

Notice of the 91st Ordinary General Meeting of Shareholders

Dear Shareholders:

It is our pleasure to invite you to the 91st Ordinary General Meeting of Shareholders of Sanden Holdings Corporation (hereinafter referred to as “Sanden” or “Company”). The details of the meeting are provided below.

If you are unable to attend the Ordinary General Meeting of Shareholders in person, you may vote either by mailing the enclosed Voting Rights Exercise Form or by the Internet or the voting platform (hereinafter jointly referred to as “Electronic Means”). Please refer to the Reference Materials for the Ordinary General Meeting of Shareholders and vote by 5:00 p.m. on Wednesday, June 21, 2017.

[Vote by mailing the Voting Rights Exercise Form]

Please complete and return the enclosed Voting Rights Exercise Form. To be effective, your form must be received at the printed address by 5:00 p.m. on Wednesday, June 21, 2017.

[Vote by the Internet]

Please vote online at <http://www.web54.net> following the instructions on the screen. To be effective, your vote must be submitted by 5:00 p.m. on Wednesday, June 21, 2017.

[Vote by the voting platform]

The institutional investors may also vote by the ICJ platform, a voting platform provided by ICJ, Inc. (hereinafter referred to as “Platform”). Please note that subscription is needed for the use of the Platform.

Sincerely,

Masayoshi Ushikubo
Director and Chairman,
Sanden Holdings Corporation
20, Kotobuki-cho, Isesaki City,
Gunma Prefecture

Details of the Meeting

1. Date and time: Thursday, June 22, 2017, 10:00 a.m.
2. Venue: Hall, Sanden Communication Plaza
961, Numawada, Honjo City, Saitama Prefecture
3. Meeting agenda:
Items to be reported
 - (1) Business Report and Consolidated Financial Statements for the 91st Fiscal Year (from April 1, 2016 to March 31, 2017) and Reports of the Financial Auditors and the Audit & Supervisory Board on the Consolidated Financial Statements
 - (2) Non-Consolidated Financial Statements for the 91st Fiscal Year (from April 1, 2016 to March 31, 2017)

Agenda items to be resolved

- Item 1: Partial Amendments to the Articles of Incorporation**
- Item 2: Consolidation of shares**
- Item 3: Election of Ten (10) Directors**
- Item 4: Election of One (1) Audit & Supervisory Board Member**
- Item 5: Continuation of Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures)**

4. About your vote
 - (1) If you vote both by mailing the Voting Rights Exercise Form and by Electronic Means, the vote submitted by Electronic Means will prevail.
 - (2) If you submit your vote more than once by Electronic Means, only the last vote submitted will be effective.

When you attend the Ordinary General Meeting of Shareholders in person, please submit the enclosed Voting Rights Exercise Form at the reception.

Any revision to the Reference Materials for the Ordinary General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements, or Consolidated Financial Statements will be posted on our website (<http://www.sanden.co.jp/ir/event/meeting.html>).

**This English-language translation is an abridged version of the original notice in Japanese. In the event of any discrepancy, the Japanese version shall prevail.*

Item 1: Partial Amendments to the Articles of Incorporation

1. Reason for the Amendments

- (1) Stock exchanges in Japan are promoting their “Action Plan for Standardizing the Stock Trading Unit” with the aim of having all listed companies in Japan adopt a standard stock trading unit of 100 shares for their common stock with the objective of increasing convenience for investors and other market participants.

The Company respects the intent of this decision, and, as of October 1 this year, will change its stock trading unit accordingly, and, accompanying the adoption of Item 2 (Reverse Stock Split of the Company’s Stock), will change the total number of shares issuable

- (a) To change the total number of shares issuable from three hundred and ninety-six million (396,000,000) shares to seventy nine million and two hundred thousand (79,200,000) shares, the Company will change Article 6 (Total Number of Shares Issuable) of its Articles of Incorporation accordingly.
- (b) To change the number of shares per stock trading unit from 1,000 to 100, the Company will change its Article 7 (Number of Shares Constituting One Unit) of its Articles of Incorporation accordingly.
- (c) This change in Article 6 (Total Number of Shares Issuable) and Article 7 (Number of Shares Constituting One Unit), will become effective on October 1 this year, and an appropriate Supplementary Provision will be included in the Articles of Incorporation.

Please note that these changes in Article 6 (Total Number of Shares Issuable) and Article 7 (Number of Shares Constituting One Unit) and the supplementary provision in the Articles of Incorporation will be conditional upon approval of Agenda Item 2 as proposed.

- (2) To expedite proceedings at the general meetings of shareholders and facilitate flexible handling of these matters, in accordance with the composition of the Company Board of Directors, a partial amendment will be made in Article 14 (Person to Convene Meetings and Chairperson) specifying that a Director appointed in advance by a resolution of the Board of Directors will perform the roles of the person to convene and act as chairperson of the general meetings of shareholders.

2. Details of the Amendments

The details of the changes are as follows.

(Amended sections are underlined.)

Existing Articles of Incorporation	Amended Article
<p>Article 6 (Total Number of Shares Issuable) The total number of shares issuable by the Company shall be <u>three hundred and ninety-six million (396,000,000)</u> shares.</p> <p>Article 7 (Number of Shares Constituting One Unit) The total number of shares constituting one unit of shares of the Company shall be <u>one thousand (1,000)</u> shares.</p> <p>Article 14 (Person to Convene Meetings and Chairperson) Unless otherwise provided for in the laws or regulations, <u>the Chairperson of the Board</u> shall convene and preside over the general meetings of shareholders <u>under a resolution of the Board of Directors</u>. If <u>the Chairperson of the Board</u> is unable to</p>	<p>Article 6 (Number of Shares Issuable) The total number of shares issuable by the Company shall be <u>seventy nine million and two hundred thousand (79,200,000)</u> shares.</p> <p>Article 7 (Number of Shares Constituting One Unit) The number of shares constituting one unit of shares of the Company shall be <u>one hundred (100)</u> shares.</p> <p>Article 14 (Person to Convene Meetings and Chairperson) Unless otherwise provided for in the laws or regulations, <u>a Director appointed in advance by a resolution of the Board of Directors</u> shall convene the general meetings of shareholders and act as Chairperson. If <u>the Director stated in the preceding paragraph</u></p>

<p>preside over any such meeting, another Director shall take his or her place in the order predetermined by a resolution of the Board of Directors.</p> <p style="text-align: center;">(New Article)</p>	<p>is unable to preside over any such meeting, another Director shall take his or her place in the order predetermined by a resolution of the Board of Directors.</p> <p style="text-align: center;"><u>Supplementary Provision</u></p> <p><u>These changes in Article 6 and Article 7 will become effective on October 1, 2017, and this Supplementary Provision will be removed on that day.</u></p>
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Item 2: Consolidation of Shares

1. Reasons for the Consolidation of Shares

As stated in Item 1 (Partial Amendments to the Articles of Incorporation), along with the changes in the number of shares constituting one trading unit, in view of future fluctuations in stock prices in the medium-to-long term and to adjust the number of shares in one trading unit of the Company's shares to the level deemed appropriate by stock exchanges in Japan, five existing common shares of the Company will be consolidated into one share.

2. Specifics of the Consolidation of Shares

(1) The Consolidation of Shares Ratio

The Company wishes to consolidate five existing shares of its common stock into one common share. Note that, as a result of this consolidation, in the case of shares less than one trading unit (fractional shares), the Company will dispose of these all together as provided for in Article 235 of the Companies Act. If the payments for this disposal are fractional for certain shareholders, these amounts will be distributed to shareholders in proportion to their fractional shares.

(2) Effective date of the Consolidation of Shares

October 1, 2017

(3) Total Number of Shares Issuable on the date of effectiveness

79,200,000 shares

(4) Other matters

The consolidation of shares covered by this Item will be conditional on approval of Agenda Item 1 (Partial Amendment to the Articles of Incorporation).

Item 3: Election of Ten (10) Directors

The term of office of all thirteen (13) directors shall expire with effect as of the end of this Ordinary General Meeting of Shareholders. Therefore, we propose that the following ten (10) director nominees be elected to the Board.

The ten (10) director nominees are as follows:

List of Nominees

Nominee No.	Name (Age)	Current Position and Responsibilities
1	New nominee Mitsugi Takahashi (Age 66)	Audit & Supervisory Board Member (Full time)
2	Re-election Kin-ei Kanda (Age 68)	Representative Director & President
3	Re-election Tsutomu Sakakibara (Age 65)	Director & Executive Vice President
4	Re-election Mark Ulfing (Age 60)	Director & Executive Vice President
5	Re-election Katsuya Nishi (Age 52)	Director & Executive Vice President
6	Re-election Mitsunori Kodaka (Age 63)	Senior Director, Head of R&D Division
7	Re-election Ryuhei Ushikubo (Age 46)	Senior Director
8	Re-election Outside Director Independent Director Hideto Ozaki (Age 71)	Director
9	Re-election Outside Director Independent Director Hideo Hohgi (Age 72)	Director
10	New nominee Outside Director Independent Director Naonori Kimura (Age 48)	-

No.	Name (Date of birth)	Resume, with Positions and Areas of Responsibility in the Company and Major Concurrent Positions	No. of Sanden shares held
1	New nominee Mitsugi Takahashi (June 30, 1950)	Apr. 1974 Joined Sanden May 1999 General Manager, Administration Division June 2001 Director, Corporate Officer in charge of Administration and Human Resources June 2005 Director, Senior Corporate Officer June 2013 Executive Director June 2015 Director, Executive Corporate Officer June 2016 Audit & Supervisory Board Member (full time) (present)	158,000
<p>(Reasons for selection as candidate for Director) Since entering the Company Mr. Mitsugi Takahashi has had experience in a wide range of Company management fields, including general affairs and human resources as well as in business operations, marketing procurement and intellectual property. In addition, recently, he has served as Audit & Supervisory Board Member in which position he has promoted in strengthening corporate governance with the aim of increasing the Company's corporate value. Accordingly, we propose his election as Director.</p>			
2	Re-election Kin-ei Kanda (Feb. 26, 1949)	Apr. 1972 Joined Sanden Mar. 1999 Head of Vending Systems Division June 2007 Corporate Officer Head of Business Market Development Division May 2009 Executive Corporate Officer Head of Domestic Sales Division Apr. 2011 Executive Corporate Officer Head of Commercial Store Systems Division June 2014 Executive Vice President & Corporate Officer June 2015 Representative Director & President (present)	22,000
<p>(Reasons for selection as candidate for Director) Mr. Kin-ei Kanda has extensive experience in the Company's business operations and marketing divisions, and, following his appointment as Representative Director and President in June 2015, he has led the Sanden Group toward increasing its corporate value through growth and strengthening its corporate capabilities, including implementing major structural reforms and driving Corporate Mid-term Plan activities. Accordingly, we propose his election as Director.</p>			

3	<p>Re-election</p> <p>Tsutomu Sakakibara (Nov. 28, 1951)</p>	<p>Apr. 1974 Joined Sanden</p> <p>June 2003 Director Corporate Officer Head of Finance & Accounting Division</p> <p>May 2009 Corporate Officer Head of Accounting Division</p> <p>June 2013 Corporate Officer Head of Corporate Planning Office</p> <p>June 2015 Director Executive Corporate Officer Head of Corporate Planning Office</p> <p>June 2016 Director & Executive Vice President (present)</p>	90,000
	<p>(Reasons for selection as candidate for Director) Mr. Tsutomu Sakakibara has a wealth of experience in the fields of planning and management, including corporate planning, accounting, corporate management, and auditing. This experience has given him valuable knowledge and capabilities and enabled him to work toward the strengthening of corporate governance. Accordingly, we propose his election as Director.</p>		
4	<p>Re-election</p> <p>Mark Ulfig (Nov. 14, 1956)</p>	<p>Oct. 2009 President, Sanden International (U.S.A.), Inc.</p> <p>Oct. 2010 Corporate Officer President, Sanden International (U.S.A.), Inc. & Sanden Mexicana, S.A. de C.V.</p> <p>June 2012 Executive Corporate Officer CEO, Sanden International (U.S.A.), Inc., CEO, Sanden International (Europe) Ltd. & President, Sanden Mexicana, S.A. de C.V.</p> <p>June 2013 Executive Director</p> <p>June 2015 Director & Executive Corporate Officer</p> <p>June 2016 Director & Executive Vice President (present)</p>	-
	<p>(Reasons for selection as candidate for Director) Mr. Mark Ulfig has extensive experience in promoting global business development and in legal matters, which have given him a global perspective and understanding that he can draw on in the conduct of management. Accordingly, we propose his election as Director.</p>		

No.	Name (Date of birth)	Resume, with Positions and Areas of Responsibility in the Company and Major Concurrent Positions	No. of Sanden shares held
5	<p style="text-align: center;">Re-election</p> <p style="text-align: center;">Katsuya Nishi (Aug. 3, 1964)</p>	<p>Apr. 1985 Joined Sanden</p> <p>June 2009 Director Corporate Officer Head of Corporate Planning Office</p> <p>June 2012 Director Senior Corporate Officer in charge of Corporate Planning, Finance, Accounting and Administration</p> <p>June 2013 Senior Director</p> <p>June 2015 Director Senior Corporate Officer Head of Accounting Division</p> <p>June 2016 Director & Executive Vice President (present)</p>	85,000
<p>(Reasons for selection as candidate for Director) Mr. Katsuya Nishi has a wealth of experience in finance, accounting, corporate planning, and other fields, and he performed roles that encompass overall oversight of corporate management. In addition, he has provided assistance to the president regarding major structural reforms and Corporate Mid-Term Plan. Accordingly, we propose his election as Director.</p>			
6	<p style="text-align: center;">Re-election</p> <p style="text-align: center;">Mitsunori Kodaka (Oct. 11, 1953)</p>	<p>Apr. 1979 Joined Sanden</p> <p>Mar. 2003 Head of Tokyo Branch Office</p> <p>Apr. 2009 Representative Director & President, Sanden Logistics Corporation</p> <p>Oct. 2010 Head of Akagi Plant</p> <p>Apr. 2013 Corporate Officer Head of Administration Division</p> <p>Apr. 2015 Representative Director, Sanden Advanced Technology Corporation (present)</p> <p>June 2016 Senior Director, Head of R&D Division (present)</p> <p>(Major Concurrent Positions) Representative Director, Sanden Advanced Technology Corporation</p>	73,000
<p>(Reasons for selection as candidate for Director) Mr. Mitsunori Kodaka has gained experience in marketing and business operations in positions in the Company's headquarters divisions, its other business locations, subsidiaries, and elsewhere. Since April 2015, he has held the position of Representative Director of Sanden Advanced Technology Corporation, and he has valuable knowledge and capabilities gained through broad experience in many fields, which he has used to drive the Sanden Group's research and development activities. Accordingly, we propose his election as Director</p>			

No.	Name (Date of birth)	Resume, with Positions and Areas of Responsibility in the Company and Major Concurrent Positions	No. of Sanden shares held
7	Re-election Ryuhei Ushikubo (Dec. 17, 1970)	Apr. 1994 Joined Sanden Apr. 2011 General Manager, Compressor Division Aug. 2013 Seconded to Sanden International (U.S.A.), Inc. Apr. 2015 Corporate Officer Deputy Division General Manager, Business Management Division, Sanden Automotive Components Corporation Jan. 2016 Special Appointive Consultant of Corporate Planning Office June 2016 Senior Director (present)	235,000
(Reasons for selection as candidate for Director) Mr. Ryuhei Ushikubo has gained experience in global business strategy and corporate planning, in overseas subsidiaries and elsewhere, and he has knowledge and capabilities in global business. In addition, he has experience in human resources and has the knowledge and capabilities that enable him to conduct management from a broad perspective. Accordingly, we propose his election as Director.			
8	Re-election Outside Director Independent Director Hideto Ozaki (Dec. 26, 1945)	Apr. 1968 Joined Toyota Motor Sales Co., Ltd. June 1999 Director, Toyota Motor Corporation July 2000 Representative Director & President, Toyota Financial Services Corporation June 2008 Representative Director & Chairman, Aioi Insurance Company, Limited June 2011 Special Advisor, Aioi Nissay Dowa Insurance Company, Limited June 2013 Outside Director, Sanden (present) July 2014 Advisory Council, SVP Global Asia LLC (present) June 2015 Outside Director, Mito Securities Co., Ltd. (Current position, scheduled to resign in June 2017)	11,000
(Major Concurrent Positions) Advisory Council, SVP Global Asia LLC			
(Reasons for selection as candidate for Director) Mr. Hideto Ozaki has gained valuable knowledge and capabilities regarding corporate strategy and management administration through his broad experience in corporate management in automobile and casualty insurance companies and elsewhere. He has also provided the Company with advice related to management on many occasions. Accordingly, we propose his election as Director.			
9	Re-election Outside Director Independent Director Hideo Hohgi (May 21, 1945)	Apr. 1969 Joined Nissan Motor Co., Ltd. Jan. 1991 Vice President, Nissan North America, Inc. Sep. 1992 Executive Director, BMW Japan Corp. Apr. 1996 Representative Director & President, Chrysler Japan Co., Ltd. Apr. 2003 Professor, Graduate School of Commerce, Waseda University June 2015 Outside Director, Sanden (present)	10,000
(Reasons for selection as candidate for Director) Mr. Hideo Hohgi has valuable knowledge and capabilities regarding global strategy and manufacturing excellence gained through his wealth of experience in automobile companies, as a university professor, and in other positions. He has also provided the Company with advice regarding strengthening of Sanden's management base and its corporate governance. Accordingly, we propose his election as Director.			

No.	Name (Date of birth)	Resume, with Positions and Areas of Responsibility in the Company and Major Concurrent Positions	No. of Sanden shares held
10	New nominee Outside Director Independent Director Naonori Kimura (July 8, 1968)	<p>Dec. 1988 Ran the start-up company (Sold in May 1998)</p> <p>June 1998 Joined NCR Japan, Ltd.</p> <p>Sep. 2001 Joined Towers Perrin Tokyo Branch</p> <p>Jan. 2004 Joined Arthur D Little Japan Inc.</p> <p>Nov. 2007 Director, Industrial Growth Platform, Inc. (IGPI)</p> <p>Jan. 2012 Partner and Managing Director, IGPI</p> <p>Apr. 2013 Professor, Graduate School of Management, Globis University (present)</p> <p>Jan. 2015 Partner / Member of the board / Managing Director, IGPI (present)</p> <p>Dec. 2016 Managing Director, IGPI Shanghai (present)</p> <p>June 2017 Outside Director, Molten Corporation (Scheduled to assume position in June 2017)</p> <p>(Major Concurrent Positions) Partner / Member of the board / Managing Director, Industrial Growth Platform, Inc. Professor, Graduate School of Management, Globis University Outside Director, Molten Corporation (Scheduled to assume position in June 2017)</p>	-
(Reasons for selection as candidate for Director)			
Mr. Naonori Kimura has extensive experience in management, business strategy, and structuring management administration systems. He also has a wealth of in-depth knowledge and capabilities in strengthening corporate governance systems. Accordingly, we propose his election as Director.			

Notes:

- 1: There is no special interest between any of the director nominees and the Company.
- 2: Hideto Ozaki is a nominee for an outside director. The length of his service as an outside director will be four years as of the end of the meeting.
- 3: Hideo Hohgi is a nominee for an outside director. The length of his service as an outside director will be two years as of the end of the meeting.
- 4: Naonori Kimura is a nominee for an outside director.
- 5: The European Commission decided to impose fine on Sanden Holdings Corporation and its wholly owned European Subsidiary of Sanden International (Europe) Ltd. in connection with certain automotive air-conditioning systems business, for violation of the EU competition law with respect to sales made in Europe. Hideto Ozaki and Hideo Hohgi were first elected to the Board before the violation. Hideto Ozaki and Hideo Hohgi are carrying out their responsibilities by demanding the Company to strengthen legal compliance as well as giving necessary advices and suggestions in order to prevent recurrence.
- 6: We have registered Hideto Ozaki and Hideo Hohgi as Independent Directors with the Tokyo Stock Exchange pursuant to its rules. If they are re-elected, we will renew their registration. If Naonori Kimura is elected to the Board, we will also register him as an Independent Director.
- 7: Hideto Ozaki and Hideo Hohgi have entered into the "Liability Limitation Agreement" with the Company that limits the liability under Paragraph 1 of Article 423 of the Companies Act to the ceiling amount under the law. If they are re-elected, we will renew their agreement. If Naonori Kimura is elected to the Board, the Company will also enter into a Liability Limitation Agreement with him.

Item 4: Election of One (1) Audit & Supervisory Board Member

Mr. Mitsugi Takahashi, currently Audit & Supervisory Board Member (full time), will resign from his position at the end of this Ordinary General Meeting of Shareholders. Accordingly, we request the approval of one (1) nominee for Audit & Supervisory Board Member. Note that, under the Company's Articles of Incorporation, the term of the nominee to be elected will extend to the end of the term of his predecessor (Mr. Takahashi).

We have obtained the consent of Audit & Supervisory Board in connection with this item.

The one (1) Audit & Supervisory Board Member nominee is as follows:

Name (Date of birth)	Resume, with Positions and Areas of Responsibility in the Company and Major Concurrent Positions	No. of Sanden shares held
New nominee Shinji Ichikawa (Oct. 26, 1955)	Nov. 2001 Joined Sanden June 2005 Director June 2007 Senior Director June 2010 Senior Corporate Officer June 2012 Executive Corporate Officer July 2014 CEO, Sanden International (Europe) Ltd. June 2016 Senior Corporate Officer (present)	130,000
(Reasons for selection as candidate for Audit & Supervisory Board Member) Since entering the Company, Mr. Shinji Ichikawa has gained extensive experience in corporate planning and administration, including administrative management and auditing. In addition, he has served as officer with overall responsibility for European operations and, therefore, has knowledge and capabilities in management auditing from a global perspective. Accordingly, we propose his election as Audit & Supervisory Board Member.		

Notes:

- 1: There are no special interest between the Company and nominee Shinji Ichikawa.
- 2: If Shinji Ichikawa is elected to the Audit & Supervisory Board Member, the Company will enter into a Liability Limitation Agreement with him under Paragraph 1 of Article 423 of the Companies Act to the ceiling amount under the law.

Item 5: Continuation of Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures)

The Company decided to adopt the “Countermeasures to Large-Scale Acquisitions of the Company’s Shares” at the Board of Directors meeting held on May 26, 2008, and it was approved at the 82nd Ordinary General Meeting of Shareholders of the Company held on June 24, 2008. Also, the continuation of the “Countermeasures to Large-Scale Acquisitions of the Company’s Shares” (hereinafter referred to as the “Current Plan”) was approved at the 88th Ordinary General Meeting of Shareholders of the Company held on June 20, 2014, and it will expire at the end of this Ordinary General Meeting of Shareholders. After the approval of continuation, in order to secure and enhance the Company’s corporate value and, in turn, the common interests of its shareholders, the Company reviewed the Current Plan, including whether or not to continue it, with a view to changes in social and economic conditions, and various trends and arguments regarding the takeover defense measures as well as the intent of the issuance of Japan’s Corporate Governance Code.

As a result, the Board of Directors of the Company determined at its meeting held on May 19, 2017 to continue the Current Plan (hereinafter referred to as the “Plan”) subject to the approval of shareholders at this Ordinary General Meeting of Shareholders. Please note although the Plan has been partially edited for wording, the scheme contained therein does not fundamentally differ from that of the Current Plan.

1. Purpose of the Plan

The Plan was introduced as an initiative to prevent inappropriate parties from taking control over the decision making on the Company’s financial and business policies in accordance with the Company’s basic policy on the Company’s control and to secure and enhance its corporate value and, in turn, the common interests of its shareholders.

The purpose of the Plan is to secure and enhance the Company’s corporate value and, in turn, the common interests of its shareholders when the Company faces large-scale acquisitions of the shares of the Company or such proposals, by enabling the Company to prevent acquisitions that will cause obvious harm to the common interests of its shareholders, or may virtually coerce shareholders into selling their shares, and by securing necessary information, consideration period, and bargaining power so that the Board of Directors of the Company may request the acquirer to provide information when it is difficult for its shareholders to judge the acquirer’s proposals, or offer more-advantageous terms than the acquisition terms proposed by the acquirer.

2. Outline of the Plan

The Plan provides that the Company shall require the person who emerged as an acquirer provide information in advance and also provide other procedures necessary to achieve the “Purpose of the Plan” described in 1. above (see “Procedures for invoking the Plan” described in 3. below for the details).

If it is decided that the gratis allotment of stock acquisition rights shall not be implemented in accordance with the Plan, the acquirer may thereafter carry out a large-scale acquisition of the shares of the Company, in which case, shareholders shall make their decision on their own as to whether to accept the acquirer’s acquisition proposal or not.

On the contrary, in the case where the acquirer carries out a large-scale acquisition of the shares of the Company without complying with the procedures prescribed in the Plan, or in such exceptional case where the acquisition meets the requirements for invoking the Plan prescribed in the Plan and that, it is determined on reasonable grounds that such acquisition will cause obvious harm to the Company’s corporate value and, in turn, the common interests of its shareholders, the Company will allot the stock acquisition rights to all the shareholders at the time other than the Company itself, in the manner of the gratis allotment of stock acquisition rights that are subject to conditions that the acquirer may not exercise the right as a general rule and that the Company may acquire the stock acquisition rights from the shareholders in exchange for delivering shares of the Company to them other than the acquirer.

If the gratis allotment of stock acquisition rights is implemented in compliance with the Plan and the shares of the Company are delivered to those shareholders other than the acquirer by the exercise of those rights or the acquisition thereof by the Company, the ratio of the acquirer's voting rights in the Company may be diluted down to 50% at most.

It will be the Board of Directors of the Company which shall make a final decision on the implementation or non-implementation of gratis allotment of stock acquisition rights, or the acquisition thereof, but the Company continues to have the Independent Committee consisting of members who are highly independent from the management of the Company as it currently is in accordance with the Current Plan and to respect its fair and independent judgments, in order to exclude the arbitrariness of the Board of Directors and to ensure the objectivity and rationality of its judgments. In addition, the Board of Directors may convene a general meeting of shareholders to confirm the will of shareholders concerning the implementation of a gratis allotment of stock acquisition rights as prescribed in the Plan.

The Company will properly announce or disclose to its shareholders any information on the process of the procedures to ensure its transparency.

3. Procedures for invoking the Plan

(1) Acquisitions to which the Plan is applied

The Plan will be applied to any acquisition that falls under (i) or (ii) below, or any transaction or proposal similar thereto (excluding cases where the Board of Directors of the Company has separately approved to the contrary; hereinafter collectively referred to as the "Acquisition"):

- (i) With respect to share certificates, etc. (note 1) issued by the Company, any acquisition or other transaction that will increase the holding ratio (note 4) of such share certificates, etc. held by the holder (note 2) and joint holders (note 3) up to 20% or more; or
- (ii) With respect to share certificates, etc. (note 5) issued by the Company, a tender offer (note 6) that would increase the total of the owning ratio (note 7) of such share certificates, etc. relating to that tender offer and the owning ratio of such share certificates, etc. of those who have special relationship therewith (note 8) up to 20% or more.

Any party carrying out or proposing the Acquisition (hereinafter the "Acquirer") must comply with the procedures predetermined in the Plan and must not carry out the Acquisition until the Board of Directors of the Company adopts a resolution concerning the implementation or non-implementation of the gratis allotment of stock acquisition rights, in which the stock acquisition rights shall be allotted for free (hereinafter the "Stock Acquisition Rights") for the purpose of diluting the ratio of the Acquirer's voting rights in the Company (or until the approval or rejection at the general meeting of shareholders concerning the implementation of the gratis allotment of Stock Acquisition Rights, in cases where such meeting shall be convened to confirm the will of shareholders of the Company (hereinafter the "Shareholders Will Confirmation Meeting") in compliance with 3. (7) below).

(2) Submission of the Letter of Intent

The Company will require any Acquirer carrying out the Acquisition submit written promissory letters, including a written consent stating that the Acquirer will comply with the procedures established under the Plan (with the signature, or name and seal of the representative of the Acquirer) and the certificate of qualification of the representative who placed such signature or seal thereon (hereinafter collectively referred to as the "Letter of Intent") to the Company in advance and in a form prescribed by the Company. The Acquirer must also specify in Japanese the name of the Acquirer, address or location of its head office or other offices, the law governing the incorporation of the Acquirer, name of the representative, contact information in Japan, and details of the intended Acquisition in that Letter of Intent.

- (3) Request to the Acquirer for the provision of information
- Unless otherwise approved by the Board of Directors of the Company, the Company will deliver to the Acquirer a list of information to be submitted to the Company in advance, which is necessary for the Company to examine the Acquisition terms (hereinafter the “Essential Information”), within ten (10) business days from the following day of the receipt date of the Letter of Intent. The Company will require the Acquirer submit the Essential Information as described in the list in a form prescribed by the Company (hereinafter the “Acquisition Statements”). Specific contents of the Essential Information shall vary, depending on attributes of the Acquirer and terms of the Acquisition, however, in any case, they shall be required only to the extent necessary and sufficient for the judgment of shareholders and formation of the opinion of the Board of Directors of the Company. A part of the Essential Information required to be submitted as general items are described in (i) through (vii) below.
- (i) Details (including the specific name, line of business, career or history, capital composition, financial condition, experience in the similar type of business of the Company and Company Group, and experience in transactions similar to Acquisition and the results thereof) of the Acquirer and its group (including joint holders, parties having special relationship with the Acquirer, and, in the case of funds, every partner and other constituent members).
 - (ii) The purpose, method and terms of the Acquisition (including the amount and type of the consideration for the Acquisition, the Acquisition timing, the scheme of any related transactions, the legality of the Acquisition method, and the feasibility of the Acquisition).
 - (iii) The basis for the calculation of the consideration for the Acquisition (including the underlying facts of the calculation, the calculation method, the numerical data used in the calculation, and the details of any expected synergetic effect from any series of transactions relating to the Acquisition, such as synergetic effects that are to be shared with other shareholders).
 - (iv) Financial supports for the Acquisition (including the specific name, financing methods and the terms of any related transactions of the funds providers (including all indirect but substantial funds providers)).
 - (v) The candidates for officers of the Company and Company Group (including information regarding the experience in the similar type of business of the Company and Company Group), management policies, business plans, financial plans, capital and dividend policies, and asset management plans for the Company and Company Group that are expected after the completion of the Acquisition.
 - (vi) The details of any changes, if any, in the relationship between Company’s customers, business partners, employees, and any other stakeholders and the Company and Company Group that are expected after the completion of the Acquisition.
 - (vii) Any other information that the Independent Committee reasonably considers necessary.

Upon the receipt of the Acquisition Statements, the Board of Directors of the Company will promptly send them to the Independent Committee (see Appendix 1 “Outline of the Rules of the Independent Committee” for the standards for appointing members, requirements for resolution, and resolution matters of the Independent Committee, and see Appendix 2 “Profiles of Candidates for Members of the Independent Committee” for the profiles of candidates for members of the Independent Committee to be appointed under this Plan). When the Independent Committee decides that the contents of the Acquisition Statements are insufficient as the Essential Information, it may request either directly or through the Board of Directors of the Company that the Acquirer additionally provide the Essential Information within a reasonable period of time fixed by the Independent Committee (provided, however, that the above period shall not be longer than sixty (60) days in principle), in which case, the Acquirer shall additionally provide the Essential Information within such period.

Provided, however, that even in the case where the Acquirer does not additionally provide the Essential Information notwithstanding the Independent Committee’s above request, if

the Acquirer gives a rational explanation on the reason for not submitting the information, the Independent Committee may stop negotiations with the Acquirer regarding the provision of information, announce to that effect, and start the consideration of the Acquisition terms as described in 3. (4) below.

If the Independent Committee deems that the Acquirer has initiated the Acquisition without complying with the procedures set forth in the Plan, it will, as a general rule, recommend the Board of Directors of the Company to implement a gratis allotment of Stock Acquisition Rights in accordance with 3. (5) (i) below, unless there are special circumstances that require the continuation of discussions and negotiations, etc. with the Acquirer for the submission of Acquisition Statements and Essential Information.

(4) Consideration of the Acquisition terms, negotiation with the Acquirer, and consideration of an alternative proposal

- (i) Assessment, consideration, and presentation of an opinion to the Independent Committee by the Board of Directors Upon completion of the submission of Acquisition Statements and additional provision of Essential Information from the Acquirer, the Board of Directors of the Company will set a period up to sixty (60) days (or a deadline, if the Independent Committee requests the Board of Directors of the Company present its opinion by any deadline prior to the end of the sixty (60)-days period) to assess and consider the Acquisitions, negotiate, form an opinion, and make an alternative proposal. During such period, the Board of Directors of the Company will fully assess and consider the Essential Information provided by the Acquirer, carefully form an opinion of the Board of Directors of the Company about such Acquisition terms, announce the outline of its opinion if necessary, and present such opinion, materials supporting that opinion, an alternative proposal (if any), and any other information and the like that the Independent Committee may properly consider necessary.

(ii) Independent Committee consideration

When the Independent Committee regards that it is provided with sufficient Essential Information from the Acquirer in compliance with 3. (3) above and with sufficient opinions from the Board of Directors of the Company in compliance with 3. (4) (i) above, it will, as a general rule, set a consideration period up to sixty (60) days, (including any extended period, if the Independent Committee adopts a resolution to extend the initial period in compliance with 3. (5) (iii) below) (hereinafter the “Independent Committee Consideration Period”) taking into consideration the scale of operation, and nature and diversity of the business of the Company Group that operates globally, and inform thereof to the Acquirer and the Board of Directors of the Company. The Independent Committee will examine the Acquirer’s Acquisition terms, collect information on business plans, etc. from both the Acquirer and the Board of Directors of the Company, make comparison thereof, and consider any alternative proposals provided by the Board of Directors of the Company during the Independent Committee Consideration Period. Further, if it is necessary in order to improve the terms of such Acquisition from the standpoint of securing and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee will, directly or indirectly through the Board of Directors of the Company, discuss and negotiate with such Acquirer, or recommend the Board of Directors of the Company to present alternative proposals, and then present the results thereof to the shareholders, etc.

When the Independent Committee requests further materials or other information, discussions, negotiations, etc., directly or indirectly through the Board of Directors of the Company, the Acquirer must respond to this request promptly. The Acquirer must not initiate the Acquisition until the Independent Committee Consideration Period expires and the Board of Directors of the Company adopts a resolution concerning the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights (or the Shareholders Will Confirmation Meeting adopts a resolution to approve

or reject the proposal concerning the implementation of the gratis allotment of Stock Acquisition Rights, in cases where such meeting shall be convened).

If necessary, the Independent Committee may seek advice from independent third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts), at the expense of the Company, to secure that the Independent Committee's judgment furthers the corporate value of the Company and, in turn, the common interests of its shareholders.

(5) Procedures for recommendations, etc. by the Independent Committee

If the Acquirer emerges, the Independent Committee will make recommendations, etc. to the Board of Directors of the Company in accordance with the following procedures. If the Independent Committee makes any recommendations, etc. to the Board of Directors of the Company as listed in (i) through (iii) below, or considers it to be appropriate, the Independent Committee shall promptly announce the fact and the outline of such recommendations, etc. and any other matters that the Independent Committee considers appropriate (including the extension period and the reason for such extension, in the case where the Independent Committee extended the Independent Committee Consideration Period in compliance with (iii) below).

(i) Cases where the Independent Committee recommends the invocation of the Plan

If the Independent Committee determines that the Acquisition by the Acquirer falls under any one of the grounds for invoking the Plan set forth in 4. "Requirements for the gratis allotment of Stock Acquisition Rights" below (hereinafter collectively referred to as the "Grounds for Invocation"), it will recommend the implementation of the gratis allotment of Stock Acquisition Rights (details of which are set forth in 5. "Outline of the gratis allotment of Stock Acquisition Rights" below) to the Board of Directors of the Company, regardless of whether the Independent Committee Consideration Period has commenced or expired. If the applicability to the second invocation ground (hereinafter the "Grounds for Invocation 2") is at issue, the Independent Committee may request that the implementation of the gratis allotment of Stock Acquisition Rights shall be subject to the approval of shareholders in advance.

Notwithstanding the foregoing, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if it determines that either of (A) or (B) below has come to apply to the case, the Independent Committee may newly recommend that the Company suspend the gratis allotment of Stock Acquisition Rights (in cases on or before the preceding date of the effective date regarding the above gratis allotment of Stock Acquisition Rights) or that the Company acquire the Stock Acquisition Rights without consideration (in cases after the effective date regarding the above gratis allotment of Stock Acquisition Rights). The Stock Acquisition Rights of shareholders shall expire upon the acquisition thereof by the Company.

(A) The Acquirer withdraws the Acquisition or the Acquisition has ceased due to any other reason.

(B) There is a change in the underlying facts or other conditions upon which the initial recommendation was made, and that the Acquisition by the Acquirer no longer applies to the Grounds for Invocation.

(ii) Cases where the Independent Committee recommends not to invoke the Plan

If the Independent Committee determines that the Acquisition by the Acquirer does not apply to any of the Grounds for Invocation, it will recommend the Board of Directors of the Company not to implement the gratis allotment of Stock Acquisition Rights, whether or not the Independent Committee Consideration Period has expired.

Notwithstanding the foregoing, even after the Independent Committee has already made the above recommendation not to implement the gratis allotment of Stock Acquisition Rights, if there is a change in the underlying facts or other conditions upon

which the recommendation was made and that the Grounds for Invocation have come to exist, the Independent Committee may make a new recommendation to the Board of Directors of the Company to implement the gratis allotment of Stock Acquisition Rights.

- (iii) Cases where the Independent Committee extends the consideration period
If the Independent Committee did not reach its conclusion as to whether or not it shall recommend the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights by the expiry of the initial Independent Committee Consideration Period, the Independent Committee will adopt a resolution to extend the Independent Committee Consideration Period for some period of time reasonably considered necessary for the examination of the terms of the Acquirer's Acquisition, negotiation with the Acquirer and the examination of an alternative proposal (which period shall be no longer than thirty (30) days in principle).

If the Independent Committee Consideration Period is extended as a result of the resolution described above, the Independent Committee will continue its information collection, examination process and similar activities, and make its best efforts to provide recommendations within the extended period as to whether or not the gratis allotment of Stock Acquisition Rights shall be implemented.

(6) Resolution of the Board of Directors

The Board of Directors of the Company shall properly continue its consideration on the Acquisition even after presenting its opinions to the Independent Committee. If the Board of Directors of the Company received any recommendation as set forth above from the Independent Committee, the Board of Directors shall, by paying the utmost respect to such recommendations, promptly adopt a resolution relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights as an organ under the Companies Act of Japan (including resolutions with respect to the suspension of the gratis allotment of Stock Acquisition Rights and the acquisition of Stock Acquisition Rights without consideration). However, if the Shareholders Will Confirmation Meeting has been convened in compliance with 3. (7) below, the Board of Directors of the Company shall obey the resolution adopted in such meeting and adopt its resolution relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights as an organ under the Companies Act of Japan in accordance therewith.

(7) Convocation of the Shareholders Will Confirmation Meeting

Notwithstanding 3. (6) above, the Board of Directors of the Company shall, prior to the implementation of the gratis allotment of Stock Acquisition Rights pursuant to the Plan, convene the Shareholders Will Confirmation Meeting to confirm the will of shareholders of the Company concerning such implementation:

- (i) if the applicability to the Grounds for Invocation 2 is at issue; and
- (ii) if the Independent Committee made a recommendation, requesting that the implementation of the gratis allotment of Stock Acquisition Rights shall be subject to the approval of the general meeting of shareholders in advance in compliance with 3. (5) (i) above; or
- (iii) if the Board of Directors of the Company judges that it is appropriate to confirm the will of shareholders in light of the Directors' duty to exercise due care, even after considering the length of time necessary to convene a general meeting of shareholders.

If the Shareholders Will Confirmation Meeting is to be convened, the Acquirer must not carry out any acquisition or similar acts for the period from the commencement of the procedures described in the Plan until the Shareholders Will Confirmation Meeting adopts a resolution to approve or reject the proposal concerning the implementation of the gratis allotment of Stock Acquisition Rights.

When the Board of Directors of the Company adopted a resolution relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights

or a resolution to convene the Shareholders Will Confirmation Meeting described above, or when the general meeting of shareholders adopted a resolution concerning the implementation of the gratis allotment of Stock Acquisition Rights, the Board of Directors of the Company shall promptly disclose the outline of such resolution and any other matters it considers appropriate.

(8) Disclosure of information to shareholders

In implementing the Plan, the Company will announce the progress of each procedure in the Plan (including the fact that the Acquirer has emerged, that the Acquirer has submitted the Letter of Intent and the Acquisition Statements, that the Board of Directors of the Company has initiated its assessment and consideration, that the Independent Committee Consideration Period has begun, and that the Independent Committee Consideration Period has been extended attached with the extended period and the reason for such extension), the outline of the Essential Information submitted by the Acquirer, the outline of the opinions of the Board of Directors of the Company, the fact that the Board of Directors of the Company has presented an alternative proposal to the Independent Committee and its outline, the outline of the recommendations by the Independent Committee, and at the same time, disclose promptly and properly to its shareholders the outline of the resolution of the Board of Directors of the Company, the outline of the resolution of the Shareholders Will Confirmation Meeting, and any other matters the Independent Committee or the Board of Directors of the Company considers appropriate in compliance with applicable laws and regulations, the stock exchange rules or the like.

4. Requirements for the gratis allotment of Stock Acquisition Rights

The requirements to invoke the Plan and implement the gratis allotment of Stock Acquisition Rights are described below. Decision as to whether or not the Acquisition by the Acquirer falls under any of the requirements described below and furthermore whether or not it is reasonable to implement the gratis allotment of Stock Acquisition Rights must always be made after the determination of the Independent Committee in accordance with 3. (5) (i) above.

Grounds for Invocation 1: The Acquisition is not in compliance with the procedures described in the Plan (including cases where the Company is not allowed enough time or is not provided with information reasonably necessary to assess the Acquisition terms) and it is considered reasonable to implement the gratis allotment of Stock Acquisition Rights.

Grounds for Invocation 2: The Acquisition falls under any of the requirements mentioned from items (1) through (5) below and it is considered reasonable to implement the gratis allotment of Stock Acquisition Rights.

- (1) The Acquisition may cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through actions such as:
 - (i) A buyout of share certificates of the Company, etc., followed by a request to the Company to buy them back at an inflated price (so called greenmailer);
 - (ii) Management that provides advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management, obtaining the Company or Company Group's material assets at an unreasonable low price;
 - (iii) Diversion of the Company or Company Group's assets to the security for or repayment of the debts of the Acquirer or its group company; or
 - (iv) Temporary control of the Company's management to sell high-value assets that currently have no relevance to the Company or Company Group's business and make temporarily high dividends from the profits of such sale, or sell the shares at a higher price, taking advantage of the sudden rise in share prices resulting from such temporarily high dividends.
- (2) Certain Acquisitions that may virtually coerce shareholders into selling their shares, such as coercive two-tiered tender offers (which means such tender offer or acquisition of

shares, in which the Acquirer does not offer to acquire all shares in its initial acquisition, and sets unfavorable acquisition terms or only unclear terms for the second acquisition stage).

- (3) Acquisitions whose terms (including the amount and type of the consideration for the Acquisition, the Acquisition timing, the legality of the Acquisition method, the feasibility of the Acquisition, post-Acquisition management policies and business plans, and post-Acquisition policies on measures to deal with the Company's other shareholders, customers, business partners, employees and any other stakeholders) are inadequate or inappropriate in light of the corporate value of the Company and, in turn, the common interests of its shareholders.
- (4) Acquisitions that may materially threaten the corporate value of the Company and, in turn, the common interests of its shareholders by destroying the relationship with the Company Group's customers, business partners, employees, community members and any other stakeholders, or any other sources of the Company and Company Group's corporate value, which are indispensable to the generation of the Company's corporate value.
- (5) Acquisition contemplated by the Acquirer, who shall be deemed inappropriate as being the controlling shareholder of the Company from the viewpoint of public order and morals, in such cases as where the management or investors of the Acquirer include or are connected with anti-social groups.

5. Outline of the gratis allotment of Stock Acquisition Rights

Set forth below is the outline of the gratis allotment of Stock Acquisition Rights under the Plan.

(1) Number of Stock Acquisition Rights

The number of the Stock Acquisition Rights to be allotted will be the same as the final and total number of the Company's shares issued and outstanding (excluding the number of Company's shares held by the Company at that time) as of a certain date (the "Allotment Date") that is separately determined by the resolution of the Board of Directors of the Company or a general meeting of shareholders relating to the gratis allotment of Stock Acquisition Rights (the "Resolution for the Gratis Allotment of Stock Acquisition Rights").

(2) Shareholders eligible for allotment

The Company will allot the Stock Acquisition Rights without consideration to those shareholders, other than the Company, who are recorded in the Company's final shareholder registry as of the Allotment Date, at a ratio of one Stock Acquisition Right for every one Company's share held by such shareholder.

(3) Effective date of gratis allotment of Stock Acquisition Rights

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

(4) Number of shares to be delivered upon exercise of the Stock Acquisition Rights

The number of shares to be delivered upon exercise of each Stock Acquisition Right (the "Applicable Number of Shares") shall be one share as a general rule.

(5) The amount of properties to be contributed upon exercise of the Stock Acquisition Rights

All contributions that are to be made upon the exercise of the Stock Acquisition Rights shall be made in cash, and the amount to be so contributed per share shall be separately determined in the Resolution for the Gratis Allotment of Stock Acquisition Rights within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of a Company's share.

(6) Exercise period of the Stock Acquisition Rights

The commencement date of the exercise period of the Stock Acquisition Rights shall be separately determined in the Resolution for the Gratis Allotment of Stock Acquisition

Rights (this commencement date shall hereinafter be referred to as the “Exercise Period Commencement Date”), and the exercise period shall also be separately determined within the range of one (1) month to six (6) months by the Board of Directors of the Company in the Resolution for the Gratis Allotment of Stock Acquisition Rights. Further, if the final day of the above exercise period falls on a holiday at the place where the payment of the above assets to be contributed upon the exercise of the Stock Acquisition Rights is handled, the final day shall be the preceding business day.

- (7) Conditions for the exercise of the Stock Acquisition Rights
- As a general rule, the following parties can not exercise the Stock Acquisition Rights (the parties falling under any one of the items from (I) through (VI) below shall hereinafter collectively be referred to as “Non-Qualified Parties”):
- (I) Specified large holders (note 9);
 - (II) Joint holders of specified large holders;
 - (III) Specified large-scale acquirers (note 10);
 - (IV) Parties having a special relationship with specified large-scale acquirers;
 - (V) With respect to the Stock Acquisition Rights, any transferee of or successor to any party falling under any one of the items from (I) through (IV) above, without the approval of the Board of Directors of the Company; or
 - (VI) Any affiliated party (note 11) of any party falling under any one of the items from (I) through (V) above.

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and regulations in order to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by these nonresidents will also be subject to the acquisition by the Company in exchange for the Company’s shares as set forth in 5. (9) (ii) below, so long as it is in compliance with applicable laws and regulations). In addition, any party, who does not submit a document in writing and in a form specified by the Company, which contains representations and warranties clauses regarding the satisfaction of all requirements for the exercise of the Stock Acquisition Rights, etc., indemnification clauses, and any other words of honor, may not exercise the Stock Acquisition Rights.

- (8) Restriction on assignment of the Stock Acquisition Rights
- Any acquisition of the Stock Acquisition Rights by ways of assignment shall be subject to the approval of the Board of Directors of the Company.
- (9) Acquisition of the Stock Acquisition Rights by the Company
- (i) At any time on or before the preceding date of the Exercise Period Commencement Date, if the Board of Directors of the Company deems that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, with the arrival of the day separately determined by the Board of Directors of the Company, acquire all of the Stock Acquisition Rights without consideration.
 - (ii) With the arrival of the day separately determined by the Board of Directors of the Company as above, the Company may acquire all of the Stock Acquisition Rights that have not yet been exercised by or on the preceding business day of such date determined by the Board of Directors of the Company, and that are held by parties other than Non-Qualified Parties and, deliver in exchange therefore, Applicable Number of Shares of the Company for every one Stock Acquisition Right. Further, if, on or after the date upon which such acquisition takes place, the Board of Directors of the Company recognizes the existence of any party other than Non-Qualified Parties holding Stock Acquisition Rights, the Company may, with the arrival of the day separately determined by the Board of Directors of the Company after the date upon which the above acquisition has taken place, acquire all of the Stock Acquisition Rights held by such party and that have not yet been exercised by or on the preceding business day of such date additionally determined by the Board of Directors of the Company as above, and, in exchange, deliver Applicable Number of Shares of the Company for every one Stock Acquisition Right. The same will apply thereafter.

(10) Delivery of the Stock Acquisition Rights in the case of merger, absorption-type demerger, incorporation-type demerger, share exchange, and equity transfer The Board of Directors of the Company will separately determine these matters in the Resolution for the Gratis Allotment of Stock Acquisition Rights.

(11) Issuance of certificates representing the Stock Acquisition Rights
Certificates representing the Stock Acquisition Rights will not be issued.

(12) Others

In addition to provisions set forth above, terms and conditions of the Stock Acquisition Rights will be separately determined in the Resolution for the Gratis Allotment of Stock Acquisition Rights.

6. Effective period, repeal, and amendment of the Plan

The Plan shall be effective until the conclusion of the Ordinary General Meeting of Shareholders concerning the final fiscal year ending within three (3) years after the conclusion of this Ordinary General Meeting of Shareholders, on the condition that the proposal for the partial amendment and continuation of the Current Plan is approved by shareholders at this Ordinary General Meeting of Shareholders.

However, the Plan may be terminated by the resolution to that effect at the general meeting of shareholders of the Company or the Board of Directors of the Company even before the above expiration date, in which case the Plan shall be repealed in accordance with such resolution.

Further, if any laws and regulations, stock exchange rules or the like concerning the Plan are established, amended or repealed and it is appropriate to reflect such establishment, amendment or repeal, if it is appropriate to make corrections of typographical errors and omissions, or if the revision or amendment of the Plan does not impair the purpose of the resolution of this Ordinary General Meeting of Shareholders such as in cases where the revision or amendment of the Plan does not have any adverse affect on the Company's shareholders, then the Board of Directors of the Company may modify or amend the Plan even during the effective period of the Plan, subject to the approval of the Independent Committee.

If the Plan is repealed, modified or amended, the Company will promptly disclose the fact thereof as well as the details of the modification, amendment and any other relevant matters (in the event of modification or amendment).

The provisions of laws and regulations, rules or the like quoted in the Plan are those in effect as of May 11, 2011, and if it is required to modify the provisions, definition of terms or the like set forth in each item above due to the establishment or repeal of the laws and regulations on or after that day, the provisions, definition of terms or the like set forth in each item above may be read properly within reasonable bounds taking into consideration the purposes of such establishment or repeal.

(Note 1)

The word "share certificates, etc." is defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Law. Unless otherwise provided for in Agenda Item 5, this definition shall apply throughout in Agenda Item 5.

(Note 2)

The word "holder" includes any party described as a holder under Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Law (including such party considered to fall under this category by the Board of Directors of the Company). This definition shall apply throughout in Agenda Item 5.

(Note 3)

The word "joint holders" means any joint holder defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Law and includes such party deemed as a joint holder under Paragraph 6 of the same Article (including a party considered by the Board of Directors of the

Company to fall under these “joint holders” defined in the said Articles of Financial Instruments and Exchange Law). This definition shall apply throughout in Agenda Item 5.

(Note 4)

The word “holding ratio” is defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Law. This definition shall apply throughout in Agenda Item 5.

(Note 5)

The word “share certificates, etc.” is defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law. This definition shall apply only in sub-item (ii).

(Note 6)

The word “tender offer” is defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Law. This definition shall apply throughout in Agenda Item 5.

(Note 7)

The word “owning ratio” is defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Law. This definition shall apply throughout in Agenda Item 5.

(Note 8)

The word “those who have special relationship therewith” is defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Law (including a party considered to fall under this category by the Board of Directors of the Company); provided, however, that a party provided for in Item 1 of the same Paragraph excludes a party provided for in Article 3, Paragraph 2 of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than by the Issuing Company. This definition shall apply throughout Agenda Item 5.

(Note 9)

The word “Specified large holders” means, as a general rule, a party who is a holder of share certificates, etc. issued by the Company and whose holding ratio of such share certificates, etc. is at least 20% (including a party considered to fall under this category by the Board of Directors of the Company). However, a party that the Board of Directors of the Company recognizes as a party whose acquisition or holding of share certificates, etc. of the Company does not impair the Company’s corporate value and, in turn, the common interests of its shareholders, and a party separately determined by the Board of Directors of the Company in the Resolution for the Gratis Allotment of Stock Acquisition Rights shall be excluded from the Specified large holders. This definition shall apply throughout in Agenda Item 5.

(Note 10)

The word “Specified large-scale acquirers” means, as a general rule, a party who makes a public announcement of purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law; the same applies in this Note 10) of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the same Law; the same applies in this Note 10) issued by the Company through a tender offer and the total owning ratio of such share certificates, etc. owned by that party after such purchase, etc. (including those considered equivalent to the ownership of such share certificates, etc. as prescribed in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Law) and by those who have special relationship therewith (including a party considered to fall under this category by the Board of Directors of the Company) shall amount to at least 20%. However, a party that the Board of Directors of the Company recognizes as a party whose acquisition or holding of share certificates, etc. of the Company does not impair the Company’s corporate value and, in turn, the common interests of its shareholders, and a party separately determined by the Board of Directors of the Company in the Resolution for the Gratis Allotment of Stock Acquisition Rights shall be excluded from the Specified large-scale acquirers. This definition shall apply throughout in Agenda Item 5.

(Note 11)

The word “affiliated party” of a given party means a party who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed by the Board of Directors of the Company to fall under this category), or a party deemed by the Board of Directors of the Company to act in concert with such given party. “Control” is defined as the “controlling power on decision making on financial and business policies” of other companies (as defined in Article 3, Paragraph 3 of the Ordinance for Enforcement of the Companies Act).

Appendix 1. Outline of the Rules of the Independent Committee

- The Independent Committee shall be established by resolution of the Board of Directors of the Company.
- The number of the members of the Independent Committee shall be three (3) or more, and the Board of Directors of the Company shall appoint them from among outside directors of the Company, outside corporate auditors of the Company, and knowledgeable persons outside the Company who are independent of the management that executes the business operations of the Company. Such knowledgeable persons must be experienced corporate managers, persons with expertise of the investment banking business, persons with expertise of the Company's business, attorneys, certified public accountants, academic experts specialized in the Companies Act of Japan or the like, or persons of similar qualifications, and must have made an agreement with the Company, separately specified by the Board of Directors of the Company that contains a provision obligating such experts to the Company to exercise the duty of care and diligence or a similar provision.
- The term of office of members of the Independent Committee shall be until the conclusion of the Ordinary General Meeting of Shareholders concerning the final fiscal year ending within three (3) years after the conclusion of this Ordinary General Meeting of Shareholders, unless otherwise determined by resolution of the Board of Directors of the Company. Additionally, when a member of the Independent Committee who also acts as an outside director or an outside corporate auditor ceases to be a director or a corporate auditor of the Company (except for cases where he/she is reappointed), his/her term of office as a member of the Independent Committee shall also terminate.
- The Independent Committee shall make decisions on the matters listed below and submit recommendations to the Board of Directors of the Company containing the details of and reasons for the recommendation. Paying the utmost respect to such recommendations and as an organ under the Companies Act of Japan, the Board of Directors of the Company shall adopt a resolution relating to the implementation, non-implementation or other actions pertaining to the gratis allotment of Stock Acquisition Rights. Each member of the Independent Committee and each director of the Company must make such decisions with a view to whether or not the corporate value of the Company and the common interests of its shareholders will be enhanced, and they must not serve the sole purpose of their own interests or those of the management of the Company.
 - (i) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights.
 - (ii) The suspension of the gratis allotment of Stock Acquisition Rights or the acquisition of Stock Acquisition Rights without consideration.
 - (iii) Any other matters regarding which the Board of Directors of the Company seeks advice of the Independent Committee among matters to be judged by the Board of Directors of the Company.
- In addition to the matters prescribed above, the Independent Committee may conduct the matters listed below:
 - (i) Determining the information that the Acquirer and the Board of Directors of the Company should provide to the Independent Committee, and the deadline for the provision of such information;
 - (ii) Inspection and examination of the terms of the Acquirer's Acquisitions;
 - (iii) Negotiation and discussion with the Acquirer;
 - (iv) Request to the Board of Directors of the Company for the submission of an alternative proposal and examination of the proposal;
 - (v) Determining the extension of the Independent Committee Consideration Period;
 - (vi) Approval of modification or amendment of the Plan;
 - (vii) Advice to the Board of Directors in determining whether to introduce takeover defense measures other than the Plan;
 - (viii) Any other matters authorized to the Independent Committee in the Plan; and
 - (ix) Any matters the Board of Directors has separately determined to authorize the Independent Committee to perform.
- If the Independent Committee decides that the Acquisition Statements and the information submitted are insufficient as the Essential Information, it shall request that the Acquirer submit

additional information. Further, if the Independent Committee receives from the Acquirer the Acquisition Statements and the Essential Information, it may request that the Board of Directors of the Company present within a certain period an opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal (if any), and any other information and the like that the Independent Committee may properly consider necessary.

- If necessary, in order to improve the terms of the Acquisition from the standpoint of securing and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer, or require the Board of Directors of the Company, etc. to present an alternative proposal. The results of such discussion, negotiation and presentation shall be disclosed to shareholders.
- In order to collect necessary information, the Independent Committee may request the attendance of directors, corporate auditors or employees of the Company, or any other person that the Independent Committee considers necessary, and may require explanation of any matter it requests.
- If necessary, the Independent Committee may, at the Company's expense, obtain advice of independent third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts) and similar actions.
- Any member of the Independent Committee may convene a meeting of the Independent Committee when the Acquisition is effected, or at any other time.
- As a general rule, matters are resolved at the Independent Committee by the overwhelming majority of votes with the presence of at least two-thirds of the members of the Independent Committee.

Appendix 2. Profiles of Candidates for Members of the Independent Committee

The following five (5) candidates are to be appointed as members of the Independent Committee after the continuation of the Plan.

Hideto Ozaki

(Date of birth: December 26, 1945)

Outside Director, Sanden

Apr. 1968 Joined Toyota Motor Sales Co., Ltd.

June 1999 Director, Toyota Motor Corporation

July 2000 President, Toyota Financial Services Corporation

June 2008 Representative Director & Chairman, Aioi Insurance Company, Limited

June 2011 Special Advisor, Aioi Nissay Dowa Insurance Company, Limited

June 2013 Director, Sanden (present)

July 2014 Advisory Council, SVP Global Asia LLC (present)

June 2015 Outside Director, Mito Securities Co., Ltd. (Current position, scheduled to resign in June 2017)

Hideo Hohgi

(Date of birth: May 21, 1945)

Outside Director, Sanden

Apr. 1969 Joined Nissan Motor Co., Ltd.

Jan. 1991 Vice President, Nissan North America, Inc.

Sep. 1992 Executive Director, BMW Japan Corp.

Apr. 1996 Representative Director & President, Chrysler Japan Co., Ltd.

Apr. 2003 Professor, Graduate School of Commerce, Waseda University

June 2015 Director, Sanden (present)

Naonori Kimura

(Date of birth: July 8, 1968)

Outside Director, Sanden

Dec. 1988 Ran the start-up company (sold in May 1998)

June 1998 Joined NCR Japan, Ltd.

Sep. 2001 Joined Towers Perrin Tokyo Branch

Jan. 2004 Joined Arthur D Little Japan Inc.

Nov. 2007 Director, Industrial Growth Platform, Inc. (IGPI)

Jan. 2012 Partner and Managing Director, IGPI

Apr. 2013 Professor, Graduate School of Management, Globis University (present)

Jan. 2015 Partner/Member of the board/Managing Director, IGPI (present)

Dec. 2016 Managing Director, IGPI Shanghai (present)

June 2017 Outside Director, Molten Corporation (Scheduled to assume position in June 2017)

Ichiro Yumoto

(Date of birth: April 24, 1951)

Outside Audit & Supervisory Board Member, Sanden

Apr. 1975 Joined Fuji Bank, Limited

Apr. 2005 Managing Executive Officer, Chief Risk Officer, Chief Human Resources Officer,
Mizuho Financial Group, Inc.

June 2006 Senior Managing Director, Japan Carlit Co., Ltd.

June 2012 Audit & Supervisory Board Member, Taiyo Nippon Sanso Corporation

June 2016 Outside Director, JK Holdings Co., Ltd. (present)

June 2016 Outside Audit & Supervisory Board Member, Sanden (present)

Kazumichi Matsuki

(Date of birth: August 17, 1951)

Outside Audit & Supervisory Board Member, Sanden

Apr. 1976 Joined Mitsubishi Corporation

Jan. 2003 General Manager, Legal Dept., Mitsubishi Corporation

Jan. 2007 Senior Vice President "Riji", Mitsubishi Corporation

June 2013 Managing Director, Hokuetsu Kishu Paper Co., Ltd.

Apr. 2014 Part-Time Executive on Special Assignment, Hokuetsu Kishu Paper Co., Ltd. (Current
position, scheduled to resign in June 2017)

June 2016 Outside Director, Dream Incubator Inc. (present)

June 2016 Outside Audit & Supervisory Board Member, Sanden (present)

The Company does not have any special vested interests in any of the candidates for members of the Independent Committee listed above.

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Consolidated Balance Sheet

(As of March 31, 2017)

(In millions of yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets:	157,132	Current liabilities:	173,396
Cash and deposits	14,040	Notes and accounts payable – trade	53,005
Notes and accounts receivable – trade	79,964	Short-term loans payable	54,518
Merchandise and finished goods	23,200	Current portion of long-term loans payable	29,789
Work in process	10,547	Accounts payable – other	14,714
Raw materials	10,026	Lease obligations	1,900
Other inventories	3,406	Income taxes payable	993
Deferred tax assets	2,372	Provision for bonuses	3,793
Accounts receivable – other	4,840	Provision for sales rebates	1,083
Consumption taxes receivable	3,246	Provision for product warranties	4,736
Other	6,241	Deferred tax liabilities	7
Allowance for doubtful accounts	(753)	Other	8,852
Noncurrent assets:	123,062	Noncurrent liabilities:	57,637
Property, plant and equipment	81,250	Long-term loans payable	44,181
Buildings and structures	21,776	Lease obligations	5,247
Machinery, equipment and vehicles	23,788	Deferred tax liabilities	1,724
Tools, furniture and fixtures	5,238	Net defined benefit liability	3,257
Land	17,717	Provision for directors' retirement benefits	112
Lease assets	7,166	Provision for environmental measures	360
Construction in progress	5,562	Reserve for compensation to be paid in stock	138
Intangible assets	4,422	Other	2,616
Goodwill	142		
Lease assets	156		
Other	4,122		
Investments and other assets	37,389		
Investment securities	31,867		
Net defined benefit asset	90		
Deferred tax assets	2,621		
Other	6,026		
Allowance for doubtful accounts	(3,216)		
		Total Liabilities	231,034
		[Net assets]	
		Shareholders' equity	43,028
		Capital stock	11,037
		Capital surplus	3,747
		Retained earnings	29,447
		Treasury stock	(1,203)
		Accumulated other comprehensive income	520
		Valuation difference on available-for-sale securities	3,618
		Deferred gains or losses on hedges	(16)
		Foreign currency translation adjustment	(2,048)
		Remeasurements of defined benefit plans	(1,032)
		Non-controlling interests	5,610
		Total net assets	49,159
Total assets	280,194	Total liabilities and net assets	280,194

Consolidated Statement of Income
(From April 1, 2016 to March 31, 2017)

(In millions of yen)

Item	Amount	
Net sales		282,061
Cost of sales		232,742
Gross profit		49,319
Selling, general and administrative expenses		47,737
Operating income		1,582
Non-operating income		
Interest income	63	
Dividends income	185	
Equity in earnings of affiliates	3,385	
Other	725	4,359
Non-operating expenses		
Interest expenses	2,218	
Foreign exchange loss	2,838	
Other	3,147	8,204
Ordinary loss		2,262
Extraordinary income		
Gain on sales of noncurrent assets	2,685	
Insurance income	539	
Gain on sales of investment securities	38	
Other	131	3,394
Extraordinary loss		
Loss on disposal of noncurrent assets	299	
Market expenses	3,410	
Costs for antitrust case	7,777	
Restructuring charges	7,803	
Other	808	20,099
Loss before income taxes and minority interests		18,966
Income taxes – current		1,812
Income taxes – deferred		1,071
Loss before minority interests		21,850
Net income attributable to non-controlling shareholders		638
Net loss		22,488

Consolidated Statements of Changes in Net Assets
(From April 1, 2016 to March 31, 2017)

(In millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2016	11,037	3,747	54,021	(1,221)	67,584
Changes of items during the period					
Dividends from surplus			(2,085)		(2,085)
Net loss			(22,488)		(22,488)
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		(0)		23	23
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(0)	(24,574)	18	(24,555)
Balance as of March 31, 2017	11,037	3,747	29,447	(1,203)	43,028

	Accumulated other comprehensive income					Non-control ling interests	Total net assets
	Valuation difference on available-f or-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure- ments of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2016	2,496	(147)	1,464	(1,299)	2,513	5,405	75,503
Changes of items during the period							
Dividends from surplus							(2,085)
Net loss							(22,488)
Purchase of treasury stock							(5)
Disposal of treasury stock							23
Net changes of items other than shareholders' equity	1,121	131	(3,512)	266	(1,992)	205	(1,787)
Total changes of items during the period	1,121	131	(3,512)	266	(1,992)	205	(26,343)
Balance as of March 31, 2017	3,618	(16)	(2,048)	(1,032)	520	5,610	49,159

Non-Consolidated Balance Sheet

(As of March 31, 2017)

(In millions of yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets:	47,170	Current liabilities:	72,166
Cash and deposits	3,546	Operating payables	16,755
Operating receivables	11,123	Accounts payable – trade	34
Accounts receivable – trade	970	Short-term loans payable	30,198
Work in process	59	Current portion of long-term loans payable	24,525
Supplies	11	Lease obligations	42
Short-terms loan receivable from subsidiaries and affiliates	37,436	Accrued expenses	142
Deferred tax assets	357	Provision for bonuses	163
Consumption taxes receivable	198	Other	304
Other	441		
Allowance for doubtful accounts	(6,974)		
Noncurrent assets:	70,856	Noncurrent liabilities:	31,938
Property, plant and equipment	23,837	Long-term loans payable	30,294
Buildings	8,297	Lease obligations	177
Structures	1,079	Guarantee deposits received	28
Machinery and equipment	28	Provision for directors' retirement benefits	112
Vehicles	1	Reserve for compensation to be paid in stock	138
Tools, furniture and fixtures	272	Deferred tax liabilities	1,146
Land	14,097	Other	41
Lease assets	43		
Construction in progress	17		
		Total liabilities	104,104
		[Net assets]	
Intangible assets	2,532	Shareholders' equity	10,312
Leasehold right	8	Capital stock	11,037
Software	2,485	Capital surplus	4,478
Other	38	Legal capital surplus	4,453
Investments and other assets	44,487	Other capital surplus	24
Investment securities	9,272	Retained earnings	(4,305)
Stocks of subsidiaries and affiliates	17,535	Other retained earnings	(4,305)
Investments in capital of subsidiaries and affiliates	16,626	Retained earnings brought forward	(4,305)
Prepaid pension costs	90	Treasury stock	(897)
Other	1,069	Valuation and translation adjustments	3,609
Allowance for doubtful accounts	(109)	Valuation difference on available-for-sale securities	3,609
		Total net assets	13,922
Total assets	118,026	Total liabilities and net assets	118,026

Non-Consolidated Statement of Income
(From April 1, 2016 to March 31, 2017)

(In millions of yen)

Item	Amount	
Operating income		
Income from Group operations	6,209	
Income from real estate rentals	1,783	
Income from dividends of associated companies	3,644	
Other operating income	1,323	12,961
Operating expenses		9,212
Operating profit		3,748
Non-operating income		
Interest income	382	
Dividends income	182	
Miscellaneous income	113	679
Non-operating expenses		
Interest expenses	662	
Taxes and dues	516	
Foreign exchange loss	470	
Provision of allowance for doubtful accounts	5,974	
Miscellaneous loss	447	8,070
Ordinary loss		3,642
Extraordinary income		
Gain on sales of noncurrent assets	266	
Gain on sales of investment securities	38	304
Extraordinary loss		
Loss on valuation of stocks of subsidiaries and affiliates	10,912	
Restructuring charges	476	
Costs for antitrust case	7,777	
Other	997	20,164
Loss before income taxes		23,502
Income taxes – current		(410)
Income taxes – deferred		1,404
Net income		24,495

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2016 to March 31, 2017)

(In millions of yen)

	Shareholders' equity							Total shareholders' equity
	Capital stock	Capital surplus			Retained earnings		Treasury stock	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of April 1, 2016	11,037	4,453	24	4,478	22,282	22,282	(915)	36,883
Changes of items during the period								
Dividends from surplus					(2,092)	(2,092)		(2,092)
Net loss					(24,495)	(24,495)		(24,495)
Purchase of treasury stock							(5)	(5)
Disposal of treasury stock			(0)	(0)			23	23
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	(0)	(0)	(26,588)	(26,588)	18	(26,570)
Balance as of March 31, 2017	11,037	4,453	24	4,478	(4,305)	(4,305)	(897)	10,312

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2016	2,497	2,497	39,380
Changes of items during the period			
Dividends from surplus			(2,092)
Net loss			(24,495)
Purchase of treasury stock			(5)
Disposal of treasury stock			23
Net changes of items other than shareholders' equity	1,112	1,112	1,112
Total changes of items during the period	1,112	1,112	(25,458)
Balance as of March 31, 2017	3,609	3,609	13,922