

Securities Code: 6457

June 3, 2016

To our shareholders,

Hirokazu Onoe
President
GLORY LTD.
3-1, Shimoteno 1-chome,
Himeji City, Hyogo

Notice of the 70th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 70th Ordinary General Meeting of Shareholders of GLORY LTD. (the “Company”), which will be held as described below (the “Shareholders Meeting”).

In the event that you are unable to attend the Shareholders Meeting in person, you are kindly requested to review the attached Reference Materials for the Shareholders Meeting, and exercise your voting rights by stating your approval or disapproval for each of the proposals in the enclosed Voting Card. Please return the Voting Card to the Company, or vote via the Company’s voting site* at <<http://www.evotep.jp/>>. Whichever method you use, we ask that you please exercise your voting rights no later than 5:15 p.m., Thursday, June 23, 2016 (Tokyo time).

*Available only in the Japanese language.

- 1. Date & Time** Friday, June 24, 2016, 10:00 a.m.
- 2. Place** Conference Room
GLORY LTD. Headquarters
3-1 Shimoteno 1-chome,
Himeji City, Hyogo

3. Agenda

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements and the Reports of Independent Auditors and the Board of Corporate Auditors on the Consolidated Financial Statements for the 70th term (from April 1, 2015 to March 31, 2016)
2. The Financial Statements for the 70th term (from April 1, 2015 to March 31, 2016)

Proposals to be acted upon:

- Proposal No. 1 Distribution of Retained Earnings
- Proposal No. 2 Election of Eight (8) Directors
- Proposal No. 3 Payment of Bonuses to Directors
- Proposal No. 4 Amount and Other Contents of Performance-Based Stock Compensation for Directors
- Proposal No. 5 Re-adoption of Countermeasures to Large-Scale Acquisitions of the Shares in the Company (Takeover Defense Measures)

This is a partial translation of the original Japanese text of the “Notice of the 70th Ordinary General Meeting of Shareholders” prepared for the convenience of shareholders. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

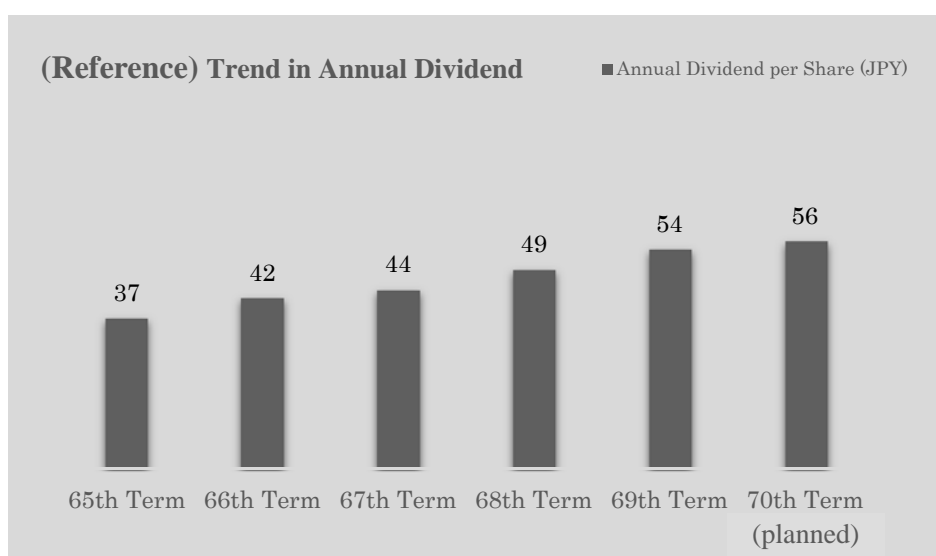
REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING

Proposal No. 1 Distribution of Retained Earnings

Considering the return of profits to shareholders to be an important management task, the Company's policy in regard to distribution of profits is to continue stable dividends while striving to maintain and enhance sound financial standing in preparation for future business growth. The Company has set the target of attaining a dividend payout ratio of 30% or higher on a consolidated basis.

In accordance with the above policy, the Company is proposing to pay a year-end dividend of ¥29 per share. As the Company previously paid out ¥27 per share as an interim-period dividend, the total dividend for the 70th term will be ¥56 per share. Consequently, the payout ratio will be 41.7%.

1. Type of dividend property
Cash
2. Allocation of dividend property and total amount of allocation
¥29 per share of common stock
Total amount of payout: ¥1,910,765,717
3. Effective date of dividend payment
June 27, 2016




Proposal No. 2 Election of Eight (8) Directors

At the close of the Shareholders Meeting, the term of office will expire for all nine (9) Directors. Therefore, we would like shareholders to elect eight (8) Directors.

The candidates for the position of Director are as follows:

<i>No</i>	<i>Name (age*)</i>	<i>Position and responsibilities</i>	<i>Attendance rate at Board of Directors meetings</i>
1	Reappointment Hirokazu Onoe (68)	President & Representative Director	16/16
2	Reappointment Motozumi Miwa (62)	Representative Director & Senior Managing Executive Officer; Executive General Manager, Business Management Headquarters, Responsible for Corporate Communication Dept.	16/16
3	Reappointment Hideo Onoe (48)	Director & Managing Executive Officer; Executive General Manager, Domestic Business Headquarters	16/16
4	Reappointment Shigetoshi Mabuchi (58)	Director & Managing Executive Officer; Executive General Manager, Service Headquarters	16/16
5	Reappointment Kaname Kotani (56)	Director & Managing Executive Officer; Executive General Manager, Development Headquarters, Responsible for Intellectual Property Dept., Responsible for information security	16/16
6	Reappointment Akihiro Harada (53)	Director & Senior Executive Officer; Executive General Manager, International Business Headquarters	13/13
7	Reappointment Hiroki Sasaki (74) <input type="checkbox"/> Candidate for Outside Director <input type="checkbox"/> Candidate for Independent Director	Outside Director (Number of years of service as Director at the conclusion of the Shareholders Meeting : 8 years)	16/16
8	Reappointment Akira Nijima (72) <input type="checkbox"/> Candidate for Outside Director <input type="checkbox"/> Candidate for Independent Director	Outside Director (Number of years of service as Director at the conclusion of the Shareholders Meeting : 8 years)	16/16

* As of the date of the Shareholders Meeting.


No 1	<i>Name</i>	Reappointment	
	<i>Date of birth (age)</i>	<i>Number of shares in the Company owned by the candidate:</i>	
	Hirokazu Onoe March 19, 1948 (68)	23,900 16/16	
<i>Career summary, positions and areas of responsibility in the Company:</i>			
Sep. 1970	Joined the Company		
Apr. 2000	General Manager, Vending Machine & Amusement Systems Business Div.		
Jun. 2001	Director		
Jun. 2004	Managing Director		
Jun. 2006	Director & Managing Executive Officer		
Apr. 2009	General Manager, Corporate Strategy Div.		
Jun. 2010	Director & Executive Vice President		
Apr. 2011	President & Representative Director (to present)		
<i>Significant concurrent positions:</i> None			
<i>Reason for recommending the candidate as Director:</i>			
Mr. Hirokazu Onoe has accumulated considerable experience and achievements in various business sectors of the Company such as the major domestic business divisions and management planning division, etc and, since assuming the position of the President & Representative Director, has been fully demonstrating his ability as the top executive of the Company. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election to the board as a Director.			


No	Name Date of birth (age)	Reappointment																	
2	Motozumi Miwa June 9, 1954 (62)	Number of shares in the Company owned by the candidate: 7,200 Attendance rate at Board of Directors meetings: 16/16																	
<i>Career summary, positions and areas of responsibility in the Company:</i>																			
<table border="0"> <tr> <td data-bbox="276 499 411 528">Jun. 2009</td> <td data-bbox="467 499 699 528">Joined the Company</td> </tr> <tr> <td data-bbox="276 539 411 568">Mar. 2010</td> <td data-bbox="467 539 1145 568">General Manager, Legal Affairs Dept., General Affairs Div.</td> </tr> <tr> <td data-bbox="276 580 411 609">Jun. 2010</td> <td data-bbox="467 580 671 609">Executive Officer</td> </tr> <tr> <td data-bbox="276 620 411 649">Apr. 2012</td> <td data-bbox="467 620 1134 685">Senior Executive Officer; Executive General Manager, General Affairs Headquarters</td> </tr> <tr> <td data-bbox="276 696 411 725">Jun. 2012</td> <td data-bbox="467 696 879 725">Director & Senior Executive Officer</td> </tr> <tr> <td data-bbox="276 736 411 766">Apr. 2014</td> <td data-bbox="467 736 1353 842">Director & Managing Executive Officer; Executive General Manager, Business Management Headquarters (to present), Responsible for General Affairs Headquarters</td> </tr> <tr> <td data-bbox="276 853 411 882">Apr. 2015</td> <td data-bbox="467 853 1002 882">Director & Senior Managing Executive Officer</td> </tr> <tr> <td data-bbox="276 893 411 922">Apr. 2016</td> <td data-bbox="467 893 1321 958">Representative Director & Senior Managing Executive Officer (to present); Responsible for Corporate Communication Dept. (to present)</td> </tr> </table>				Jun. 2009	Joined the Company	Mar. 2010	General Manager, Legal Affairs Dept., General Affairs Div.	Jun. 2010	Executive Officer	Apr. 2012	Senior Executive Officer; Executive General Manager, General Affairs Headquarters	Jun. 2012	Director & Senior Executive Officer	Apr. 2014	Director & Managing Executive Officer; Executive General Manager, Business Management Headquarters (to present), Responsible for General Affairs Headquarters	Apr. 2015	Director & Senior Managing Executive Officer	Apr. 2016	Representative Director & Senior Managing Executive Officer (to present); Responsible for Corporate Communication Dept. (to present)
Jun. 2009	Joined the Company																		
Mar. 2010	General Manager, Legal Affairs Dept., General Affairs Div.																		
Jun. 2010	Executive Officer																		
Apr. 2012	Senior Executive Officer; Executive General Manager, General Affairs Headquarters																		
Jun. 2012	Director & Senior Executive Officer																		
Apr. 2014	Director & Managing Executive Officer; Executive General Manager, Business Management Headquarters (to present), Responsible for General Affairs Headquarters																		
Apr. 2015	Director & Senior Managing Executive Officer																		
Apr. 2016	Representative Director & Senior Managing Executive Officer (to present); Responsible for Corporate Communication Dept. (to present)																		
<i>Significant concurrent positions:</i> None																			
<i>Reason for recommending the candidate as Director:</i>																			
<p>Along with a wealth of experience and knowledge accumulated in the financial industry, Mr. Motozumi Miwa is conversant with broad aspects of corporate management, such as accounting and finance, administrative and legal affairs, etc. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election to the board as a Director.</p>																			


No 3	<i>Name</i>	Reappointment	
	<i>Date of birth (age)</i>	<i>Number of shares in the Company owned by the candidate:</i> 372,224 <i>Attendance rate at Board of Directors meetings:</i> 16/16	
	Hideo Onoe October 17, 1967 (48)		
<i>Career summary, positions and areas of responsibility in the Company:</i>			
Jan.	1999	Joined the Company	
Oct.	2005	General Manager, Supply Chain Management Dept., Production Management Div., Money Handling Systems Business Headquarters	
Oct.	2006	Executive Officer; Senior General Manager, Supply Chain Management Div. & General Manager, Planning Dept., Supply Chain Management Div.	
Jul.	2009	President of GLORY (U.S.A.) INC. (now Glory Global Solutions Inc.)	
Apr.	2012	Senior Executive Officer of the Company; Executive General Manager, Production Headquarters	
Apr.	2013	Chairman of the Board of GLORY Denshi Kogyo (Suzhou) Ltd.	
Apr.	2014	Managing Executive Officer of the Company; Executive General Manager, Production Headquarters & Senior General Manager, Purchasing Div.	
Jun.	2014	Director & Managing Executive Officer (to present)	
Apr.	2015	Executive General Manager, Domestic Business Headquarters (to present)	
<i>Significant concurrent positions:</i> None			
<i>Reason for recommending the candidate as Director:</i>			
Along with a wealth of experience and knowledge accumulated in the production and logistics units of the Company and its group companies as well as the major domestic business divisions, Mr. Hideo Onoe has rich experience in the management of the Company's overseas subsidiaries. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election to the board as a Director.			

No	Name	Reappointment	
	Date of birth (age)		
4	Shigetoshi Mabuchi December 19, 1957 (58)	Number of shares in the Company owned by the candidate: 2,900 Attendance rate at Board of Directors meetings: 16/16	
<i>Career summary, positions and areas of responsibility in the Company:</i>			
Apr.	1982	Joined GLORY Shoji Co., Ltd. (now the Company)	
Apr.	2005	General Manager, Business Planning Office, Business Planning Div. of GLORY Shoji Co., Ltd.	
Apr.	2009	Senior General Manager, Maintenance Business Div., Maintenance Headquarters of the Company	
Jun.	2010	Executive Officer	
Apr.	2011	Senior General Manager, Management Div., Service Headquarters	
Apr.	2012	Senior Executive Officer; Executive General Manager, Service Headquarters (to present)	
Apr.	2014	Managing Executive Officer	
Jun.	2014	Director & Managing Executive Officer (to present)	
<i>Significant concurrent positions:</i> None			
<i>Reason for recommending the candidate as Director:</i>			
Mr. Shigetoshi Mabuchi has accumulated considerable experience and achievements in such fields as business planning and maintenance services of the Company and its group companies and shows strong leadership in the business promotion and enhancement of the maintenance service operation. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election to the board as a Director.			

No	Name	Reappointment		
	Date of birth (age)			
5	Kaname Kotani	Number of shares in the Company owned by the candidate:	4,500	
	August 23, 1959 (56)	Attendance rate at Board of Directors meetings:	16/16	
<i>Career summary, positions and areas of responsibility in the Company:</i>				
Jun.	1987	Joined the Company		
Jun.	2010	Senior General Manager, Development Div., Money Handling System Business Headquarters		
Apr.	2011	Deputy Executive General Manager, Development Headquarters & Senior General Manager, Development Div.1		
Apr.	2012	Executive Officer		
Apr.	2013	Senior Executive Officer; Executive General Manager, Development Headquarters (to present), Responsible for Intellectual Property Dept. (to present)		
Jun.	2014	Director & Senior Executive Officer		
Apr.	2015	Director & Managing Executive Officer (to present)		
Apr.	2016	Responsible for information security (to present)		
<i>Significant concurrent positions:</i>		None		
<i>Reason for recommending the candidate as Director:</i>				
Mr. Kaname Kotani has accumulated considerable experience and achievements in the fields of product development for the domestic and overseas markets as well as intellectual property management and, when integrating development functions following the acquisition of Talaris, fully displays his ability in strengthening product competitiveness and improving the efficiency of development activities. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election to the board as a Director.				

No 6	<i>Name</i>	Akihiro Harada	Reappointment	
	<i>Date of birth (age)</i>	March 10, 1963 (53)	<i>Number of shares in the Company owned by the candidate:</i> <i>Attendance rate at Board of Directors meetings:</i>	
<i>Career summary, positions and areas of responsibility in the Company:</i>				
Mar.	1985	Joined the Company		
Apr.	2003	General Manager, Production Engineering Dept., Himeji Factory, Banking System & Equipment Div.		
Jan.	2006	President of GLORY (PHILIPPINES), INC.		
Apr.	2009	General Manager, Management Planning Dept., Corporate Strategy Div. of the Company		
Apr.	2012	Executive Officer; General Manager, Management Planning Dept. & Project Leader, International Business Integration Project Management Office		
Jul.	2012	Director of Glory Global Solutions Ltd.		
Apr.	2014	Senior Executive Officer of the Company; Responsible for manufacturing, procurement and quality assurance at group companies of Glory Global Solutions Ltd.		
Apr.	2015	Executive General Manager, International Business Headquarters of the Company (to present)		
Jun.	2015	Director & Senior Executive Officer (to present)		
<i>Significant concurrent position:</i>				
Chairman of the Board & Chief Executive Officer of Glory Global Solutions Ltd.				
Chairman of the Board of Sitrade Italia S.p.A.				
<i>Reason for recommending the candidate as Director:</i>				
Mr. Akihiro Harada has considerable experience and achievements in the fields of production operations of the Company and its group companies as well as management planning and has rich experience in the management of the Company's overseas subsidiaries. Particularly, at the time of the acquisition of Talaris, he has shown strong leadership in the integration project toward early creation of synergy of the acquisition. It is our judgment that he has sufficient experience and ability for the role of Director and we thus recommend his election to the board as a Director.				

No	Name Date of birth (age)	Reappointment		
		Candidate for Outside Director	Candidate for Independent Director	
7	Hiroki Sasaki February 15, 1942 (74)			
		Number of shares in the Company owned by the candidate:	5,300	
		Number of years of service as Director:	8 years	
		Attendance rate at Board of Directors meetings:	16/16	
<i>Career summary, positions and areas of responsibility in the Company:</i>				
	Apr. 1965	Joined Fuji Iron & Steel Co., Ltd. (now Nippon Steel & Sumitomo Metal Corporation)		
	Jun. 1995	Director of Nippon Steel Corporation (now Nippon Steel & Sumitomo Metal Corporation)		
	Apr. 1999	Managing Director of Nippon Steel Corporation		
	Jun. 2001	Vice President & Representative Director of Sanyo Special Steel Co., Ltd.		
	Jun. 2002	President & Representative Director of Sanyo Special Steel Co., Ltd.		
	Jun. 2007	Director & Senior Adviser of Sanyo Special Steel Co., Ltd.		
	Jun. 2008	Outside Director of the Company (to present)		
	Jun. 2009	Outside Corporate Auditor of KITZ Corporation		
<i>Significant concurrent positions:</i> None				
<i>Reason for recommending the candidate as Outside Director:</i>				
Mr. Hiroki Sasaki possesses considerable experience and global knowledge as a management executive at other companies and has been playing an important role as an Outside Director in ensuring and enhancing transparency and fairness in the Company's management. It is our judgment that he has sufficient experience and ability for the role of Outside Director and we thus recommend his election as an Outside Director.				

No	Name Date of birth (age)	Reappointment		
		Candidate for Outside Director	Candidate for Independent Director	
8	Akira Niijima March 9, 1944 (72)			
		Number of shares in the Company owned by the candidate:	3,000	
		Number of years of service as Director:	8 years	
		Attendance rate at Board of Directors meetings:	16/16	
<i>Career summary, positions and areas of responsibility in the Company:</i>				
	Apr. 1969	Joined Pioneer Corporation		
	Sep. 1995	President of Pioneer North America, Inc.		
	Jun. 1997	Director of Pioneer Corporation		
	Jun. 2000	Managing Director of Pioneer Corporation		
	Jun. 2002	Senior Managing Director of Pioneer Corporation		
	Jun. 2004	Senior Managing Director & Representative Director of Pioneer Corporation		
	Jun. 2008	Outside Director of the Company (to present)		
<i>Significant concurrent positions:</i> None				
<i>Reason for recommending the candidate as Outside Director:</i>				
Mr. Akira Niijima has accumulated considerable experience and valuable global knowledge in both international and domestic businesses at an R&D oriented company similar to the Company and has been playing an important role as an Outside Director in ensuring and enhancing transparency and fairness in the Company's management. It is our judgment that he has sufficient experience and ability for the role of Outside Director and we thus recommend his election as an Outside Director.				

Notes:

1. There is no special interest between the Company and the candidates.
2. Mr. Hiroki Sasaki and Mr. Akira Nijjima have been notified to Tokyo Stock Exchange as “Independent Directors”.
3. Regarding agreements limiting the liability of Directors

To enable Directors ((excluding executive Directors and the like); the same shall apply in this Paragraph 3) to fully perform their expected roles, the Articles of Incorporation of the Company provide that the Company may conclude agreements with Directors to the effect that liability of Directors be limited. The Company has concluded such agreement with each of the Outside Directors, Mr. Hiroki Sasaki and Mr. Akira Nijjima, and will maintain the existing agreement with each of them, if they are reelected as Outside Directors as proposed.

Brief summary of the said agreements is as follows:

- * Director shall be liable for damages up to the minimum amount of liability stipulated in Paragraph 1, Article 425 of the Companies Act should he or she become liable for damages caused to the Company as a result of negligence in the performance of his or her duties.
- * The liability limitation described above shall be applicable in cases where Director performed the duties that became the cause of liability in good faith and without gross negligence.

Proposal No. 3 Payment of Bonuses to Directors

We propose to pay a total amount of ¥43,267,000 as bonuses to seven (7) executive Directors out of nine (9) Directors, who were in office at the end of the 70th term taking into consideration the Company’s business performance of the year.

The above amount is calculated according to the Company’s policy of setting the total amount of bonuses at a fixed ratio of net income attributable to owners of parent. The bonuses for each Director will be determined by a resolution of the Board of Directors.

Proposal No. 4 Amount and Other Contents of Performance-Based Stock Compensation for Directors

1. Reason for proposed amendments

The Company has been implementing a performance-based stock compensation plan (hereinafter the “Plan” in this Proposal No.4) for its directors (excluding the outside directors of the Company; the same shall apply hereinafter in this Proposal No.4) (the “Directors”), which was approved by the resolution at the 69th Ordinary General Meeting of Shareholders held on June 26, 2015 (the “Previous Shareholders’ Meeting”), with the aim of improving the Company’s business performance and increasing its corporate value over the medium to long term. This proposal calls for partial amendments of the Plan aimed at further enhancing the motivation to improve the corporate value of Glory’s group companies as a whole: specifically, the Plan will be amended to include, in add the Directors, the presidents of the Company’s domestic subsidiaries (the “Specified Subsidiaries^{*2}”) as beneficiaries of the Plan, and to modify the amounts and other contents of the Plan so that the Company will be able to administer the Plan in an integrated manner. All the contents of the Plan that were approved by the Previous Shareholders’ Meeting will be left unchanged, except the points detailed in the next section.

Additionally, the proposed amendments will be conditional on approval by the shareholders’ meetings of each of the Specified Subsidiaries with respect to the “proposal on the amount and other contents of the performance-based stock compensation plan for the president.”

*¹ The number of Directors eligible for the Plan will be six (6), if Proposal No.2 is approved as proposed.

*² As of May 12, 2016, there are 12 such subsidiaries.

2. Amount and other contents of the revised Plan

(1) Outline of the Plan

The Company is presently implementing the “2017 Medium-Term Management Plan” covering the three years from the fiscal year ending March 31, 2016 to the fiscal year ending March 31, 2018 (the “Mid-term Plan period”). In this connection, the Company will distribute a certain number of shares of the Company and the cash conversion equivalent thereof (collectively the “Company Shares”) to each of the Directors and the presidents of Specified Subsidiaries (collectively the “Specified Directors”) as compensation based on their positions and the degree of achievement of its consolidated business performance goals in each fiscal year during the Mid-term Plan period under the revised Plan. While the Plan was approved by the Previous Shareholders’ Meeting as a plan with only the Directors as beneficiaries, the revised Plan will include the presidents of Specified Subsidiaries as beneficiaries from the fiscal year ending March 31, 2017.

(2) Upper limits of money to be contributed by the Company and the Specified Subsidiaries to the Trust, etc. (*)

The Company has set up a trust (the “Trust”), the beneficiaries of which are Directors who meet the beneficiary requirements, by contributing an amount of money within the limit of 120 million yen as compensation for the Directors based on the approval by the Previous Shareholders’ Meeting. Along with the addition of the presidents of Specified Subsidiaries as beneficiaries of the revised Plan, the contents of the Trust will be revised to raise the limit of the money to be contributed by the Company to 236 million yen. However, as the increased money in the Trust will be used as compensation for the presidents of Specified Subsidiaries during the trust period, such increase in trust money will be borne by Specified Subsidiaries.

Further, the upper limit of the points to be awarded to the presidents of Specified Subsidiaries each year will be 13,900 points; the combined total of such limit and the upper limit of the points to be awarded to Directors each year will become 23,900. Therefore, the upper limit of the number of shares that the Trust will acquire will be 57,800 shares, which is the sum of (a) the number of shares corresponding to the upper limit of the points to be awarded to Directors each year multiplied by 3 (number of years in

the trust period) (30,000 shares) and (b) the number of shares corresponding to the upper limit of the points to be awarded to the presidents of Specified Subsidiaries each year multiplied by 2 (number of years in the trust period) (27,800 shares).

* The money to be contributed to the Trust will be the total of the funds for the acquisition of the shares of the Company and the trust fee/expenses for the Trust.

(Point awarding method)

With the target value for fiscal year 2017, which is the final year of the Mid-Term Plan period, as a benchmark, during the trust period on the last day of May following the fiscal year ending 31 March of the year (the "Assessment Target Year"), each of the Specified Director would be awarded a certain number of points which is calculated by multiplying his or her position-based basic points for each Assessment Target Year by the performance-based indicator which is calculated in relation to the degree of the Company's achievement of business performance goals for the Assessment Target Year. The performance-based indicator is determined in stages according to the achievement level of the Company's consolidated sales and operating income forecast which is contained in the Company's "Financial Results" published at the beginning of each fiscal year. Each indicator would be within the range between 0 (if less than 90% of forecast achieved) and 1.2 (if 130% or more of forecast achieved).

(3) Distribution of the Company Shares to the Specified Directors

A Specified Director who has satisfied the beneficiary requirements would receive from the Trust, in June of each year during the trust period, and when leaving office, 70% of the Company shares corresponding to the number of points awarded as described below (10 shares as a unit, and shares less than 10 shares are rounded down), and the remaining shares of the Company would be converted within the Trust to an equivalent cash value, and paid to the Specified Director.

(i) Distribution at a certain time each year

The number of the Company Shares corresponding to 50% of the points awarded each year on the last day of May during the trust period would be distributed in June of each year.

(ii) Distribution upon leaving office

The number of the Company Shares corresponding to the number of the accumulated remaining points would be distributed when a Specified Director leaves office.

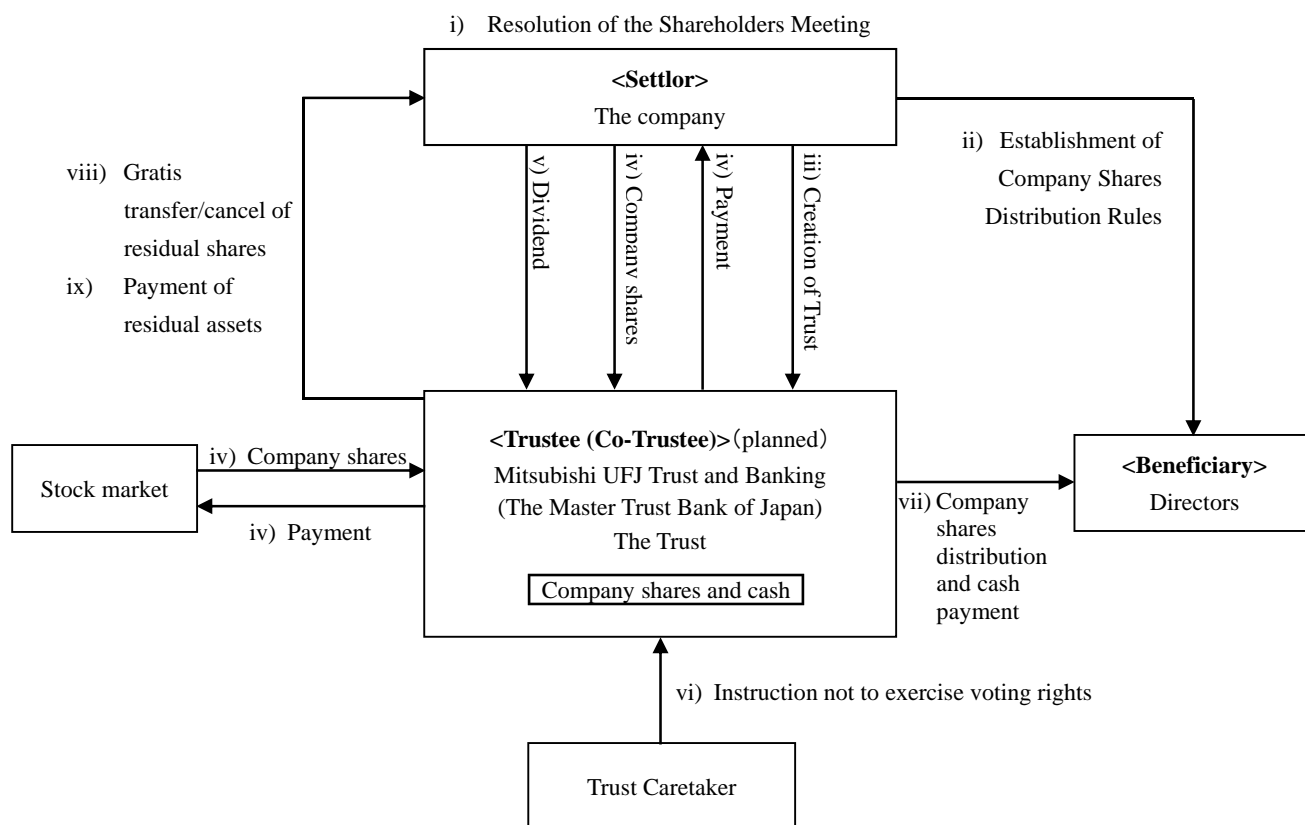
As a general rule, sale of the shares of the Company acquired through the Plan would not be permitted during incumbencies of each directors from the viewpoint of value sharing with shareholders and of ensuring the link with the medium to long term performance of the Glory's group.

For the details of the Plan, please refer to the following "(Reference)".

(Reference)

Excerpts from “Notice of the 69th Ordinary General Meeting of Shareholders
(held on June 26, 2015)” of the Company

<Trust Scheme for the Initial Set Up>



- i) The Company seeks to obtain an approval for the proposed Director compensation specified in the Plan at the Shareholders Meeting.
- ii) The Company plans to institute Company Shares Distribution Rules in regard to the introduction of the Plan, as established by its Board of Directors.
- iii) The Company will, by entrusting an amount of money within the limit of the Shareholders Meeting approval as per i) above, set up the Trust, beneficiaries of which will be Directors who meet the beneficiary requirements.
- iv) The Trust will, in accordance with instructions from the trust caretaker, use the money entrusted as per iii) above to acquire the Company shares from either the Company (disposal of its treasury shares) or from the stock market. The number of shares to be acquired by the Trust shall be within the limit approved by the Shareholders Meeting as per i) above.
- v) Distribution of surplus as to the Company shares held by the Trust will be made in the same manner as other shares of the Company.
- vi) Voting rights of the shares of the Company held by the Trust will not be exercised throughout the Trust period.

- vii) During the Trust Period, Points will be awarded to each of Directors based on his or her position and the degree of the Company's achievement of the business performance goals of each fiscal year. Directors who have satisfied specific beneficiary requirements will receive, at a defined time each year during the Trust Period and upon retirement, the number of shares of the Company equivalent to a pre-set ratio of the points awarded to each of the Directors, and in regards to the number of shares of the Company equivalent to the remaining points, the cash equivalent to the conversion value calculated within the Trust will be paid to the Director at a defined time each year during the Trust Period, and upon retirement.
- viii) If, at the end of the Trust period, there are residual shares arising from reasons such as non or insufficient achievement of performance goals in each fiscal year, said residual shares will be donated to an organization having no vested interest in the Company and/or with its Directors, or transferred to the Company gratis and thereafter cancelled by a resolution of the Board of Directors of the Company.
- ix) Upon dissolution of the Trust, any residual assets after distribution to beneficiaries will be returned to the Company.

<Content of Trust Contract>

- | | |
|-----------------------------------|---|
| 1) Type of Trust: | Money trust, an individually operated designated money trust other than a money trust (third party benefit trust) |
| 2) Purpose of Trust: | Provision of incentives to Directors of the Company |
| 3) Settlor: | The Company |
| 4) Trustee: | Mitsubishi UFJ Trust and Banking Corporation (planned) |
| (Co-trustee, | The Master Trust Bank of Japan, Ltd. (planned)) |
| 5) Beneficiaries: | Directors or retired Directors of the Company that meet beneficiary requirements |
| 6) Trust Caretaker: | Third party which does not have interest in the Company (accountant) |
| 7) Trust contract date: | August 2015 (planned) |
| 8) Trust Period: | August 2015 (planned) to August 2018 (planned) |
| 9) Start of Plan: | September 2015 (planned) (point-awarding to be commenced based on the fiscal year ending at the end of March 2016) |
| 10) Voting rights: | No voting rights to be exercised |
| 11) Type of shares: | The Company's ordinary shares |
| 12) Upper limit of Trust funds: | ¥120 million (planned) (including trust fee/expenses) |
| 13) Residual assets to be vested: | The Company |
| 14) Residual assets: | Residual assets that can be received by the Company, which is the designated entity to be vested, shall be within the limit of the trust expense reserve, which is calculated by deducting the cost for acquiring the shares from the amount of money entrusted to the Trust. |

Proposal No. 5 Re-adoption of Countermeasures to Large-Scale Acquisitions of the Shares in the Company (Takeover Defense Measures)

The Company has been re-adopting the plan for countermeasures to large-scale acquisitions of the shares in the Company (takeover defense measures) (the current effective plan being referred to as the “Current Plan”) upon the approvals at the ordinary general meetings of shareholders held every three years (i.e., the effective period of the plan) after the decision of the Company’s Board of Directors at its meeting held on December 26, 2007 as approved by the ordinary general meeting of shareholders held in 2008, to adopt the plan as a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons viewed as inappropriate (as provided in Article 118, Item 3(b)(2) of the Enforcement Regulations of the Companies Act) under the Company’s basic policy regarding the persons who control decisions on the Company’s financial and business policies (as provided in main text of Article 118, Item 3 of the Enforcement Regulations of the Companies Act, the “Basic Policy”). The effective period of the Current Plan is until the close of this General Meeting of Shareholders scheduled to be held on June 24, 2016.

With the expiration of the effective period of the Current Plan approaching, the Company has been carefully considering whether and how to re-adopt the Current Plan from the viewpoint of a measure to continually ensure and enhance the corporate value of the GLORY Group (the “Group”) and the common interests of the shareholders of the Company, while also taking into consideration changes in social and economic conditions and other such matters.

In the anticipation of the 100th anniversary of its founding in 2018, the Group is currently making efforts to realize the “Long-Range Vision 2018,” in which the basic policies of “creating new value through superb manufacturing techniques and pursuing dreams for the future” and “seeking sustained corporate growth together with society through CSR activities” are set out. Particularly in recent years, the Company has focused on expanding its overseas business, and the overseas sales ratio in the most recent fiscal year ended March 31, 2016, has risen to approximately 50% as a result of the acquisition of Talaris Topco Limited, a UK corporation, in July 2012 (see II.1 below) and the subsequent active commitment aimed at early creation and maximization of synergies of the acquisition. Also, with respect to the business performance on a consolidated basis, the Company has achieved corporate growth with, for example, net sales and operating income increasing for the six consecutive fiscal years through the fiscal year ended March 31, 2016.

The Company is currently promoting its “2017 Medium-Term Management Plan” that covers the three-year period starting from April 2015. The Company regards the plan period as the final step in establishing the foundation for growth whereby the Group will continually and steadily ensure and enhance its corporate value for the next 100 years by seeking enhanced profitability in its domestic business and further accelerating overseas business growth. The Group endeavors to complete this plan and make efforts to achieve the goals of ¥260 billion in sales, ¥28 billion in operating income, and 8% ROE, all on a consolidated basis, in the fiscal year ending March 31, 2018, which is the last fiscal year of the “2017 Medium-Term Management Plan.”

Under these circumstances, the Company has concluded that a framework of countermeasures to large-scale acquisitions of the shares in the Company is essential in order to realize the abovementioned goals and accomplish continuous enhancement of the Group’s corporate value, and therefore decided to re-adopt a revised plan (the “Plan”) based on the Current Plan subject to shareholders’ approval at this General Meeting of Shareholders.

The Company submits this Proposal to ask for shareholders’ approval of re-adoption of the Plan. The content of the Plan is substantially the same as the Current Plan except for revisions to the effective period and other clerical changes.

1. Purpose of Re-adoption of the Plan

1.1 Basic Policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Company's corporate value and who will make it possible to continually ensure and enhance the Company's corporate value and the common interests of its shareholders.

The Company believes that ultimately its shareholders should make the decisions on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not reject a large-scale acquisition of the shares, etc. issued by the Company (the "Company's shares, etc.") if it would contribute to the corporate value of the Company and the common interests of its shareholders.

Nonetheless, there are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders, namely, those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition, or for the target company's board of directors to make an alternative proposal; and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than the terms presented by the acquirer.

The Company believes it is essential for its management to fully understand the Company's corporate philosophy and source of the Company's corporate value such as relationships with business partners, local communities, employees or other stakeholders that shape the corporate value and the common interests of shareholders.

Specifically, the Company believes that the source of corporate value is found in (i) the two core technologies that the Company obtained through its long-term research and development activities and are indispensable to the money handling machine business ("mechatronics technology" and "recognition/identification technology") and various technological capabilities incidental thereto, (ii) the know-how that enables the Group to flexibly respond on a global scale to customer needs based on the thorough knowledge regarding the diverse market environment and currency circulation systems of the world, (iii) the established group-wide business system integrating the functions from product development to manufacturing, sales and after-sales services both in domestic and international markets, (iv) employees who fully understand the corporate philosophy of the Company and maintain, develop and pass on high technological capabilities and know-how, and (v) the relationship of trust with customers, business partners, local communities and the like that the Group has developed based on its technological capabilities, know-how and business systems described in (i) through (iii) above. Understanding the source of the Company's corporate value is essential for its further growth.

If a large-scale acquisition is made without understanding the source of the Company's corporate value, the corporate value of the Company and the common interests of its shareholders would be significantly harmed. The Company believes that persons who would make a large-scale acquisition of the Company's shares in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Company and the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition by such persons.

1.2 The Source of the Company's Corporate Value and Measures to Realize the Basic Policy

(a) The Source of the Company's Corporate Value

Ever since its foundation as a small factory in 1918 and introduction of Japan's first coin counter in 1950, the Company has supplied various money handling machines to domestic or overseas financial institutions, retail industries and other customers based on the Company's unique technological capabilities developed over the years, and has grown as a pioneer in Japan's money handling machine industry. As a company playing an important role in society to provide the products and services that help to improve efficiency of money handling and authentication of money, the Company has been endeavoring to continuously ensure and enhance its corporate value under the corporate philosophy that "we will contribute to the development of a more secure society through a striving spirit and cooperative efforts."

In addition, in recent years, the Company has focused on expanding overseas business. In July 2012, the Company acquired Talaris Topco Limited, a UK corporation (now "Glory Global Solutions (Topco) Ltd.") ("Talaris") and worldwide leader in the money handling machine sector. The Company has since rapidly accelerated overseas business expansion by integrating Talaris's strengths in solution capabilities and worldwide sales and maintenance service networks with the Company's existing business foundation under the new system established through the acquisition of Talaris and the subsequent restructuring of the overseas subsidiaries of the Company and Talaris (the new system consisting of Glory Global Solutions Ltd. ("GGS"), which is a UK corporation established by the Company as the acquirer of Talaris, and the subsidiaries of GGS after the restructuring being collectively referred to as the "GGS Group").

The Company is determined to ensure and enhance the corporate value and the common interests of its shareholders by carrying out the mission to "contribute to social development" through development and provision of money handling machines equipped with unique technologies and by reinforcing the foundation for its overseas business led by GGS, which has grown into a primary business of the Group.

The Company believes that the source of the corporate value of the GLORY group ("the Group") is specifically found in the following factors;

- (i) Two core technologies that are indispensable to the money handling business and various technological capabilities incidental thereto

Based on the above-mentioned corporate philosophy, the Company has established two core technologies that support the money handling business, namely "mechatronics technology" to count, sort and transport banknotes or coins and "recognition/identification technology" to discriminate authentic money from counterfeit. These technologies have been applied to various epoch-making products such as Japan's first coin counter introduced in 1950. While refining these core technologies, the Company has strived to develop new products and solutions by combining these technologies with information processing technology and application technology, and unique technologies such as handwriting and seal recognition technology, fingerprint recognition technology, face recognition technology and speech privacy protection technology. Further, Talaris has obtained the trust of customers across the globe with its banknote handling technologies and solution capabilities.

These technologies are an outcome of the Group's flexible response to changes in the times and customers' needs, and earnest tackling the goal of producing products of higher quality. The Company believes it is extremely important to maintain and efficiently develop these technologies in order to further ensure and enhance the Group's corporate value.

- (ii) Know-how responsive to the diverse market environment and currency circulation systems of the world

Based on the technologies described in (i) above and the comprehensive capabilities we have accumulated in the domestic market analysis, planning, development, technology utilization and

product/solution proposal to respond to customers' and society's needs, the Company has expanded its business to overseas markets since 1966, getting familiar with the diverse market environment and currency circulation systems of the world, and has accumulated and developed know-how to respond flexibly to customers' needs on a global scale. Further, the Company has created advanced know-how by combining the Company's existing technological capabilities and assets with the solution capabilities, business foundations, know-how and other resources of each company it has acquired, including Talaris, and by sharing and complementing each company's strengths.

The know-how and experiences accumulated and developed both in Japan and overseas over the years are important to the enhancement of the Group's corporate value because they contribute to the attainment of absolute faith not only in the products helping efficient money handling and the authentication of money, but also in the Group itself that is globally expanding its operations.

(iii) Integrated business system

The Company has established, maintained and developed a business system under which product development, manufacturing, sales and after-sales services are conducted integrally by the Group companies both in domestic and international markets such as the Americas, Europe and Asia. Furthermore, based on the addition of Talaris's strengths in solution capabilities and maintenance support, particularly in the overseas markets, the Company has started to develop a new business system which can have been able to flexibly expand its business respond in response to the specific characteristics of the markets in which the Company operates, by increasing its comprehensive capabilities through the integration within the GGS Group of Talaris's strengths in solution capabilities and maintenance support with the Company's existing business system.

This system is another important factor in supporting the operation of the Group as it enables the Group to make effective use of technological capabilities and know-how described in (i) and (ii) above to satisfy the specific characteristics of markets at each stage of product development, manufacturing, sale and after-sales services, and to ensure flexibility of its business strategy, maximize business efficiency, and provide consistent services for customers.

(iv) Employees who fully understand the corporate philosophy of the Company and maintain, develop and pass on high technological capabilities

The Group's corporate philosophy expresses the determination to achieve growth as a sustainable enterprise by contributing to a prosperous society through our uncompromising approach to product development. Based on this philosophy passed on since the foundation of the Company, various unique technologies and know-how have been created, and have contributed as an important factor to support and enhance the Group's corporate value. These technologies and know-how have been continuously passed on ever since the Company's foundation, and the employees who fully understand and share the corporate philosophy, unique technologies and know-how who have maintained, refined and passed on the same and worked together to contribute to the continued business operation of the Group. That is what supports the current corporate value of the Group. Therefore having these employees is extremely important for the Group to enhance its corporate value in the future.

(v) Relationships of mutual trust with customers, business partners, local communities and other stakeholders that the Group has developed over the years

The Group not only contributes to the promotion of efficient money handling by supplying its products for customers in various markets, such as financial institutions, the retail industry and the like, but also supports the money handling system of countries around the world. Given these business characteristics, the Group is required to do its best to live up to society's trust. The Group's performance over the years has been highly valued by financial institutions and other customers around the world and has been of great help in establishing good relationships of mutual trust with

these customers. It is also important to maintain good relationships with business partners and local communities for the steady supply of its products.

In this way, the Company believes it is important to maintain the relationship of mutual trust with customers, business partners, local communities and other stakeholders to further ensure and enhance the Group's corporate value.

As described above, the Company believes that the sources of the Company's corporate value are intimately related to each other, and if any of these factors is harmed it would harm the corporate value itself of the Company.

The Company believes that continuous development of the source of the Company's corporate value, taking into account the intimate relationship of each factor therein, will lead to ensuring and enhancing the Company's corporate value and the common interests of its shareholders.

(b) Measures to Ensure and Enhance the Corporate Value and the Common Interests of Shareholders

The Group has adopted its "Long-Range Vision 2018" in preparation for its centennial anniversary in 2018 and is currently promoting the "2017 Medium-term Management Plan" (plan period: April 2015 through March 2018) to realize the Long-Range Vision.

The Group is working to improve capital efficiency by referring to ROE as an indicator and has set a target of raising ROE from 5.5%, the three-fiscal-year average for the previous medium-term management plan period (April 2012 to March 2015), to 8% in the last fiscal year of the current plan period.

In an effort to achieve the aforementioned plan and target, the Company is undertaking the following strategies to enhance the source of its corporate value stated in (a) above and to realize the Basic Policy stated in section 1.1 above.

(i) Strengthening product development capabilities through enhanced core technologies

In order to strengthen competitiveness in the global market of the core technologies of the Company (mechatronics technology and recognition/identification technology), which are extremely important elements that support the money handling business, the Company strives to further enhance and progress, and promote further globalization and standardization of, its existing technologies. In other words, the Group strives to advance the core technologies and to standardize technologies and know-how beyond the market structures of domestic or overseas, or financial or retail. Further, based on the comprehensive capabilities it has accumulated thus far, the Group aims to improve its technological and product development capabilities thereby strengthening its competitiveness on a global scale, by adding those advanced technologies as well as new technologies and know-how that have been supplemented and created through the acquisitions and by launching them widely both in Japan and overseas.

(ii) Accelerating overseas business development and expanding overseas markets

Under the new system established through the organic integration of management resources (such as extensive sales and maintenance service networks, advanced solution capabilities, broad customer base and skillful human resources) obtained through the Talaris acquisition into the Company's existing business foundation, the Company is working to accelerate its overseas business by executing region-specific strategies based on exhaustive market analysis, expanding its direct sales/maintenance network aiming for revenue growth, and exploring and promoting new businesses leveraging technologies accumulated in the domestic market, with a view to the possibility of utilizing corporate acquisitions. By making the most of management resources obtained through the acquisitions, the

Group is aiming to gain opportunities to offer solutions to a wide range of clients including major customers, develop new products, open untapped distribution markets, expand business more actively in emerging countries, and grow maintenance revenue.

(iii) Strengthening profitability of domestic business

By strengthening its sales force and ability to meet needs in each market, such as the financial market, retail and transportation market and amusement market, the Company strives to realize the sales growth in each such market and the creation of new business models and future core products (including expansion of the Company's unique biometric identification technology, electronic payment services and the like) thereby strengthening its competitiveness in the domestic market. In particular, in addition to expanding its market share of main products and increasing profit by launching new products, the Company also aims to strengthen profitability in the domestic market by actively engaging in the security-related business and the Fintech* area where significant growth is expected in the future.

*Fintech is new technology produced through integration of finance and technology.

(iv) Further strengthening corporate governance structure

In order to further enhance the group-wide integrated business system that supports global expansion and seek the Group's sustainable growth and the increase of corporate value over the mid- to long-term, the Company has made efforts to improve its corporate governance structure. The Company has implemented each reform step-by-step. Specifically, the Company first established the Nomination Advisory Committee and Compensation Advisory Committee in 2004. Further, the Company has adopted the executive officer system and consequently reduced the number of directors, established outside directors and increased the number thereof, established new committees such as the Compliance Committee and Disclosure Committee, amended the director compensation system and adopted a stock compensation system so that compensation is more closely linked to performance, and established the Corporate Governance Guidelines. In addition, the Company has made efforts to strengthen the internal control system and establish and organize its risk management structure so that the management can make prompt and decisive decisions. As a result, the Company believes that it has organized and established a system that helps to realize speedier and more efficient management that can respond to global competition while maintaining the transparency and objectivity of its management. The Group will continue to strive to further improve its corporate value by promoting group management based on the corporate philosophy, enhancing management capability on a global level, strengthening human resources through enhanced diversity and the like, organizing and reinforcing information infrastructure, passing on to and instilling in the next generations the experiences, know-how, technologies and "Glory DNA" that support the Group's advanced technological capabilities, and by endeavoring to seek higher capital efficiency and appropriate shareholders returns.

The Company will implement these measures to ensure and enhance the corporate value of the Company and the common interests of its shareholders.

1.3 Purpose of Re-adoption of the Plan

The Company will re-adopt the Plan for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders in accordance with the above-mentioned Basic Policy.

The Company's Board of Directors, as set forth in the Basic Policy, believes that a person who would propose a large-scale acquisition in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become a person who controls decisions on the Company's financial and business policies. In order to prevent decisions on the Company's financial

and business policies from being controlled by persons viewed as inappropriate and to deter large-scale acquisitions that are detrimental to the corporate value of the Company and the common interests of its shareholders, the Company's Board of Directors has decided that, for occasions when a large-scale acquisition of the Company's shares, etc. or other similar action is made by an acquirer or the Company receives a proposal therefor, it is necessary and essential to have a mechanism that enables the Company's Board of Directors to request the acquirer or the proposing party to provide information concerning the acquisition in advance and ensure the necessary time and information for the shareholders to decide whether or not to accept such proposal, to present shareholders with the Company's management plan or an alternative proposal and to negotiate with the acquirer for the benefit of the shareholders.

For these reasons, the Company's Board of Directors resolved to re-adopt the Plan.

2. Plan Details

2.1 Procedures for Triggering the Plan

(a) Targeted Acquisitions

The Plan will apply in cases where there is an acquisition of Company' shares, etc. or any similar action, or a proposal¹ for such action (except for those separately approved by the Company's Board of Directors) (the "Large-Scale Acquisition"), that falls under (i) or (ii) below. The party effecting the Large-Scale Acquisition (the "Large-Scale Acquirer") shall follow the procedures set forth in the Plan.

- (i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariai*)² of a holder (*hoyuusha*)³ amounting to 20% or more of the share certificates, etc. (*kabuken tou*)⁴ issued by the Company; or
- (ii) A tender offer (*koukai kaitsuke*)⁵ that would result in the owning ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)⁶ of share certificates, etc. (*kabuken tou*)⁷ after the tender offer and the owning ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)⁸ after the tender offer totaling at least 20% of the share certificates, etc. issued by the Company.

¹ "Proposal" includes solicitation of a third party.

² Defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act of Japan. This definition is applied throughout this Proposal.

³ Including persons described as a holder under Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act of Japan (including persons who are deemed to fall under the above by the Board of Directors of the Company). The same is applied throughout this Proposal.

⁴ Defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act of Japan. Unless otherwise provided for in this Proposal, the same is applied throughout this Proposal.

⁵ Defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act of Japan. The same is applied throughout this Proposal.

⁶ Defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act of Japan. The same is applied throughout this Proposal.

⁷ Defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan. The same is applied throughout item (ii) of 2.1(a).

⁸ Defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act of Japan (including persons who are deemed to fall under the above by the Board of Directors of the Company); provided, however, that persons provided for in Article 3, Paragraph 2 of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2, Paragraph 7, Item (i) of the Financial Instruments and Exchange Act of Japan. The same is applied throughout this Proposal.

(b) Request to the Large-Scale Acquirer for the Provision of Information

The Company's Board of Directors will require the Large-Scale Acquirer conducting the Large-Scale Acquisition to submit to the Company's Board of Directors in the form prescribed by the Company, before the Large-Scale Acquisition, a document written in Japanese that includes the information described in each item of the list below (the "Essential Information") and a written undertaking that the Large-Scale Acquirer will, upon the Large-Scale Acquisition, comply with the procedures set forth in the Plan (the "Acquisition Document"). The Company's Board of Directors will promptly provide the Acquisition Document to the Independent Committee.

If the Independent Committee determines that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period and request through the Company's Board of Directors that the Large-Scale Acquirer provide additional information. In such case, the Large-Scale Acquirer should provide such additional information to the Company's Board of Directors within the relevant time limit.

- (i) Details (specifically including name, capital structure, financial position, operation results, details of violation of laws or ordinances in the past (if any), terms of previous transactions by the Large-Scale Acquirer similar to the Large-Scale Acquisition and the effect on the corporate value of the target company subsequent to the transaction) of the Large-Scale Acquirer and its group (including joint holders,⁹ persons having a special relationship and persons having a special relationship with a person in relation to whom the Large-Scale Acquirer is the controlled corporation¹⁰).¹¹
- (ii) The purpose, method and terms of the Large-Scale Acquisition (including the amount and type of consideration for the Large-Scale Acquisition, the timeframe of the Large-Scale Acquisition, the scheme of any related transactions, the legality of the Large-Scale Acquisition method, and the feasibility that the Large-Scale Acquisition will be effected).
- (iii) The purchase price of the Large-Scale Acquisition and the basis for the calculation thereof (including the underlying facts and assumptions of the calculation, the calculation method, the numerical data used in the calculation, and the details of any expected synergies from any series of transactions relating to the Large-Scale Acquisition).
- (iv) Financial support for the Large-Scale Acquisition (specifically including the name of the fund providers for the Large-Scale Acquisition (including all indirect fund providers), financing methods and the terms of any related transactions).
- (v) Post-Large-Scale Acquisition management policy, business plan, capital, dividend and asset management policies for the Group.
- (vi) Post-Large-Scale Acquisition policies for the Group's shareholders (other than the Large-Scale Acquirer), employees, business partners, customers and any other stakeholders in the Group.
- (vii) Any other information that the Independent Committee reasonably considers necessary.

If the Independent Committee recognizes that the Large-Scale Acquirer has initiated the Large-Scale Acquisition without complying with the procedures set forth in the Plan, as a general rule, it

⁹ "Joint holders" are as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act of Japan, including persons regarded as a joint holder under Article 27-23, Paragraph 6 of the Financial Instruments and Exchange Act of Japan (including persons who are deemed to fall under the above by the Company's Board of Directors.). The same is applied throughout this Proposal.

¹⁰ Defined in Article 9, Paragraph 5 of the Enforcement Regulation for the Financial Instruments and Exchange Act of Japan.

¹¹ If an acquirer is a fund, information relating to the matters described in item (i) about each partner and other constituent members is required.

will recommend to the Company's Board of Directors to implement a gratis allotment of stock acquisition rights with (a) an exercise condition that does not allow Non-Qualified Parties (as defined in Attachment 1 'Outline of the Gratis Allotment of Stock Acquisition Rights'; the same is applied throughout this Proposal) to exercise the rights and (b) an acquisition provision to the effect that the Company has the right to acquire the stock acquisition rights in exchange for the Company's shares from persons other than Non-Qualified Parties (see Attachment 1 'Outline of the Gratis Allotment of Stock Acquisition Rights' for the basic terms and conditions of these stock acquisition rights; the "Stock Acquisition Rights") in accordance with 2.1(d)(i) below.

(c) Consideration of Large-Scale Acquisition Terms and Consideration of Alternative Proposals

(i) Request to the Company's Board of Directors for the Provision of Information

If the Large-Scale Acquirer submits the Acquisition Document and any additional information that the Independent Committee requests, the Independent Committee may set a reply period in consideration of the time required for the Company's Board of Directors to collect information and consider the valuation of the Company, etc. (including consideration by Outside Experts (as defined below), as needed) (up to sixty days after the date upon which the Independent Committee receives such information) and request that the Company's Board of Directors present an opinion on the Large-Scale Acquirer's Large-Scale Acquisition terms (including an opinion to refrain from giving such opinion; the same is applied throughout this Proposal), the materials supporting such opinion, any alternative proposals, and any other information that the Independent Committee considers necessary.

(ii) Independent Committee Consideration

In order to judge on fair and objective grounds, the Independent Committee should receive the information from the Large-Scale Acquirer and the Company's Board of Directors (if the Independent Committee requests the Company's Board of Directors to provide information as set forth above), and conduct its consideration of the Large-Scale Acquisition terms, collection of information on materials such as the management plans and business plans of the Large-Scale Acquirer and the Company's Board of Directors and comparison thereof, and consideration of any alternative plan presented by the Company's Board of Directors, and the like for a period of time that does not, exceed sixty days (provided, however, that in cases such as those described below in 2.1(d)(iii), the Independent Committee may extend this period for a reasonable period of up to thirty days as required for such consideration (the "Independent Committee Consideration Period") after the date upon which the Independent Committee receives the information. If it is necessary in order to improve the Large-Scale Acquisition terms from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Large-Scale Acquirer.

In order to ensure that the Independent Committee's decision contributes to the Company's corporate value and the common interests of the shareholders, the Independent Committee may, at the cost of the Company, obtain advice from professional third parties independent from the Company and the Independent Committee (including attorneys, certified public accountants, financial advisers, consultants, investment banks, securities firms and the like; "Outside Experts"). If the Independent Committee directly or indirectly requests the Large-Scale Acquirer to provide materials for consideration or any other information, the Large-Scale Acquirer must promptly respond to such request.

(iii) Disclosure of Information

At a time the Independent Committee considers appropriate, the Company will disclose the fact that it has received the Acquisition Document from the Large-Scale Acquirer, the fact that the Independent Committee Consideration Period has commenced, and any matters considered appropriate by the Independent Committee contained in the Essential Information or other information.

(d) Recommendation by the Independent Committee

If the Large-Scale Acquirer emerges, the Independent Committee will make recommendations to the Company's Board of Directors as follows. If the Independent Committee makes recommendations or otherwise to the Company's Board of Directors as listed in (i) through (iii) below, or otherwise believes it to be appropriate, the Independent Committee will promptly disclose through the Company's Board of Directors an outline of its recommendations and any other matters that the Independent Committee considers appropriate (in the case of extending the Independent Committee Consideration Period, including the period of and reason for such extension).

(i) Recommendations for Triggering the Plan

If the Independent Committee determines that the Large-Scale Acquisition by the Large-Scale Acquirer meets any of the requirements set forth below at 2.2, 'Requirements for the Gratis Allotment of Stock Acquisition Rights' and that the implementation of the gratis allotment of Stock Acquisition Rights is reasonable, the Independent Committee will recommend to the Company's Board of Directors the implementation of the gratis allotment of Stock Acquisition Rights, regardless of whether the Independent Committee Consideration Period has commenced or ended.

However, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines that either of the events below applies, it may make a new recommendation that (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights) the Company should suspend the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) the Company should acquire the Stock Acquisition Rights for no consideration.

- (A) The Large-Scale Acquirer withdraws the Large-Scale Acquisition or the Large-Scale Acquisition otherwise ceases to exist after the recommendation.
- (B) There is a change in the facts or otherwise upon which the recommendation decision was made, and the Large-Scale Acquisition by the Large-Scale Acquirer does not meet any of the requirements set forth below in 2.2, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' or it is not reasonable to implement the gratis allotment or allow shareholders to exercise the Stock Acquisition Rights even if the Large-Scale Acquisition by the Large-Scale Acquirer does meet one of the requirements in 2.2 below.

The Independent Committee may reserve its determination recommending the implementation of the gratis allotment of Stock Acquisition Rights until confirmation of the shareholders' intent regarding the implementation is obtained.

(ii) Recommendations for Not Triggering the Plan

If as a result of its consideration of the terms of the Large-Scale Acquirer's Large-Scale Acquisition and discussion, negotiation or the like with the Large-Scale Acquirer, the Independent Committee determines that the Large-Scale Acquisition by the Large-Scale Acquirer does not meet any of the requirements set forth below in 2.2, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' or that the implementation of the gratis allotment of Stock Acquisition Rights is not reasonable even if the Large-Scale Acquisition by the Large-Scale Acquirer does meet any of the requirements set forth in 2.2 below, the Independent Committee will recommend to the Company's Board of Directors the non-implementation of the gratis allotment of Stock Acquisition Rights, regardless of whether the Independent Committee Consideration Period has commenced or ended.

However, even after the Independent Committee has already made a recommendation for the non-implementation of the gratis allotment of Stock Acquisition Rights, if there is a change in the facts or otherwise upon which the recommendation decision was made and the requirements set forth in (i) above are satisfied, the Independent Committee may make a new recommendation that the Company should implement the gratis allotment of Stock Acquisition Rights.

(iii) Extension of the Independent Committee Consideration Period

If the Independent Committee does not make a recommendation for either 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, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Large-Scale Acquirer's Large-Scale Acquisition and consideration of alternative proposals, pass a resolution to extend the Independent Committee Consideration Period (up to thirty days).

If the Independent Committee Consideration Period is extended as a result of the resolution described above, the Independent Committee will disclose the reason for the extension and the extended period through the Company's Board of Directors and continue with its information collection, consideration process and similar activities, and use its best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights within the extended period.

(e) Resolutions of the Board of Directors and Convocation of the Shareholders Intent Confirmation Meeting

The Company's Board of Directors, in exercising its role under the Companies Act, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights respecting any recommendation by the Independent Committee described above as much as possible.

However, the Company's Board of Directors will convene a General Meeting of Shareholders to confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights (the "Shareholders Intent Confirmation Meeting") in addition to referring the matter to the Independent Committee, if, before the implementation of the gratis allotment of the Stock Acquisition Rights pursuant to the Plan,

(i) the Board of Directors, taking into consideration various matters such as the terms and time frame of the Large-Scale Acquisition by the Large-Scale Acquirer, determines that it is practically possible to confirm the intent of the Company's shareholders and that the confirmation is appropriate in light of laws and ordinances and the duty of care of a good manager of the Company's Board of

Directors, or

(ii) the Independent Committee recommends the implementation of the gratis allotment of Stock Acquisition Rights, subject to the confirmation of the shareholders' intent.

If the Shareholders Intent Confirmation Meeting or the Independent Committee determines or recommends non-implementation of the gratis allotment of the Stock Acquisition Rights, the Company's Board of Directors will not implement the gratis allotment of the Stock Acquisition Rights, as a general rule. The Large-Scale Acquirer must not effect the Large-Scale Acquisition until and unless the Company's Board of Directors makes a resolution for the non-implementation of the gratis allotment of Stock Acquisition Rights or the Shareholders Intent Confirmation Meeting rejects the proposal for implementation of the gratis allotment of the Stock Acquisition Rights.

After the Company's Board of Directors passes a resolution for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights or after the convocation of the Shareholders Intent Confirmation Meeting, the Board of Directors will promptly disclose an outline of its resolution, and any other matters that it considers appropriate.

2.2 Requirements for the Gratis Allotment of Stock Acquisition Rights

The Company intends to implement the gratis allotment of Stock Acquisition Rights by a resolution of the Company's Board of Directors as described above in (e) of 2.1, 'Procedures for Triggering the Plan,' if it is determined that the Large-Scale Acquisition by the Large-Scale Acquirer falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights. However, the Company's Board of Directors will, without fail, make its determination as to whether the Large-Scale Acquisition of the Large-Scale Acquirer falls under a requirement below and if it is reasonable or not to implement the gratis allotment of Stock Acquisition Rights through the recommendation by the Independent Committee in accordance with (d) of section 2.1 above, 'Procedures for Triggering the Plan.'

- (a) Large-Scale Acquisitions not in compliance with the procedures prescribed in the Plan.
- (b) Large-Scale Acquisitions that threaten to harm the corporate value of the Company and the common interests of its shareholders through actions including any of the actions below:
 - (i) A buyout of share certificates, etc. to require such share certificates, etc. to be compulsorily purchased by the Company at an inflated price.
 - (ii) Management that achieves an advantage for the Large-Scale Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets.
 - (iii) Diversion of the Company's assets to secure or repay debts of the Large-Scale Acquirer or its group company.
 - (iv) Temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share price created by the temporarily high dividends.
- (c) Certain Large-Scale Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers that do not offer to acquire all shares in the initial acquisition, and set acquisition terms for the second stage that are unfavorable or do not set clear terms for the second stage).

- (d) Large-Scale Acquisitions whose terms (including amount and type of consideration for the Large-Scale Acquisition, the Large-Scale Acquisition schedule, the legality of the Large-Scale Acquisition method, the probability of the Large-Scale Acquisition being effected, post-Large-Scale Acquisition management policies and business plans, and post-Large-Scale Acquisition policies dealing with the Company's other shareholders, employees, customers, business partners and any other stakeholders in the Company) are significantly inadequate or inappropriate in light of the intrinsic value of the Company.
- (e) Large-Scale Acquisitions that materially threaten to be against the corporate value of the Company or the common interests of shareholders, by destroying the Company's core technologies, know-how to flexibly respond to the needs of business partners or society, the established group-wide business system of the Group, relationships of mutual trust with the Company's employees, customers, business partners and others, the Company's technical strength or development power, branding power or corporate philosophy and the like, which are indispensable to the generation of the Company's corporate value.

2.3 Establishment of the Independent Committee

The Company will establish the Independent Committee, comprised solely of independent outside parties, as an organization that will operate the Plan appropriately, eliminate arbitrary decisions by Directors and objectively make substantive decisions on behalf of the shareholders in the event of the triggering or other operation of the Plan. If the Large-Scale Acquisition is actually to be made, the Independent Committee shall substantially determine whether or not that Large-Scale Acquisition could harm the corporate value of the Company and the common interests of its shareholders, and the Company's Board of Directors, in exercising its role under the Companies Act, shall pass a resolution respecting such decision by the Independent Committee as much as possible, in accordance with 2.1, 'Procedures for Triggering the Plan' above.

In addition, the members of the Independent Committee at the time of re-adoption of the Plan will be Outside Directors of the Company, Outside Corporate Auditors of the Company and Outside Experts, who are highly independent from the management of the Company. (Standards for appointing members, requirements for resolution, resolution matters and other matters concerning the Independent Committee are as described in Attachment 2 'Outline of the Rules of the Independent Committee,' and members of the Independent Committee at the time of re-adoption of the Plan will be as described in Attachment 3 'Profiles of the Members of the Independent Committee.')

2.4 Effective Period and Abolition of the Plan

If the re-adoption of the Plan is approved by the Company's shareholders at this General Meeting of Shareholders, the effective period of the Plan will be the period until the close of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within three years after the close of this General Meeting of Shareholders.

However, if even before the expiration of the effective period the Company's General Meeting of Shareholders or the Board of Directors passes a resolution to abolish the Plan, the Plan shall be abolished in accordance with that resolution.

If the Plan is abolished or the like, the Company will promptly disclose information including the fact that such abolition or the like has taken place and any other relevant matters.

2.5 Revision due to amendment to laws and ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of May 10, 2013. If it becomes necessary after such date to amend the terms and conditions or definitions of terms set forth in the paragraphs above due to the formulation, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set forth in the paragraphs above shall be read accordingly as required to a reasonable extent, taking into consideration the purposes of such formulation, amendment or abolishment.

(For reference)

Please also refer to Attachment 4 'Flow Chart for Implementation/Non-implementation of Gratis Allotment of Stock Acquisition Rights under Countermeasures to Large-Scale Acquisitions' for the overview of the Plan.

I. Impact on Shareholders

1 Impact on the Company's Shareholders and Investors at Time of Re-adoption of the Plan

The Plan will have no direct or specific impact on the Company's shareholders and investors as a result of the re-adoption. This is because at that time, no actual gratis allotment of Stock Acquisition Rights will be implemented.

2 Impact on the Company's Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights

(i) Procedures for Shareholders upon the Gratis Allotment of Stock Acquisition Rights

If the Company's Board of Directors passes a resolution for a gratis allotment of Stock Acquisition Rights, the Company's Board of Directors will also decide the allotment date by the same resolution and give public notice of the allotment date. In this case, the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders who are recorded in the Company's last register of shareholders as of the allotment date (the "Entitled Shareholders") for one Stock Acquisition Right per share in the Company held by the Entitled Shareholders. All Entitled Shareholders will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights, and no further procedures, such as applying for such gratis allotment, will be necessary.

In addition, even after the Company's Board of Directors passes a resolution for gratis allotment of Stock Acquisition Rights, the Company may, by respecting any recommendation by the Independent Committee described above in section (d)(i) of 2.1, 'Procedures for Triggering the Plan,' as much as possible, (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights) suspend the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) acquire the Stock Acquisition Rights for no consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is likely that any investors who have sold or bought the shares in the Company expecting to see such a dilution will be subject to unforeseen loss as a result of a fluctuation in the share price.

(ii) Procedures for Exercising Stock Acquisition Rights

The Company will deliver to the Entitled Shareholders, as a general rule, a document necessary to be submitted for the exercise of the Stock Acquisition Rights (in a form prescribed by the Company and

containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, and information necessary to allocate shares of the Company to the account of the Entitled Shareholders) and other documents necessary for the exercise of the Stock Acquisition Rights. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued one share in the Company per Stock Acquisition Right upon submitting these necessary documents during the exercise period of Stock Acquisition Rights and, as a general rule, by paying to the place handling such payments an amount equivalent to the exercise price determined in the Gratis Allotment Resolution (defined in Attachment 1), which will be an amount within the range of one yen to one-half of the fair market value of the Company's stock per Stock Acquisition Right.

If the Company's shareholders do not exercise their Stock Acquisition Rights or pay the amount equivalent to the exercise price, the shares they hold in the Company will be diluted by the exercise of Stock Acquisition Rights by other shareholders.

However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set forth in (iii) below. If the Company carries out such an acquisition procedure, all shareholders other than Non-Qualified Parties will come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price, and, as a general rule, no dilution of the shares in the Company they hold will result.

(iii) Procedures for the Acquisition of Stock Acquisition Rights by the Company

If the Company's Board of Directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights from the shareholders other than Non-Qualified Parties in accordance with the statutory procedures on the date separately determined by the Company's Board of Directors, and in exchange, deliver shares in the Company. In this case, the shareholders concerned will, as a general rule, come to receive one share in the Company for each Stock Acquisition Right as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying the amount equivalent to the exercise price. However, in such case, the shareholders concerned may be separately requested to submit, in the form prescribed by the Company, a written undertaking including representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants. The shareholders may also be requested to provide information on the account in which shares in the Company to be delivered as consideration for acquisition of the Stock Acquisition Rights are to be allocated.

If the Gratis Allotment Resolution provides for matters relating to acquisition of the Stock Acquisition Rights from the Non-Qualified Parties and the amount of consideration or other matters relating to acquisition, the Company may take procedures in accordance with the provisions of the Gratis Allotment Resolution.

In addition to the above procedures, the Company will disclose information or notify all of its shareholders with respect to the particulars of the allotment method, exercise method and method for acquisition by the Company after any resolution in relation to a gratis allotment of Stock Acquisition Rights, so we request that shareholders check these details at that time.

II. Rationality of the Plan

1 The Plan Fully Satisfies the Basic Policy

The Plan is a mechanism to maintain the corporate value of the Company and the common interests of its shareholders by ensuring the necessary time and information is available for the shareholders to decide whether or not to accept the Large-Scale Acquisition of the Company's shares, etc. and for the Board of Directors to present alternative proposals to the shareholders, and by enabling the Board of Directors to negotiate with the Large-Scale Acquirer for the benefit of the shareholders when the Large-Scale Acquisition is effected. As above, the Plan is in compliance with the Basic Policy.

2 The Plan Is Not Detrimental to the Common Interests of the Shareholders and Does Not Aim to Maintain the Positions of Directors and Corporate Auditors of the Company

For the following reasons, the Company believes that the Plan would not be detrimental to the common interests of the Company's shareholders, and that it has not been implemented for the purpose of maintaining the positions of the Directors and the Corporate Auditors of the Company.

(i) Satisfying the Requirements of the Guidelines for Takeover Defense Measures

The Plan satisfies the three principles set forth in the Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder's Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

(ii) Placing High Value on the Intent of Shareholders

As set forth above in section 1.3, 'Purpose of Re-adoption of the Plan,' the Company will confirm at this General Meeting of Shareholders the intent of the Company's shareholders regarding whether or not to re-adopt the Plan, and if the Company's shareholders do not approve the re-adoption of the Plan, the Plan will be abolished.

As set forth above in 2.1(e), 'Procedures for Triggering the Plan,' the Company's Board of Directors may confirm the intent of the Company's shareholders at the Shareholders Intent Confirmation Meeting regarding the need to trigger the Plan, if it considers it practically possible to confirm the intent of the Company's shareholders and appropriate in light of laws and ordinances and the duty of care of a good manager of the Company's Board of Directors, or the Independent Committee recommends the implementation of the gratis allotment of Stock Acquisition Rights, subject to the shareholders' confirmation.

Further, the Plan is subject to a so-called sunset clause setting the effective period to approximately three years, and even if before the expiration of the effective period of the Plan the Company's General Meeting of Shareholders or the Board of Directors resolves to abolish the Plan, the Plan will be abolished at that time. In this regard, the life of the Plan depends on the intent of the Company's shareholders.

(iii) Disclosure of Information and Emphasis on the Decisions of Highly Independent Outside Parties

As set forth above in section 2.3, 'Establishment of the Independent Committee,' the Independent Committee, composed only of outside members who are independent, will make the substantive decisions for the operation of the Plan, including its triggering. In addition, members of the Independent Committee at the time of re-adoption of the Plan will be as described in Attachment 3 'Profiles of the Members of the Independent Committee.'

Further, outlines of the Independent Committee's decisions are required to be disclosed to all shareholders, and a structure under which the Plan is operated in a transparent way that serves the corporate value of the Company and the common interests of its shareholders is ensured.

(iv) Establishment of Reasonably Objective Requirements

As set forth above in section (d) of 2.1, 'Procedures for Triggering the Plan,' and section 2.2, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company's Board of Directors.

(v) Obtaining the Advice of Outside Experts

As set forth above in section (c)(ii) of 2.1, 'Procedures for Triggering the Plan,' if the Large-Scale Acquirer emerges, the Independent Committee may obtain the advice of Outside Experts independent from the Company and the Independent Committee (including attorneys, certified public accountants, financial advisors and other experts) at the cost of the Company. This is a mechanism to even more securely enhance the objectivity and fairness of the decisions made by the Independent Committee.

(vi) No Dead-Hand or Slow-Hand Takeover Defense Measures

As stated above in section 2.4, 'Effective Period and Abolition of the Plan,' the Plan may be abolished through a resolution of the Company's Board of Directors composed of directors nominated by a person who acquires a large number of the Company's shares, etc. and elected at a General Meeting of Shareholders.

Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped). Also, as the Company has not adopted a system of staggered terms of office, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that the members of the Board of Directors cannot be replaced all at once).

---End---

Attachment 1

Outline of the Gratis Allotment of Stock Acquisition Rights

1. Number of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights to the same number as the final and total number of outstanding shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the “Allotment Date”) that is separately determined in a resolution by the Company’s Board of Directors relating to the gratis allotment of Stock Acquisition Rights (the “Gratis Allotment Resolution”).

2. Shareholders Eligible for Allotment

The Company will allot one Stock Acquisition Right for each share in the Company held by the shareholders, other than the Company, who are recorded in the Company’s final register of shareholders on the Allotment Date.

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 Gratis Allotment Resolution.

4. Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights

The number of shares in the Company to be acquired upon exercise of each Stock Acquisition Right (the “Applicable Number of Shares”) shall, as a general rule, be one share.

5. Amount to be Contributed upon Exercise of the Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum of the amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means the amount equivalent to the average closing price (including stock quotes) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the ninety day period prior to the Gratis Allotment Resolution (excluding days on which trades are not made), with any fraction of a yen after such calculation to be rounded up to the nearest whole yen.

6. Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the “Exercise Period Commencement Date”), and the period will be a period from one month to three months long as separately determined in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights pursuant to the provisions of paragraph 9.(ii) below, the exercise period for the Stock Acquisition Rights with respect to that acquisition will be up to and including the day immediately prior to the relevant acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

7. Conditions for the Exercise of the Stock Acquisition Rights

Except when an exceptional event occurs,¹² the following parties may not exercise the Stock

¹² Specifically, the Company intends to set out that an “exceptional event” means when (x) the Acquirer cancels or revokes the Acquisition, or promises that it will not conduct any subsequent Acquisition, after the Gratis Allotment Resolution and the Acquirer or other Non-Qualified Parties dispose of their shares in the Company through a securities firm appointed and

Acquisition Rights (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):

- (I) Specified Large Holders;¹³
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers;¹⁴
- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) Any transferee of or successor to the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Company’s Board of Directors; or
- (VI) Any Affiliated Party of any party falling under (I) through (V).¹⁵

Further, nonresidents of Japan who are required to follow certain procedures under foreign laws and regulations 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 nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set forth in (ii) of paragraph 9 below, ‘Acquisition of the Stock Acquisition Rights by the Company,’ subject to compliance with the laws and regulations). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, may not exercise the Stock Acquisition Rights.

authorized by the Company to do so and (y) the Acquirer’s shareholding ratio determined by the Company’s Board of Directors (when calculating the shareholding ratio, Non-Qualified Parties other than the Acquirer and its Joint Holders are deemed to be the Acquirer’s Joint Holders, and Stock Acquisition Rights held by Non-Qualified Parties, the conditions of which have not been satisfied, are excluded) (the “Non-Qualified Parties’ Shareholding Ratio”) falls below the lower of (i) the Non-Qualified Parties Shareholding Ratio before the Acquisition or (ii) 20%, the Acquirer or other Non-Qualified Parties making the disposal may exercise Stock Acquisition Rights to the extent that the number of shares to be issued or delivered upon exercise of the Stock Acquisition Rights is up to the number of shares disposed of and to the extent of the ratio under either (i) or (ii) above. Detailed conditions and procedures for exercise of Stock Acquisition Rights by Non-Qualified Parties will be determined separately by the Company’s Board of Directors.

¹³ “Specified Large Holders” means, in principle, parties who are holders of share certificates, etc. issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed to fall under the above by the Company’s Board of Directors); provided, however, that parties that the Company’s Board of Directors recognizes as parties whose acquisition or holding of share certificates, etc. of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or certain other parties that the Board of Directors determines in the Gratis Allotment Resolution are not Specified Large Holders. The same is applied throughout this Attachemnt 1.

¹⁴ “Specified Large Purchasers” means, in principle, parties who make a public announcement of purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same is applied throughout this Note 14) of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same is applied throughout this Note 14) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc. in respect of such share certificates, etc. owned by such parties after such purchase, etc. (including similar ownership as prescribed in Article 7, Paragraph 1 of the Order of the Enforcement of the Financial Instruments and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc. of a person having a special relationship (including any party who is deemed to fall under the above by the Company’s Board of Directors); provided, however, that parties that the Company’s Board of Directors recognizes as parties whose acquisition or holding of share certificates, etc. of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or certain other parties that the Company’s Board of Directors determines in the Gratis Allotment Resolution are not Specified Large Purchasers. This is applied throughout this Attachemnt 1.

¹⁵ An “Affiliated Party” of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Company’s Board of Directors), or a party deemed by the Company’s Board of Directors to act in concert with such given party. “Control” means to “control the determination of the financial and business policies” (as defined in Article 3, Paragraph 3 of the Enforcement Regulations of the Corporation Act) of other corporations or entities.

8. Assignment of the Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Company's Board of Directors.

9. Acquisition of the Stock Acquisition Rights by the Company

- (i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's Board of Directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a date separately determined by the Company's Board of Directors, acquire all of the Stock Acquisition Rights for no consideration.
- (ii) On a date separately determined by the Company's Board of Directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to such date determined by the Company's Board of Directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares in the Company to the number equivalent to the number of the Applicable Number of Shares for each Stock Acquisition Right.

Further, if on or after the date upon which the acquisition takes place the Company's Board of Directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a date determined by the Company's Board of Directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Company's Board of Directors (if any) and, in exchange, deliver shares in the Company to the number equivalent to the Applicable Number of Shares for each Stock Acquisition Right. The same will apply thereafter.

Other matters relating to the acquisition of the Stock Acquisition Rights may be determined in the Gratis Allotment Resolution if necessary.

10. Delivery of the Stock Acquisition Rights in the Case of Merger, Absorption-type Demerger (*kyushu bunkatsu*), Incorporation-type Demerger (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)

These matters will be separately determined in the Gratis Allotment Resolution.

11. Issuance of Certificates Representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

12. Other

In addition to the matters above, the details of the Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

---End---

Attachment 2

Outline of the Rules of the Independent Committee

1. The Independent Committee shall be established by resolution of the Company's Board of Directors.
2. There shall be no less than three members of the Independent Committee, and the Company's Board of Directors shall elect the members from (i) Outside Directors of the Company, (ii) Outside Corporate Auditors of the Company, and (iii) other outside experts who are independent from the management that executes the business of the Company (the "Outside Experts"). However, such experts must be experienced corporate managers, former government employees, parties with knowledge of the investment banking industry, attorneys, certified public accountants, researchers whose research focuses on the Companies Act of Japan or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company's Board of Directors that contains a provision obligating them to exercise the duty of care of a good manager or similar provision.
3. Unless otherwise determined by resolution of the Company's Board of Directors, the term of office of members of the Independent Committee shall be until the close of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within three years after the close of this General Meeting of Shareholders. However, the term of office of any member of the Independent Committee who is an Outside Director or Outside Corporate Auditor shall end at the same time they cease to be an Outside Director or Outside Corporate Auditor (except in the case of their re-appointment).
4. The Independent Committee shall make decisions on the matters listed below and make recommendations to the Company's Board of Directors containing the details of and reasons for the recommendation. Respecting such recommendations of the Independent Committee as much as possible, the Company's Board of Directors shall make decisions exercising its role under the Companies Act of Japan (or if the General Meeting of Shareholders otherwise passes a resolution for the implementation of the gratis allotment of Stock Acquisition Rights as set forth in (a) below, in accordance with such resolution). Each member of the Independent Committee and each Director of the Company must make such decisions solely 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 their own interests or those of the management of the Company.
 - (a) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights.
 - (b) The suspension of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights.
 - (c) Any other matters that are for determination by the Company's Board of Directors in respect to which it has consulted the Independent Committee.
5. In addition to the matters prescribed above, the Independent Committee shall conduct the matters listed below.
 - (a) Determination whether the Large-Scale Acquisition should be made subject to the Plan.
 - (b) Determination of the information that the Large-Scale Acquirer and the Company's Board of Directors should provide to the Independent Committee, and the deadline for the provision of that information.
 - (c) Examination and consideration of the terms of the Large-Scale Acquirer's Large-Scale Acquisition.

- (d) Discussion and negotiation with the Large-Scale Acquirer.
 - (e) Request for alternative proposals from the Company's Board of Directors and consideration of the alternative proposals.
 - (f) Determination regarding extension of the Independent Committee Consideration Period.
 - (g) Any other matters prescribed in the Plan that the Independent Committee may conduct.
 - (h) Any matters that the Company's Board of Directors separately determines that the Independent Committee may conduct.
6. If the Independent Committee decides that the details stated in the Acquisition Document are inadequate as Essential Information, it shall request that the Large-Scale Acquirer provide additional information. Further, if the Independent Committee receives from the Large-Scale Acquirer the Acquisition Document and any additional information that it requests, it may request that the Company's Board of Directors provide within a certain period an opinion regarding the terms of the Large-Scale Acquisition by the Large-Scale Acquirer and materials supporting that opinion, any alternative proposals, and any other information that the Independent Committee may consider necessary from time to time.
7. In order to collect the necessary information, the Independent Committee may request the attendance of a Director, Corporate Auditor or employee of the Company, or any other party that the Independent Committee considers necessary, and may require explanation of any matter it requests.
8. The Independent Committee may, at the Company's expense, obtain the advice of a professional Outside Expert, independent from the Company and the Independent Committee (including attorneys, certified public accountants, financial advisers) or perform other similar actions.
9. Any member of the Independent Committee may convene a meeting of the Independent Committee when the Large-Scale Acquisition arises, or at any other time.
10. As a general rule, resolutions of meetings of the Independent Committee shall pass with a majority when all of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference; the same is applied throughout this Attachment 2). However, in unavoidable circumstances a resolution may pass with a majority vote when a majority of the members of the Independent Committee are in attendance.

---End---

Attachment 3

Profiles of the Members of the Independent Committee

Hiroki Sasaki (Born on February 15, 1942)

Outside Director of the Company

Career Background

April 1965	Joined Fuji Iron & Steel Co., Ltd. (now Nippon Steel & Sumitomo Metal Corporation)
June 1995	Director of Nippon Steel Corporation (now Nippon Steel & Sumitomo Metal Corporation)
April 1999	Managing Director of Nippon Steel Corporation
June 2001	Vice President and Representative Director of Sanyo Special Steel Co., Ltd.
June 2002	President & Representative Director of Sanyo Special Steel Co., Ltd.
June 2007	Director & Senior Advisor of Sanyo Special Steel Co., Ltd.
June 2008	Outside Director of the Company (to present)
June 2009	Outside Corporate Auditor of KITZ Corporation

Akira Nijjima (Born on March 9, 1944)

Outside Director of the Company

Career Background

April 1969	Joined Pioneer Corporation
June 1997	Director of Pioneer Corporation
June 2000	Management Director of Pioneer Corporation
June 2002	Senior Management Director of Pioneer Corporation
June 2004	Senior Management Director & Representative Director of Pioneer Corporation
June 2008	Outside Director of the Company (to present)

Mikio Nakajo (Born on March 19, 1963)

Outside Corporate Auditor of the Company

Career Background

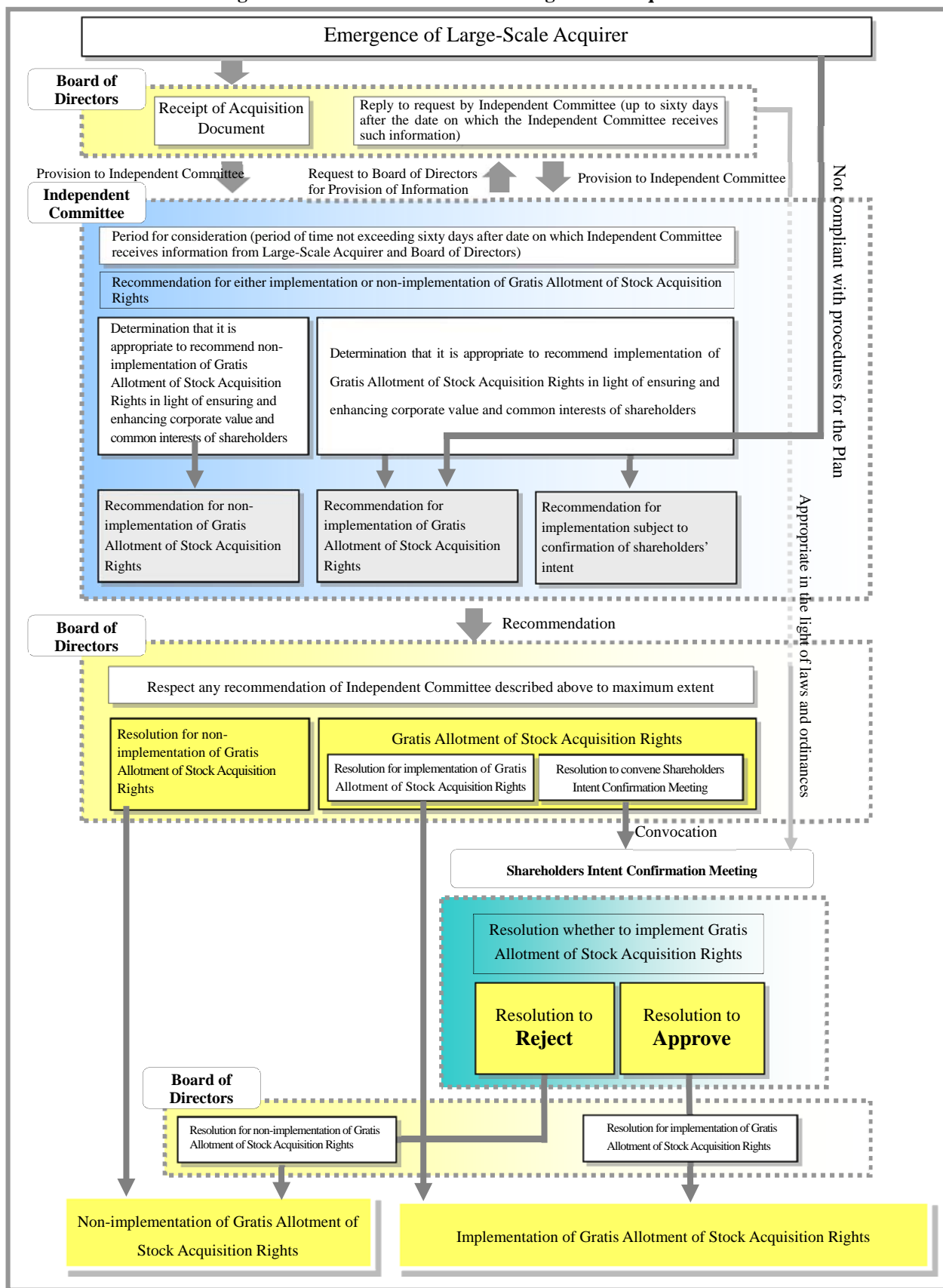
April 1998	Registered as Attorney-at-Law Joined Sawada Kikui Law Office (now Sawada Nakajo Law Office)
April 2005	Partner and Attorney-at-Law of Sawada Nakajo Law Office (to present)
April 2009	Vice President of Hyogo-ken Bar Associations
June 2010	Outside Corporate Auditor of Nishishiba Electric Co., Ltd. (to present)
June 2011	Outside Corporate Auditor of the Company (to present)

There is no special interest between the Company and each of the prospective Independent Committee members detailed above.

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Attachment 4

Flow Chart for Implementation/Non-implementation of Gratis Allotment of Stock Acquisition Rights under Countermeasures to Large-Scale Acquisitions



* The flow chart above is provided solely as a reference to the Plan to contribute to your understanding of the overview of the Plan. Please refer to the main text of this Proposal for the details of the Plan.

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