appointed as members of the independent committee upon the introduction of the New Plan are as set out in Exhibit 5 "Career Summary of the Independent Committee Members."

(ii) Procedures for the implementation of countermeasures

When determining whether or not to implement countermeasures, the Board of Directors of the Company will take the following procedures to ensure the rationality and fairness of its decision.

First, before implementing countermeasures, the Board of Directors of the Company will consult the independent committee as to whether or not to implement countermeasures. Based on such consultation, and after obtaining advice from external experts if necessary, the independent committee will make a recommendation to the Board of Directors of the Company as to whether or not to implement countermeasures. When deciding whether countermeasures should be implemented, the Board of Directors of the Company fully respects the independent committee's recommendation.

The Board of Directors of the Company will, in addition to the consultation to the independent committee described above, obtain advice from external experts if necessary, evaluate and consider based on the Large-Scale Acquisition Information provided by the Large-Scale Acquirer, among other things, the Large-Scale Acquirer, specific details of the Large-Scale

Acquisition, and the impact that the Large-Scale Acquisition would have on the corporate value of the Company and, in turn, the common interests of shareholders, and then decide whether or not to implement countermeasures.

When the Board of Directors of the Company has decided to implement countermeasures, the Company will disclose such decision promptly.

(iii) Suspension or withdrawal of the implemented countermeasures

Even if the Board of Directors of the Company implemented the countermeasures in accordance with the procedures set out in (ii) above, if (i) the Large-Scale Acquirer suspended or withdrew the Large-Scale Acquisition or (ii) any fact that had been the basis for the decision of whether or not to implement the countermeasures was changed, which lead to the situation that it is not appropriate to continue the countermeasures which had been implemented with a view to protect or enhance the corporate value of the Company and, in turn, the common interests of shareholders, the Board of Directors of the Company shall consult the independent committee again as to whether or not to continue the implementation of the countermeasures after presenting the specific circumstances which lead to the above situation and will consider the suspension or withdrawal of the implemented countermeasures by obtaining advice from external experts if necessary.

Based on such consultation, and after obtaining advice from external experts if necessary, the independent committee will consider as to whether or not to continue the implementation of the countermeasures and make a recommendation to the Board of Directors of the Company. When deciding whether or not to continue the implementation of the countermeasures, the Board of Directors of the Company shall fully respect the independent committee's recommendation.

Having considered the recommendation of the independent committee as described above, if the Board of the Directors of the Company reaches the conclusion that it is not appropriate to continue the countermeasures with a view to protect or enhance the corporate value of the Company and, in turn, the common interests of shareholders, the Board of Directors of the Company shall suspend or withdraw the implemented countermeasures and disclose such decision promptly.

In addition, when conducting an allotment of the Stock Acquisition Rights without contribution as countermeasures, the Company will suspend the allotment of the Stock Acquisition Rights without contribution if decision of suspension is made on or before the second business day prior to the ex-rights date (the "Ex-rights date") with respect to the record date of the allotment of the Stock Acquisition Rights without contribution, while the allotment of the Stock Acquisition Rights without contribution will not be suspended on or after the immediately preceding business day of the Ex-rights date so that general investors who have traded the Company's shares before the Ex-rights date based on the assumption that the economic value per share of the Company will be diluted due to the allotment of the Stock Acquisition Rights without contribution will not suffer losses due to stock price fluctuations.

However, after the effective date of the allotment of the Stock Acquisition Rights without contribution and until the date immediately prior to the first day of the exercise period of the Stock Acquisition Rights, the Stock Acquisition Rights may be acquired without consideration (in such cases, as set out in 4. (2) below, shareholders who have traded the Company's shares based on the assumption that the economic value per share of the Company will be diluted may suffer losses due to stock price fluctuations.).

(iv) Voluntary consultation with the independent committee

If there is a question as to whether the information provided by the Large-Scale Acquirer is necessary and sufficient as the Large-Scale Acquisition Information or if the Board of Directors of the Company otherwise deems necessary to do so, the Board of Directors of the Company may voluntarily consult the independent committee on any subject other than the appropriateness of the implementation of the countermeasures and the continuation of the implemented countermeasures described above. If such consultation is made, the independent committee shall consider the matters with respect to such consultation with advice from external experts if necessary and make a recommendation to the Board of Directors of the Company. The Board of Directors of the Company shall fully respect such independent

committee's recommendation.

3. Rationality of the New Plan

(1) The New Plan puts emphasis on shareholders' opinion.

The New Plan is implemented subject to the approval of the majority of voting rights of the shareholders present at this Ordinary General Meeting of Shareholders to reflect the shareholders' opinion on the New Plan.

Also, the effective period of the New Plan will expire at the conclusion of the Ordinary General Meeting of Shareholders held in 2020. However, as described in 2. (3) (a) (ii) above, (i) if the Company's General Meeting of Shareholders approves a proposal for abolishment of the New Plan or (ii) if the Board of Directors of the Company resolves to abolish the New Plan, the New Plan will be abolished at that time, even before the expiry of the effective period, which ensures the mechanism to reflect the shareholders' opinion properly.

(2) The New Plan is not a dead-hand or slow-hand takeover defense measure.

The New Plan can be abolished at any time by the Board of Directors of the Company comprising the directors appointed at the Company's General Meeting of Shareholders, and is therefore not a dead-hand takeover defense measure (a takeover defense measure whose implementation cannot be blocked even if a majority of the members of the Board of Directors are replaced).

Furthermore, the term of office of the directors of the Company is one year and the Company has not adopted a staggered board of directors system. Therefore, the New Plan is not a slow-hand takeover defense measure (a takeover defense measure whose implementation cannot be blocked in a short time due to the inability to replace all the members of the Board of Directors at the same time).

(3) The New Plan is considered to fully satisfy the requirements in the guidelines concerning takeover defense measures.

The New Plan fully satisfies the three principles ((i) "principle of protecting and enhancing corporate value and the common interests of shareholders," (ii) "principle of prior disclosure and shareholders' opinion," and (iii) "principle of ensuring the necessity and reasonableness") set out in the "Guidelines Regarding Takeover Defense Measures for the Purposes of Protection and Enhancement of Corporate Value and Common Interests of Shareholders" announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

The New Plan also takes into consideration the report "Takeover Defense Measures in Light of Recent Environmental Changes" released by the Corporate Value Study Group on June 30, 2008 and other recent discussions, etc. with respect to the takeover defense measures by specifying that information which the Board of Directors of the Company will request from the Large-Scale Acquirer must be determined rationally, and that in order for the Board of Directors of the Company to implement the countermeasures, it is not enough for any Large-Scale Acquisition to fall under certain types formally but it is also necessary for the Large-Scale Acquisition to be considered obviously seriously detrimental to the corporate value of the Company and the common interests of shareholders.

In addition, the New Plan corresponds to the intention of various rules relating to the introduction of takeover defense measures established by the Tokyo Stock Exchange, Inc.

(4) The New Plan is introduced to protect or enhance the corporate value of the Company and, in turn, the common interests of shareholders.

As mentioned in 1. above, the New Plan is introduced so that the Large-Scale Acquirer provides the time necessary for the provision of necessary information in advance with respect to the Large-Scale Acquisition and its evaluation and examination, etc. with an aim to protect or enhance the corporate value of the Company and, in turn, the common interests of shareholders.

(5) Establishment of reasonable and objective requirements for implementation of countermeasures

As set out in 2. (2) (a) above, the New Plan is structured so that the countermeasures will not be implemented unless reasonable and objective requirements have been satisfied. Also, a mechanism to prevent arbitrary application of the New Plan or the implementation of countermeasures by the Board of Directors of the Company is ensured by establishing the independent committee as an organization independent of the Board of Directors of the Company, in order to secure the rationality and fairness of the New Plan such as the decision by the Board of Directors of the Company as to whether or not to implement certain countermeasures.

4. Impact on shareholders and investors

(1) Impact on shareholders and investors at the time of introduction of the New Plan

No allotment of the Stock Acquisition Rights without contribution will be conducted at the time of introduction of the New Plan. Therefore, the New Plan will have no direct specific impact on the legal rights and economic interests of shareholders and investors concerning their shares of the Company at the time of its introduction.

(2) Impact on shareholders and investors at the time of allotment of the Stock Acquisition Rights without contribution

If the Board of Directors of the Company determines to implement countermeasures and passes a resolution for conducting the allotment of the Stock Acquisition Rights without contribution in accordance with its principles, the Stock Acquisition Rights shall be allotted without consideration, whereby one Stock Acquisition Right is being allotted for one share of the Company held by the respective shareholders recorded in the Company's register of shareholders as at the close of the Allotment Date (as defined in Paragraph 1 of Exhibit 3, hereinafter the same) on the effective date separately determined.

Due to the mechanism of the countermeasures, although the economic value per share of the Company held by shareholders or investors will be diluted at the time of the allotment of the Stock Acquisition Rights without contribution, the economic value of all of the Company's shares held by them will not be diluted and the voting rights per share of the Company will also not be diluted. Therefore, it is not anticipated that it will have a direct specific impact on the legal rights and economic interests in all of the Company's shares held by shareholders and investors.

Even in cases where the Board of Directors of the Company passes a resolution for the allotment of the Stock Acquisition Rights without contribution as countermeasures, if the Board of Directors of the Company suspends or withdraws the countermeasure implemented by them in accordance with the procedures set out in 2. (3) (b) (iii) above, the economic value per share of the Company held by shareholders or investors will also not be diluted, and investors who have traded based on the assumption that the economic value per share will be diluted may suffer unexpected losses due to stock price fluctuations.

If unequal conditions are imposed on the exercise or acquisition of the Stock Acquisition Rights, legal rights or other rights of a Large-Scale Acquirer may be diluted upon the exercise or acquisition. However, even in such case, it is not anticipated that it will have a direct specific impact on the legal rights and economic interests in all of the Company's shares held by shareholders and investors other than the Large-Scale Acquirer.

(3) Necessary procedures for shareholders upon exercise or acquisition of the Stock Acquisition Rights after allotment of the Stock Acquisition Rights without contribution is commenced

If the Board of Directors of the Company passes a resolution for the allotment of the Stock Acquisition Rights without contribution as countermeasures, the Company will give a public notice of the record date of such allotment of the Stock Acquisition Rights without contribution.

Also, the Company will allot the Stock Acquisition Rights without consideration to the respective shareholders that are registered or recorded in the Company's register of shareholders as at the close of the record date of such allotment.

Further, the Company will disclose or notify to shareholders the details of the methods of allotment and exercise, as well as the method of acquisition by the Company, after passing the resolution of the Board of Directors of the Company for countermeasures. Shareholders are requested to check these details at that time.

5. Others

The Board of Directors of the Company continues to monitor future judicial ruling trends and responses, etc. of securities exchanges and other public agencies, and amendments to the Companies Act, the Financial Instruments and Exchange Act or listing rules, etc. of each securities exchange, and enactment and abolishment of other laws and regulations, and will make appropriate arrangement from time to time, including necessary examination to the policy of countermeasures or introducing alternative defense measures to replace the policy of countermeasures, from the viewpoint of protecting or enhancing the corporate value of the Company and, in turn, the common interests of shareholders.

Notes: 1. Share Certificates, etc. (including shares without certificates and other rights) as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout

this document. If the Companies Act, the Financial Instruments and Exchange Act and related regulations, cabinet order, cabinet office ordinance and ordinance, etc. are amended (including amendments to the names of laws and regulations, and enactments of new laws and regulations succeeding the current laws and regulations) and implemented, unless otherwise determined by the Board of Directors of the Company, each provision and term of these laws and regulations referred to in the New Plan shall be applied mutatis mutandis by replacing such provisions and terms with those used in the laws and regulations which substantially succeeded the laws and regulations before amendment.

2. Holding Ratio of Share Certificates, etc. as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.
   In calculating the Holding Ratio of Share Certificates, etc., the annual securities report, the quarterly report or the treasury stock purchase report of the Company, whichever document has been most recently filed to the authorities, may be referred to in deciding the Total Number of Issued Shares (Provided in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.).
3. A Holder as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including a person deemed as a holder pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.
4. Tender Offer as defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.
5. Ownership Ratio of Share Certificates, etc. as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.
   In calculating the Ownership Ratio of Share Certificates, etc., the annual securities report, the quarterly report or the treasury stock purchase report of the Company, whichever document has been most recently filed to the authorities, may be referred to in deciding the Total Number of Voting Rights (Provided in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.).
6. Share Certificates, etc. (including shares without certificates and other rights) as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. The same is applied hereinafter in 2.
7. Persons in Special Relationship as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. However, persons provided for in Article 3, Paragraph 2 of the Cabinet Office Ordinance concerning Disclosure of a Tender Offer of Share Certificates, etc. by Persons other than the Issuing Company are excluded from the persons referred to in Article 27-2, Paragraph 7, Item 1 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, the same is applied throughout this document.
8. Important Proposal Acts, etc. as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Ordinance concerning Disclosure of the Status of Large-Scale Holding of Share Certificates, etc. Unless otherwise provided for herein, this definition is applied throughout this document.
9. Business Day means any day other than those set forth in each item of Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs. Unless otherwise provided for herein, this definition is applied throughout this document.

(Exhibit 1)

Status of Shares of the Company (as of March 31, 2017)

1. Total number of issuable shares: 93,500,000 shares
2. Total number of issued shares: 60,662,652 shares
3. The status of major shareholders:

Name of shareholders	Number of shares held	Shareholding ratio
TAMURA Co., Ltd.	4,528 thousand shares	7.95%
The Hokuriku Bank, Ltd.	2,831 thousand shares	4.97%
TAKU Co., Ltd.	2,122 thousand shares	3.73%
Yuichi Tamura	1,809 thousand shares	3.18%
NIPRO CORPORATION	1,321 thousand shares	2.32%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/HENDERSON HHF SICAV	906 thousand shares	1.59%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	899 thousand shares	1.58%
The Master Trust Bank of Japan, Ltd. (Trust Account)	820 thousand shares	1.44%
Japan Trustee Services Bank, Ltd. (Trust Account)	801 thousand shares	1.41%
MEDIPAL HOLDINGS CORPORATION	734 thousand shares	1.29%

Note: The shareholding ratio is calculated by subtracting treasury shares (3,687,730 shares).

(Exhibit 2)

Types of Acquisition Considered to be Seriously Detrimental to the Corporate Value of the Company and the Common Interests of Shareholders

(1) Where a Large-Scale Acquirer is considered to be acquiring or attempting to acquire the Company's share certificates, etc. for the purpose of rising the share price and making the Company or its related parties purchase those share certificates, etc. at an inflated price, with no real intention to participate in the Company's management (so-called greenmailer);

(2) Where a Large-Scale Acquirer is considered to be acquiring the Company's share certificates, etc., for the purpose of gaining temporal control of the Company's management in order to transfer to the relevant Large-Scale Acquirer or its group companies, etc., the assets of the Company or its group companies, such as intellectual property, know-how, trade secret, main business partners and customers, which are necessary for the Company or its group companies' business operations;

(3) Where a Large-Scale Acquirer is considered to be acquiring the Company's share certificates, etc. for the purpose of diverting the assets of the Company or its group companies to provide collateral for, or to make repayment of, the indebtedness of the relevant Large-Scale Acquirer or its group companies after taking control of the Company's management;

(4) Where a Large-Scale Acquirer is considered to be acquiring the Company's share certificates, etc., for the purpose of gaining temporal control of the Company's management in order to dispose of high value assets such as real estate and securities of no immediate relation to the business of the Company or its group companies by sale, and to declare one-time high dividends with the proceeds from such disposals or to sell the Company's share certificates, etc. at high price taking the opportunity of sharp rise in share price due to the one-time high dividends;

(5) Where the conditions of acquisition of the Company's share certificates, etc. proposed by a Large-Scale Acquirer (including, without limitation, the type and amount of consideration, basis for calculation of such amount, any other specific details of the conditions (including time and method of such acquisition), presence or absence of illegality and feasibility, etc. of the acquisition) are considered to be significantly insufficient or inadequate in light of the Company's corporate value;

(6) Where the method of acquisition of the Company's share certificates, etc. proposed by a Large-Scale Acquirer is considered likely to restrict the shareholders' opportunities or discretion to make decisions and practically coerce shareholders to sell their share certificates, etc. of the Company, such as in the cases of so-called coercive two-step acquisition (e.g. the Large-Scale Acquirer initially effects a tender offer or other method of purchase by not targeting all of share certificates, etc. of the Company, with conditions for the second step acquisition left unfavorable or equivocal);

(7) Where the acquisition of control by the Large-Scale Acquirer is considered likely to be material threat to the protection or enhancement of corporate value of the Company, and in turn, the common interests of shareholders, including the cases in which the Company's corporate value including the interests of the shareholders, customers, employees, and other stakeholders, and in turn, the common interests of the shareholders, are expected to be seriously damaged;

(8) Where it is considered that, on a medium- to long-term basis, the Company's future corporate value in the case of the Large Scale Acquirer gaining control will be significantly lower than that in the case of not gaining control;

(9) Where the Large-Scale Acquirer is considered to be materially inadequate as a controlling shareholder of the Company in terms of public order and good morals; and

(10) Cases similar to (1) to (9) above which are considered to be seriously detrimental to the corporate value of the Company, and in turn, the common interests of shareholders.

(Exhibit 3)

Outline of Allotment of the Stock Acquisition Rights without Contribution

1. Total number of the Stock Acquisition Rights to be allotted
   The total number of the Stock Acquisition Rights to be allotted shall be equal to the number of the total number of issued common stock of the Company as at the close of a certain date designated separately by the Board of Directors of the Company (the "Allotment Date") in its resolution regarding the allotment of the Stock Acquisition Rights without contribution (the "Resolution for Allotment of Stock Acquisition Rights without Contribution"), excluding the number of common stock of the Company held by the Company at such time.
2. Shareholders eligible for allotment
   The Company shall allot the Stock Acquisition Rights without contribution to the shareholders recorded in its register of shareholders as at the close of the Allotment Date designated by the Board of Directors of the Company, at a ratio of one Stock Acquisition Right per one share of the Company's common stock held by them (excluding the Company's common stock held by the Company at such time).
3. Effective date of allotment of the Stock Acquisition Rights without contribution
   It shall be the day determined separately by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution.
4. Class and number of shares underlying the Stock Acquisition Rights
   The class of shares underlying the Stock Acquisition Rights shall be the Company's common stock, and the number of shares underlying each Stock Acquisition Right (the "Underlying Number of Shares") shall be the number separately determined by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution provided that the Underlying Number of Shares shall not exceed one. However, if the Company conducts any stock split or reverse stock split, it shall be adjusted as necessary.
5. The amount to be contributed upon exercise of the Stock Acquisition Rights
   The properties to be contributed upon exercise of the Stock Acquisition Rights shall be cash, and the amount to be contributed shall be not less than one yen and determined by the Board of Directors of the Company.
6. Restrictions on transfer of the Stock Acquisition Rights
   Transfer of the Stock Acquisition Rights shall be subject to the approval of the Board of Directors of the Company.
7. Condition for exercise of the Stock Acquisition Rights
   Any of (i) Specified Large-Scale Holders (Note 1), (ii) joint holders of Specified Large-Scale Holders, (iii) Specified Large-Scale Acquirers (Note 2), (iv) Persons in Special Relationship with the Specified Large-Scale Acquirers or (v) persons who purchased or succeed to the Stock Acquisition Rights from a person falling under any of (i) through (iv) above without an approval of the Board of Directors of the Company, or (vi) Affiliated Persons (Note 3) of a person falling under any of (i) through (v) above (any of these persons are collectively referred to as the "Non-Qualified Person") may not exercise the Stock Acquisition Rights. The details of conditions for exercise of the Stock Acquisition Rights shall be determined separately in the Resolution for Allotment of Stock Acquisition Rights without Contribution.
8. Acquisition of the Stock Acquisition Rights by the Company
   The Company is entitled to acquire the Stock Acquisition Rights held by persons other than the Non-Qualified Persons on the day designated separately by the Board of Directors of the Company and, in exchange for each Stock Acquisition Right, deliver the common stock of the Company in the number equal to the Underlying Number of Shares as of the acquisition date.
   The details of acquisition clause of the Stock Acquisition Rights shall be determined separately in the Resolution for Allotment of Stock Acquisition Rights without Contribution.
9. Acquisition without consideration in the case of a suspension, etc. of implementation of countermeasures
   If the Board of Directors of the Company resolves to suspend or withdraw the once-implemented countermeasures or in the event otherwise determined separately by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution, the Company would be entitled to acquire all the Stock Acquisition Rights without consideration.
10. Issuance of the Stock Acquisition Rights
    No certificates for the Stock Acquisition Rights shall be issued.

11. Exercise period, etc. of the Stock Acquisition Rights

The exercise period of the Stock Acquisition Rights and other necessary items shall be determined separately by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution.

Notes:

1. "Specified Large-Scale Holder" means a person who is a holder of share certificates, etc. issued by the Company, and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is 20% or more or, in the judgment of the Board of Directors of the Company, any person considered to become such holder; provided, Provided, however, any person the Board of Directors of the Company considers whose acquisition and holding of share certificates, etc. of the Company does not harm the corporate value of the Company, and in turn, the common interests of shareholders or any other person designated separately by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution shall be excluded.
2. "Specified Large-Scale Acquirer" means a person who has made a public notice of acquisition, etc. of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; hereinafter the same in this (Note 2)) issued by the Company by way of a tender offer (as defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act), and whose ownership ratio of share certificates, etc. in respect of such share certificates, etc. owned by such person (including those in similar status as set forth in Article 7, Paragraph 1 of the Enforcement Order of the Financial Instruments and Exchange Act) after such acquisition, etc. is 20% or more when aggregated with the ownership ratio of share certificates, etc. of Persons in Special Relationship with such person or any person considered to become a Specified Large-Scale Acquirer by the Board of Directors of the Company.

   Provided, however, any person the Board of Directors of the Company considers whose acquisition and holding of share certificates, etc. of the Company does not harm the corporate value of the Company, and in turn, the common interests of shareholders or any other person designated separately by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution shall be excluded.
3. An "Affiliated Person" means a person who is substantially controlling, being controlled by, or being under the common control with such person (including persons considered to fall under such person by the Board of Directors of the Company), or a person who is considered by the Board of Directors of the Company to act in concert with such person. "Control" means "a situation where a person controls decisions of the financial and business policies" (as set forth in Article 3, Paragraph 3 of the Ordinance for Enforcement of the Companies Act) of another company or entity.

(Exhibit 4)

Outline of the Rules of the Independent Committee

1. Establishment
   The Independent Committee shall be established by the resolution of the Board of Directors of the Company.
2. Composition
   (1) The Independent Committee shall consist of three or more members.
   (2) The members shall be selected from external directors, external statutory auditors and external experts, etc. who are independent of the management that executes business operations of the Company.
   (3) The Independent Committee shall have a chairperson, who shall be appointed based on an internal vote among the committee members. The chairperson of the Independent Committee shall chair the meetings of the Independent Committee.
3. Duties
   The Independent Committee shall determine the recommendations in respect of, in general, the matters consulted by the Board of Directors of the Company, and provide advice and recommendations to the Board of Directors of the Company with the reason thereof. The Board of Directors of the Company shall make the final decision with full respect for such recommendation.
   Each member of the Independent Committee shall make such decision from the viewpoint of whether or not the subject matter contributes to the corporate value of the Company, and in turn, the common interests of shareholders, and shall not solely pursue personal interests of himself or the Board of Directors of the Company.
   The Independent Committee shall endeavor to collect necessary and sufficient information in order to ensure that appropriate decisions are made, and may obtain specialized advice, if necessary, from independent third parties (financial advisers, security firms, investment banks, attorneys, certified public accountants, consultants and other external experts, etc.) at the Company's expense.
4. Requirements of resolutions
   Resolutions of the Independent Committee shall be in general made by a majority of members present, with the attendance of all members. If any of the members are unable to attend or there is any inevitable reason, resolutions shall be made by a majority of members present, with the attendance of majority of all members.

(Exhibit 5)

Career Summary of the Independent Committee Members

Shigeo Takagi
(Career summary)
April 2, 1948

Apr. 1971	Joined The Hokuriku Bank, Ltd.
June 1998	Board Member of The Hokuriku Bank, Ltd.
June 2002	Representative Executive and President of The Hokuriku Bank, Ltd.
Sept. 2003	Representative Executive and President of Hokugin Financial Group, Inc. (present Hokuhoku Financial Group, Inc.)
Feb. 2011	Outside Board Member of the Company (present position)
June 2013	Special Advisor, The Hokuriku Bank, Ltd.
Nov. 2013	President of the Toyama Chamber of Commerce and Industry (present position)
July 2016	Supreme Advisor, The Hokuriku Bank, Ltd. (present position)

Hideki Sakai
(Career summary)
September 19, 1962

Apr. 1992	Research Fellowship for young scientists of Japan Society for the Promotion of Science
Aug. 1992	Assistant of Toyama Medical and Pharmaceutical University
Sept. 1996	Long-term Staff Researcher of Ministry of Education
May 1998	Assistant Professor of Toyama Medical and Pharmaceutical University
Feb. 2005	Professor, Pharmaceutical Department of Toyama Medical and Pharmaceutical University
Apr. 2006	Professor, Graduate School of Medicine and Pharmaceutical Sciences of University of Toyama (present position)
Oct. 2013	Deputy Dean, Faculty of Pharmacy and Pharmaceutical Sciences of University of Toyama (present position)
June 2014	Outside Board Member of the Company (present position)

Hajime Imamura
(Career summary)
November 19, 1955

Apr. 1984	Registered Toyama-ken Bar Association (present position)
Feb. 1994	Outside Auditor of the Company (present position)
Jan. 1998	Founded Imamura Law Office Representative of Imamura Law Office (present position)

Hajime Imamura will resign as outside company auditor, as stipulated in Article 2, Item 16 of the Companies Act, and assume the office of outside director, as stipulated in Article 2, Item 15 of the Companies Act.

Hitoshi Hori
(Career summary)
July 27, 1953

Aug. 1982	Registered as Certified Public Accountant (present position)
Sept. 1985	Registered as Tax Accountant (present position)
Aug. 2002	Founded Hori Tax Accountant Corporation Representative of Hori Tax Accountant Corporation (present position)
Feb. 2005	Outside Auditor of the Company (present position)

Ko Sato
(Career summary)
January 4, 1950

Oct. 1975	Joined Fuso Audit Corporation

Mar. 1979	Registered as Certified Public Accountant (present position)
Aug. 1997	Representative of Chuo Audit Corporation
Aug. 2007	Representative of KPMG AZSA & Co.
June 2012	Resigned from KPMG AZSA LLC
July 2012	General Manager of Certified Public Accountant Sato Ko Office (present position)
Sept. 2012	Registered as Tax Accountant (present position)
June 2014	Outside Auditor of the Company (present position)