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(Stock Exchange Code 4914)
June 5, 2017

To Shareholders with Voting Rights:

Satoshi Masumura
President and Chief Executive Officer
TAKASAGO INTERNATIONAL CORPORATION
5-37-1, Kamata, Ota-ku, Tokyo, JAPAN

NOTICE OF THE 91ST ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

You are cordially invited to attend the 91st Annual General Meeting of Shareholders of TAKASAGO INTERNATIONAL CORPORATION (the "Company," with its subsidiaries, the "Group"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights by either of the following methods. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Tuesday, June 27, 2017, Japan time.

[Exercise of voting rights by postal mail]
Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by the above deadline.

[Exercise of voting rights via electromagnetic means (the Internet, etc.)]
Please enter your vote for or against the proposals upon reviewing the "Guide to the Exercise of Voting Rights" (in Japanese) provided as follows.

1. **Date and Time:** Wednesday, June 28, 2017 at 10:00 a.m. Japan time
2. **Place:** Nissay Aroma Square 17th floor
   Conference room of the Corporate Headquarters, located at
   5-37-1, Kamata , Ota-ku, Tokyo, JAPAN
   (Please refer to Access Map at the end of this notice to the venue of the Meeting.)
3. **Meeting Agenda:**

Matters to be reported:
(1) The Business Report, Consolidated Financial Statements for the Company's 91st Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits by the Accounting Auditor and the Board of Corporate Auditors (Audit & Supervisory Board Members) of the Consolidated Financial Statements
(2) Non-consolidated Financial Statements for the Company's 91st Fiscal Year (April 1, 2016 - March 31, 2017)

Proposals to be resolved:

Proposal 1:	Dividends of Surplus
Proposal 2:	Election of ten (10) Directors
Proposal 3:	Election of one (1) Corporate Auditor
Proposal 4:	Payment of Bonuses to Directors and Corporate Auditors
Proposal 5:	Revision of Amount of Remuneration to Directors and Corporate Auditors
Proposal 6:	Determination of the Amount of Remuneration in the Restricted Stock Compensation Plan for Directors

4. Decisions concerning Convocation

(1) If you do not indicate your vote for or against each proposal on the Voting Rights Exercise Form (or abstain from voting), you will be deemed to have approved the relevant proposal(s).

(2) Treatment of multiple exercises of voting rights

1) If you exercise your voting rights both in writing and via the Internet, the vote via the Internet will be deemed valid.

2) If you exercise your voting rights more than once via the Internet, the final vote will be deemed valid.

5. Others related to this Notice

(1) Of the documents to be listed in this notice, the following items are posted in "Matters Disclosed on the Internet related to the Notice of the 91st Annual General Meeting of Shareholders" on the Company's website (http://www.takasago.com/ja/ir/) (in Japanese), pursuant to the relevant laws and regulations and the Articles of Incorporation, and are therefore not included in the attachments.

1) Following items in the Business Report
A portion of "(3) Efforts to prevent the Company's decisions on financial and business policies from being controlled by inappropriate persons in light of the basic policy ≪Anti-takeover Measures≫" and "(4) Judgment of the Board of Directors of the Company on Anti-takeover Measures in (3) and the reasons for such judgment" listed in "7. Basic policy regarding the persons who control the Company's decisions on financial and business policies"

2) Consolidated Statements of Changes in Net Assets

3) Notes to the Consolidated Financial Statements

4) Statements of Changes in Net Assets

5) Notes to the Non-consolidated Financial Statements

The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Corporate Auditors and the Accounting Auditor consist of the documents provided in the attachments of this Notice as well as items posted on the Company's website mentioned above.

(2) Should the Reference Documents for the General Meeting of Shareholders and the attachments require revisions, they will be posted on the Company's website (http://www.takasago.com/).

Proposals and References

Proposal 1:	Dividends of Surplus	Page 3
Proposal 2:	Election of ten (10) Directors	Page 4
Proposal 3:	Election of one (1) Corporate Auditor	Page 9
Proposal 4:	Payment of Bonuses to Directors and Corporate Auditors	Page 9
Proposal 5:	Revision of Amount of Remuneration to Directors and Corporate Auditors	Page 10
Proposal 6:	Determination of the Amount of Remuneration in the Restricted Stock Compensation Plan for Directors	Page 10

Proposal 1: Dividends of Surplus

Although the surrounding business environment remains harsh, the Company will strive to maintain a stable dividend in line with its basic policy to return profits appropriately to its shareholders while expanding its business earnings and strengthening its management base from a long-term perspective as a global company. The Company proposes that the ordinary dividend for the term-end of the fiscal year under review be **¥30.00 per share** in consideration of financial conditions and other factors. As a result, the full-year dividend for the fiscal year under review including the interim dividend will be ¥50.00 per share.

(1) Type of dividend property
Cash

(2) Matters concerning the allotment of dividend property to shareholders and the total amount
Amount per common stock: **¥30.00**
Total amount: **¥592,113,480**

(3) Effective date of dividends of surplus
Thursday, June 29, 2017

Proposal 2: Election of ten (10) Directors

The terms of office of all of the ten (10) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of ten (10) Directors is proposed.

The candidates are as follows:

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions, assignments
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">1</td><td>Satoshi Masumura
(October 20, 1958)</td><td>April 1983 Joined the Company
April 2003 General Manager, First Department, Flavor Laboratory, Flavors Division
April 2008 General Manager, Flavor Laboratory, Corporate Research and Development Division
July 2012 Vice President; General Manager, Corporate Research and Development Division
June 2013 Director; Senior Vice President; General Manager, Corporate Research and Development Division
May 2014 President and Chief Executive Officer; General Manager, Corporate Research and Development Division and General Manager, EHS Headquarters
June 2014 President, Takasago West Japan Co., Ltd. (to present)
June 2016 President and Chief Executive Officer; General Manager, EHS Division; Head of Human Resources & General Affairs Division (to present)</td><td>3,400</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Director]
Mr. Satoshi Masumura has years of operational experience mainly in the research and development division and has served in prominent positions as a manager in the said division. Having been involved in the management of the Company as a Director since June 2013, and as President and Chief Executive Officer since May 2014, he has properly executed his duties. The Company, for this reason, believes that he is qualified to successfully fulfill the responsibility as the Company's Director, and requests that he be reelected.</td></tr>
<tr><td rowspan="2">2</td><td>Ryoji Noyori
(September 3, 1938)
[External Director]
[Independent Officer]</td><td>August 1972 Professor, School of Science, Nagoya University
January 1997 Dean, Graduate School of Science and School of Science, Nagoya University (concurrently served)
June 2001 Director, the Company (to present)
December 2001 Received the Nobel Prize in Chemistry
October 2003 Designated Professor, Nagoya University
October 2003 President, RIKEN, an incorporated administrative agency
October 2004 Distinguished Professor, Nagoya University (to present)
June 2015 Director-General, Center for Research and Development Strategy, Japan Science and Technology Agency, a national research and development agency (to present)
June 2015 Outside Director, Toray Industries, Inc. (to present)
[Significant concurrent positions]
・Outside Director, Toray Industries, Inc.</td><td>2,000</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for External Director]
As an expert in organic synthetic chemistry, Mr. Ryoji Noyori has long been engaged in research activities and has experience in organization management after having served in prominent positions at research institutions. The Company believes that his objective advice based on his experience and knowledge as a researcher will enhance the Company's business competitiveness and corporate value. He has been involved in the management of the Company as an External Director since June 2001. Accordingly, the Company believes that he is qualified to properly fulfill the responsibility of an External Director, and requests that he be reelected.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, assignments
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">3</td><td>Hironori Kasamatsu
(October 28, 1955)</td><td>April 1978
March 1997
March 1999

March 2003

March 2006

March 2008

June 2008
June 2010
July 2012

June 2013

June 2015</td><td>Joined Nippon Life Insurance Company
President, Nippon Life (Deutschland) GmbH
President, London Representative Office, Nippon Life Insurance Company
General Manager, Securities Operations Dept., Nippon Life Insurance Company
General Manager, Treasury & Capital Markets Dept., Nippon Life Insurance Company
General Manager, Affiliated Business Dept., Nippon Life Insurance Company
Full-time Corporate Auditor, the Company
Vice President
Senior Vice President; Deputy General Manager, Corporate Strategy and Planning Division
Director; Senior Vice President; General Manager, Administrative Division
Director; Senior Vice President; General Manager, Administrative Division; Head of Audit & Inspection Department and Legal & Intellectual Property Department (to present)</td><td>2,700</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Mr. Hironori Kasamatsu has years of operational experience in the finance division and has served in prominent positions as a manager in the securities and finance divisions in Japan and overseas. Having been involved in the management of the Company as a Director since June 2013, he has properly executed his duties. The Company, for this reason, believes that he is qualified to successfully fulfill the responsibility as the Company’s Director, and requests that he be reelected.</td></tr>
<tr><td rowspan="2">4</td><td>Takashi Matsuo
(December 19, 1953)</td><td>June 1980
September 1993
April 2004
June 2006
June 2010

June 2013
December 2013

June 2014

April 2015</td><td>Joined the Company
Executive Vice President, Takasago De Mexico S.A. De C.V.
General Manager, First Flavors Sales Department, the Company
General Manager, Information System Department
Vice President; Deputy General Manager, Flavors Department, Sales Division
President, Takasago Food Products Co., Ltd.
Vice President; General Manager, Production Division, the Company
Director; Senior Vice President; General Manager, Production Division, the company
Director; Senior Vice President; General Manager, Production & Procurement Division (to present)</td><td>3,000</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Mr. Takashi Matsuo has years of operational experience in the flavors division and the supply chain division and has served in prominent positions as a manager in the said divisions. Having been involved in the management of the Company as a Director since June 2014, he has properly executed his duties. The Company, for this reason, believes that he is qualified to successfully fulfill the responsibility as the Company’s Director, and requests that he be reelected.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions, assignments
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">5</td><td>Hisaya Fujiwara
(September 5, 1955)</td><td>April 1980 Joined the Company
April 2003 Representative Director, Takasago Europe Perfumery Laboratory S.A.R.L.
June 2006 General Manager, Purchasing Raw Materials Department, the Company
April 2009 General Manager, Accounting Department and General Manager, Purchasing Department
July 2010 General Manager, Fragrances Division
June 2012 Vice President; General Manager, Fragrances & Aroma Chemicals Division
October 2012 President, Takasago International Corp. (U.S.A.) (to present)
June 2014 Director; Senior Vice President, the Company (to present)
[Significant concurrent positions]
・President, Takasago International Corp. (U.S.A.)</td><td>3,500</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Director]
Mr. Hisaya Fujiwara has years of operational experience mainly in the fragrances division and has served in prominent positions as a manager of overseas subsidiaries. Having been involved in the management of the Company as a Director since June 2014, he has properly executed his duties. The Company, for this reason, believes that he is qualified to successfully fulfill the responsibility as the Company’s Director, and requests that he be reelected.</td></tr>
<tr><td rowspan="2">6</td><td>Alfredo A.
Asuncion Jr.
(September 28, 1955)</td><td>July 1977 Joined Unilever Philippines, PRC
January 1984 Joined Chromium Industries of the Philippines
February 1986 Joined Takasago Import-Export Corporation (Philippines)
January 1991 General Manager, Takasago Import-Export Corporation (Philippines)
February 1996 Deputy General Manager, Fragrances Sales Department, the Company
February 1999 Director & General Manager, Takasago International (Singapore) Pte. Ltd.
October 2002 President, Takasago International (Singapore) Pte. Ltd. (to present)
January 2007 Vice President, the Company
June 2013 Senior Vice President
June 2015 Director, Senior Vice President (to present)
[Significant concurrent positions]
・President, Takasago International (Singapore) Pte. Ltd.</td><td>2,700</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Director]
Mr. Alfredo A. Asuncion Jr. has years of operational experience mainly at the Group’s bases in South East Asia and has served in prominent positions as a manager of overseas subsidiaries. Having been involved in the management of the Company as a Director since June 2015, he has properly executed his duties. The Company, for this reason, believes that he is qualified to successfully fulfill the responsibility as the Company’s Director, and requests that he be reelected.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, assignments
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">7</td><td>Tatsuya Yamagata
(July 27, 1963)</td><td>April 1986
April 2003
July 2008

July 2010

June 2013
July 2014

June 2015

June 2016</td><td>Joined the Company
President, Takasago Europe Gmbh
General Manager, Flavors GSPC Office, Global Management Headquarter and General Manager, Coffee Business Promotion Department, Flavors Division, the Company
President, Shanghai Takasago-Union Fragrances & Flavors Co., Ltd.
Vice President, the Company
Vice President; Deputy General Manager, Corporate Strategy & Planning Division
Director; Senior Vice President; General Manager, Corporate Strategy & Planning Division and Deputy General Manager, EHS Division
Director; Senior Vice President; General manager, Corporate Strategy & Planning Division and Deputy General Manager, EHS Division and General Manager, Corporate Strategy & Planning Department and General Manager, Global Quality Assurance Headquarter; Head of Quality Assurance Department and Information System Department (to present)</td><td>1,400</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Mr. Tatsuya Yamagata has years of operational experience mainly in the flavors division and has served in prominent positions as a manager in the administrative division as well as at overseas subsidiaries. Having been involved in the management of the Company as a Director since June 2015, he has properly executed his duties. The Company, for this reason, believes that he is qualified to successfully fulfill the responsibility as the Company’s Director, and requests that he be reelected.</td></tr>
<tr><td rowspan="2">8</td><td>Kenichi Somekawa
(November 3, 1964)</td><td>April 1987
April 2003
July 2008
June 2013
June 2014
June 2015
June 2015</td><td>Joined the Company
General Manager, Fourth Flavors Sales Department
President, Takasago Europe Gmbh
Vice President, the Company
Vice President; Deputy General Manager, Flavors Division
President, Takasago Food Products Co., Ltd.
Director; Senior Vice President; General Manager, Flavors Division; Head of Branch Office Management, the Company (to present)</td><td>1,400</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Mr. Kenichi Somekawa has years of operational experience mainly in the flavors division and has served in prominent positions as a manager of subsidiaries in Japan and overseas. Having been involved in the management of the Company as a Director since June 2015, he has properly executed his duties. The Company, for this reason, believes that he is qualified to successfully fulfill the responsibility as the Company’s Director, and requests that he be reelected.</td></tr>
<tr><td rowspan="2">9</td><td>Fumihiro Yanaka
(January 19, 1962)</td><td>April 1984
April 2005
April 2008
July 2012
June 2014
June 2016</td><td>Joined the Company
General Manager, Second Department, Flavor Laboratory
Director, Takasago International (Singapore) Pte. Ltd.
General Manager, Flavor Laboratory, the Company
Vice President
Director; Senior Vice President; General Manager, Corporate Research and Development Division (to present)</td><td>4,500</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Mr. Fumihiro Yanaka has years of operational experience mainly in the research and development division and has served in prominent positions as a manager of the said division including at overseas bases. Having been involved in the management of the Company as a Director since June 2016, he has properly executed his duties. The Company, for this reason, believes that he is qualified to successfully fulfill the responsibility as the Company’s Director, and requests that he be reelected.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions, assignments
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">10</td><td>[New appointment]

Komei Matsuda
(October 14, 1964)
[External Director]
[Independent Officer]</td><td>April 1993 Registered as an Attorney-at-law (45th term)
April 1997 Established Matsuda Sogo Law Office
October 2006 Partner Attorney, Risolute Law Office (to present)
April 2008 Lecturer, Law School, Keio University
April 2011 Practicing-attorney-professor for civil advocacy, Legal Training and Research Institute, Supreme Court
March 2014 Retired as Practicing-attorney-professor, Legal Training and Research Institute, Supreme Court
April 2016 Lecturer, Law School, Seikei University (to present)
[Significant concurrent positions]
・Partner Attorney, Risolute Law Office</td><td>0</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for External Director]
As a legal professional, Mr. Komei Matsuda, has extensive knowledge of laws related to corporate activities through years of operational experience in the field of corporate legal affairs. The Company believes that his objective advice based on his experience and knowledge as a legal professional is highly valuable for the Company to ensure transparency and improve management oversight. Although he has no experience of being directly involved in corporate management, the Company, for this reason, believes that he is qualified to properly fulfill the responsibility as an External Director, and requests that he be elected.</td></tr>
</table>

(Notes)

1. There are no special interests between the candidates and the Company.
2. Candidates for External Directors:
   Messrs. Ryoji Noyori and Komei Matsuda are candidates for External Directors. Mr. Ryoji Noyori will have served as a Director of the Company for sixteen (16) years at the conclusion of this General Meeting of Shareholders.
3. Relationship with companies where significant concurrent positions are held:
   Mr. Satoshi Masumura is to leave his post as President of Takasago West Japan Co., Ltd. on June 23, 2017.
   Mr. Ryoji Noyori concurrently serves as an Outside Director of Toray Industries, Inc. There are no special relationships between Toray Industries, Inc. and the Company.
   Mr. Komei Matsuda concurrently serves as a Partner Attorney of Risolute Law Office. The Company has entered into an advisory agreement with another attorney of Risolute Law Office, of which Mr. Komei Matsuda is one of the members. Total transaction amounts between Risolute Law Office and the Company for the 91st fiscal year was approximately ¥3,350,000.
4. Limited liability agreement:
   The Company has entered into an agreement with Mr. Ryoji Noyori to limit his liability pursuant to Article 423 Paragraph 1 of the Companies Act. The maximum amount of liability under this agreement is the minimum amount of liability stipulated in Article 425 Paragraph 1 of the Companies Act. If his reelection is approved, the Company intends to extend the aforementioned limited liability agreement with him. In addition, when the election of Mr. Komei Matsuda is approved, the Company intends to enter into a similar limited liability agreement with him.
5. Candidates for Independent Officers:
   Messrs. Ryoji Noyori and Komei Matsuda are candidates for Independent Officers in accordance with the provisions of the Tokyo Stock Exchange, Inc.

Proposal 3: Election of one (1) Corporate Auditor

Corporate Auditor Shigeki Kawabata will retire by resignation at the conclusion of this General Meeting of Shareholders. Accordingly, the election of one (1) Corporate Auditor is proposed.

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

The candidate is as follows:

Name (Date of birth)	Past experience, positions, assignments and significant concurrent positions		Number of shares of the Company held
[New appointment] Hitoshi Kondo (June 1, 1954)	April 1983	Joined the Company	1,700
	April 2001	Associate Deputy General Manager, Research & Development Promotion Department	
	April 2005	Executive Vice President, Takasago Europe Perfumery Laboratory S.A.R.L.	
	July 2008	Associate Officer, the Company	
	October 2008	President, Takasago International Chemicals (Europe), S.A. (to present)	
	March 2009	Vice President, the Company (to present)	
[Reason for nomination as candidate for Corporate Auditor] Mr. Hitoshi Kondo has years of operational experience mainly in the research and development division and has served in prominent positions as a manager of overseas subsidiaries. Having been involved in the management of the Company as a Vice President since March 2009, he has properly executed his duties. The Company, for this reason, believes that he is qualified to properly fulfill the responsibility as the Company's Corporate Auditor, and requests that he be elected.			

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Hitoshi Kondo is to retire as Vice President of the Company and President of Takasago International Chemicals (Europe), S.A. at the conclusion of this Annual General Meeting of Shareholders.

Proposal 4: Payment of Bonuses to Directors and Corporate Auditors

The Company proposes that it shall pay bonuses to nine (9) Directors, excluding External Directors, and three (3) Corporate Auditors in office at the end of the fiscal year under review in the total amount of ¥16,790,000 (¥12,590,000 for Directors and ¥4,200,000 for Corporate Auditors), taking into consideration the Company's business performance and other factors during the fiscal year under review.

Proposal 5: Revision of Amount of Remuneration to Directors and Corporate Auditors

The maximum total amount of remuneration to Directors was determined by a resolution of the 75th Annual General Meeting of Shareholders held on June 28, 2001 to be ¥20 million or less monthly; and the maximum total amount of remuneration to Corporate Auditors was determined by a resolution of the 65th Annual General Meeting of Shareholders held on June 27, 1991 to be ¥5 million or less monthly. In order to enable the Company to implement flexible and agile remuneration policies throughout the year, the Company proposes to revise the maximum amount of remuneration to Directors and Corporate Auditors from a monthly basis to an annual basis; ¥240 million or less annually for Directors (including ¥40 million or less annually for External Directors) and ¥60 million or less annually for Corporate Auditors.

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

Currently, the number of Directors is ten (10) (including one (1) External Director), and will be ten (10) (including two (2) External Directors), if Proposal 2 is approved as originally proposed. In addition, the number of Corporate Auditors is currently three (3) (including three (3) External Corporate Auditors), and will be three (3) (including two (2) External Corporate Auditors), if Proposal 3 is approved as originally proposed.

Proposal 6: Determination of the Amount of Remuneration in the Restricted Stock Compensation Plan for Directors

The Company, for the purposes of further promoting the shared value between the Directors and the shareholders, and establishing a remuneration system that contributes to the enhancement of corporate value in the medium- to long-term, proposes to introduce the Restricted Stock Compensation Plan (the "Plan") for Directors excluding External Directors (the "Eligible Directors") as follows.

The Company, therefore, proposes to set the maximum amount of monetary compensation receivables for the allocation of restricted stock to Eligible Directors of the Company under the Plan to be ¥100 million or less annually, as deemed reasonable in light of the objectives of the introduction of the Plan. The said monetary compensation receivables are to be granted separately from the amount of remuneration to Directors in Proposal 5. The specific amount to be allocated to each Director shall be discussed and determined at the Board of Directors' meeting attended by External Directors and External Corporate Auditors with independence.

Currently, the number of Directors is ten (10) (including one (1) External Director), and will be ten (10) (including two (2) External Directors), if the proposal 2 is approved as originally proposed.

Outline of the Plan

(1) Overview

Under the Plan, the Company shall grant Eligible Directors monetary compensation receivables for the allocation of restricted stock based on the resolution of the Board of Directors of the Company, and shall issue or dispose of the Company's common stock to the Eligible Directors and allow them to hold such shares ("Allocated Shares"), while the Eligible Directors shall make in-kind contribution of all the monetary compensation receivables as contributed assets.

For the purpose of the aforementioned issuance or disposal of Allocated Shares, a restricted stock allocation agreement related to the Plan ("Allocation Agreement") shall be conducted between the Company and each Eligible Director. Eligible Directors shall not be allowed to transfer or otherwise dispose of Allocated Shares during a given period provided by the Allocation Agreement.

(2) Amount of the monetary compensation receivables to be provided and the maximum number of shares to be allocated under the Plan

The maximum amount of monetary compensation receivables to be provided to Eligible Directors shall be ¥100 million or less annually (excluding the amount paid as salaries for employees to Directors who concurrently serve as employees), and the total number of the Company's shares to be delivered to Eligible Directors shall be 40,000 shares or less annually. However, in the event of unavoidable circumstances that require the adjustment of the number of shares, such as stock splits or reverse stock splits with respect to the Company's common stock, the number of shares to be issued or disposed of shall be reasonably adjusted.

(3) The amount to be paid per share

The amount to be paid per one (1) restricted stock under the Plan shall be the fair value of the Company's shares at the date of payment, which is the closing price of the Company's shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by each of the Board of Directors' meetings (in the case that the transaction has not been established on that day, the closing price on the most recent trading day preceding that day), etc.

(4) Outline of the Allocation Agreement

For the allocation of restricted stock, the Allocation Agreement concluded between the Company and each Director who is to receive restricted stock pursuant to the resolution of the Board of Directors of the Company shall include following provisions.

1) Restriction Period

With respect to the Allocated Shares, Eligible Directors shall not transfer them to third parties, collateralize them, or otherwise dispose of them during a period stipulated in advance by the Board of Directors of the Company (the "Restriction Period"), which shall be between three and five years from the date of the allocation in accordance with the Allocation Agreement.

2) Acquisition of restricted stock at no cost

In the event that Eligible Directors retire as Directors of the Company prior to the expiry of the Restriction Period, with the exception that there are reasons for the retirement recognized as legitimate by the Board of Directors of the Company, the Company shall as a matter of course acquire the Allocated Shares allocated to Eligible Directors at no cost.

In addition, at the expiry of the Restriction Period, if there are Allocated Shares for which the restrictions have not been lifted in accordance with the following rules in 3) regarding the reasons for the lift of restrictions, the Company shall as a matter of course acquire such Allocated Shares at no cost.

3) Lift of restrictions

(i) The Company, in principle, shall lift the restriction on all or part of Allocated Shares at the expiry of the Restriction Period on condition that the Eligible Director has served as a Director of the Company continuously during the Restriction Period ("Service Requirements").

(ii) Notwithstanding the provision in (i), the Company, in addition to Service Requirements, may set other requirements regarding the lift of restrictions on all or part of the Allocated Shares based on the achievement of the performance target ("Performance Requirements"). The Company's Board of Directors shall establish such target in advance and may establish several targets as well as transitional phases to achieve targets. The restrictions on such Allocated Shares shall be lifted at the expiry of the Restriction Period on condition that Service Requirements and the given Performance Requirements are satisfied.

(iii) Notwithstanding the provisions in (i) and (ii), in the event that the Eligible Director retires as a Director of the Company prior to the expiry of the Restriction Period for any of the reasons recognized as legitimate by the Board of Directors of the Company, the number of the Allocated Shares for which the restrictions are to be lifted and the timing of the lift of the restrictions shall be reasonably adjusted as necessary.

4) Treatment upon reorganization of the Company

In the event that, during the Restriction Period, a proposal regarding a merger agreement in which the Company becomes the non-surviving company of the merger, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or any other arrangement including the reorganization of the Company is approved at the Company's General Meeting of Shareholders (or at the Board of Directors' meeting of the Company, if the reorganization, etc. does not require the approval of the General Meeting of Shareholders), the Company shall lift, based on the resolution of the Board of Directors of the Company, the restrictions on the prescribed number of Allocated Shares prior to the effective date of such reorganization, etc. The number of the Allocated Shares for which the restrictions are to be lifted shall be reasonably determined in light of the period from the date of the beginning of the Restriction Period to the date of the approval of such reorganization, etc.

In this case, at the time immediately after the lift of the restrictions pursuant to the rules described above, the Company shall as a matter of course acquire the Allocated Shares for which the restrictions have not been lifted at no cost.

5) Other matters to be determined by the Board of Directors

In addition to the aforementioned matters, the Allocation Agreement shall include the methods of indicating intention and notification under the Allocation Agreement, the procedures to revise the Allocation Agreement, and any other matters to be determined by the Board of Directors of the Company.

(Reference)

With respect to the restricted stock compensation under the Plan for the fiscal year ending March 31, 2018, the proposal is to be resolved at the Board of Directors' meeting following the conclusion of this Annual General Meeting of Shareholders, to the effect that restrictions on a portion of Allocated Shares shall be lifted at the expiry of the Restriction Period in accordance with the degree of achievement of the performance targets indicated below.

The Company also plans to introduce cash compensation linked to stock price for nonresident Directors, which is to be adopted as an alternative plan to the aforementioned Restricted Stock Compensation Plan. The Company, on the condition that Proposal 5 "Revision of Amount of Remuneration to Directors and Corporate Auditors" is approved as originally proposed, plans to provide the said compensation as a part of remuneration in cash within the limit of the relevant remuneration (¥240 million annually).

Target ratio set up in the Medium-term Management Plan GP-3 regarding consolidated operating income to sales ratio and consolidated return on equity

	Target ratio
Consolidated operating income to sales ratio	4.4%
Consolidated return on equity	6.0%