

Note: This is an unofficial translation of the Japanese original version and is provided for your reference and convenience only. Where there are any discrepancies between the Japanese original and the translated document, the original Japanese document shall prevail.

To Our Shareholders:

Stock Code: 6741

May 26, 2022

Nippon Signal Co., Ltd.

5-1, Marunouchi, 1-Chome,

Chiyoda-ku, Tokyo

President & CEO & COO

Hidehiko Tsukamoto

**Notice of Convocation of the Ordinary General Meeting of
Shareholders for the 139th Business Term**

Notice is hereby given that the Ordinary General Meeting of Shareholders for the 139th Business Term of Nippon Signal Co., Ltd. (hereinafter referred to as the 'Company') will be held as described below.

Your attendance at the meeting is cordially requested.

1. Date and Time: Friday, June 24, 2022 at 10:00 a.m. (Japan time)

(Reception will start at 9:00 a.m.)

2. Venue: Hall of Otemachi Sankei Plaza 4th Floor, Tokyo Sankei Building
7-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

3. Agenda for the Meeting:

[Matters for Reporting]

1 - Reports on the contents of the Business Report and Consolidated Financial Statements for the 139th Business Term (from April 1, 2021 to March 31, 2022), and reports on the Auditing Results of Accounting Auditor and Audit & Supervisory Board regarding the Consolidated Financial Statements.

2 - Reports on the content of the Financial Statements for the 139th Business Term (from April 1, 2021 to March 31, 2022).

[Matters for Resolution]

1 - Partial Amendments to the Articles of Incorporation

2 - Election of nine Directors

3 - Renewal of the Countermeasures in Response to Large-scale Acquisition of Company's Shares (Takeover Defense Measures)

The Company will hold its General Meeting of Shareholders upon implementing appropriate precautionary measures in order to prevent the spread of the novel coronavirus infection.

This General Meeting of Shareholders will be streamed live via the Internet. Shareholders are requested to exercise the voting rights in advance by postal mail or

via the Internet, and from the standpoint of preventing the spread of the infection, consider watching the proceedings online instead of attending the Meeting in person.

Guide to the Exercise of Voting Rights

Voting by postal mail:

Please indicate your approval or disapproval concerning the proposals shown on the Voting Form and send it back to us.

Deadline for exercising voting rights:

Voting Form must be received by 5:05 p.m. on Thursday, June 23, 2022 (Japan time)

Internet

Please input your approval or disapproval concerning each proposal via the voting website designated by the Company (<https://soukai.mizuho-tb.co.jp/>).

Deadline for exercising voting rights:

No later than 5:05 p.m. on Thursday, June 23, 2022 (Japan time)

Voting by “Smart Exercise”

Please input your approval or disapproval by the deadline for exercising voting rights after scanning the QR code for “Smart Exercise” on the lower right of the enclosed Voting Form using a smartphone or tablet device.

* QR Code is registered trademark of DENSO WAVE INCORPORATED.

Deadline for exercising voting rights:

No later than 5:05 p.m. on Thursday, June 23, 2022 (Japan time)

- When you exercise the voting rights through a proxy, such proxy must be only one shareholder who is entitled to attend the general meeting of shareholders. In this case, please submit a written power of attorney and the enclosed Cards for Exercise of Voting Rights to the receptionist of the Meeting.
- Any changes in the matters described in Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Financial Statements will be posted on our website (<https://www.signal.co.jp/ir/>).
- In accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation, the following items are posted on our website (<https://www.signal.co.jp/ir/meeting/>) and thus they are not included in this Notice of Convocation.
 - “Basic Policy on Parties Who Control Decisions on the Company’s Financial and Business Policies” in the Business Report.
 - “Consolidated Statements of Changes in Net Assets” and “Note to Consolidated Financial Statements” in Consolidated Financial Statements
 - “Statements of Changes in Net Assets” and “Notes to Financial Statements” in Financial StatementsThe above documents disclosed on our website have been audited as part of the Business Report audited by the Audit & Supervisory Board Members, and the Consolidated Financial Statements and the Financial Statements audited by the Audit & Supervisory Board Members and the Accounting Auditor.

No.1 – Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal of the amendments

The revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, the Company proposes the following amendments to the Company’s Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for general meetings of shareholders.

(1) Article 16, Paragraph 1 of the proposed amendments stipulates that information that is the content of reference documents for the general meeting of shareholders, etc., shall be provided electronically.

(2) Article 16, Paragraph 2 of the proposed amendments establishes stipulations to limits on the scope of matters to be recorded in physical documents that are provided to shareholders who request provision of physical documents.

(3) As stipulations concerning provision of documents relevant to General Meeting of Shareholders (Article 16 of the current Articles of Incorporation) will no longer be necessary, these shall be deleted.

(4) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishments and deletions above.

Also, other required changes articles shall be performed in line with the changes above.

2. Contents of the amendments

The contents of the amendments are as follows.

(Underlines indicate amended sections)

Current Articles of Incorporation	Proposed amendments
<u>(Provision of documents relevant to General Meeting of Shareholders)</u> Article 16 <u>At the time of convention of the General Meeting of Shareholders, information relevant to the General Meeting of Shareholders, annual report, financial statement and consolidated financial statement shall be announced in public by way of Internet stipulated in law by Ministry of Justice and it shall be deemed as information officially provided to shareholders.</u>	<Deleted>
<Newly established>	<u>(Measures for electronic provision, etc.)</u> Article 16 <u>In the convocation of general meetings of shareholders, the Company shall provide electronically information that is the content of reference documents for the general meeting of shareholders, etc.</u>

Current Articles of Incorporation	Proposed amendments
<p><Newly established></p>	<p><u>2. Of the matters to which electronic provision measures apply, the Company may choose not to record all or part of matters stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to shareholders who made requests for provision of physical documents by the record date for voting rights.</u></p> <p>(Supplementary provisions)</p> <p><u>1. The amendments of Article 16 shall take effect from the date of enforcement of the revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019; the "Enforcement Date").</u></p> <p><u>2. Notwithstanding the provisions of the previous paragraph, Article 16 (Provision of documents relevant to General Meeting of Shareholders) of the current Articles of Incorporation shall remain valid for general meetings of shareholders held on a day that is within six months of the Enforcement Date.</u></p> <p><u>3. These supplementary provisions shall be deleted on the day after which six months have elapsed since the Enforcement Date or the day after which three months have elapsed since the day of the general meeting of shareholders in the previous paragraph, whichever is later.</u></p>

No.2 – Election of nine Directors

The terms of all nine Directors will expire at the end of this General Meeting of Shareholders. Accordingly, the Company requests the election of nine Directors.

The candidates for the Directors are as follows.

In addition, in selecting candidates for the Directors, the Company receives a recommendation by the “Appointment and Remuneration Committee,” a majority of the members of which are Independent Outside Directors, in order to enhance the objectivity and transparency in the decision-making process.

No.	Name		Current status	Primary responsibilities	Attendance at the Board of Directors' Meetings
1	Reappointment	Hidehiko Tsukamoto	President and Chief Executive Officer and Chief Operating Officer	Overall management	13 / 13 meetings
2	Reappointment	Takeshi Fujiwara	Director Deputy Chief Executive Officer	In charge of business management Responsible for transport systems Responsible for Smart Mobility Systems Promotion Division Responsible for branch offices	13 / 13 meetings
3	Reappointment	Hideo Oshima	Director Managing Executive Officer	Overseas business In charge of international projects	13 / 13 meetings
4	Reappointment	Masahiro Kubo	Director Managing Executive Officer	In charge of business administration	13 / 13 meetings
5	Reappointment	Masayoshi Sakai	Director Managing Executive Officer	In charge of technology research and development Responsible for TQM Promoting Dept. Responsible for Kuki Plant	10 / 10 meetings (After his appointment on June 25, 2021)
6	New Appointment	Kazuhiro Hirano	Managing Executive Officer	Chief General Manager, Osaka Branch Office Responsible for western Japan area	-

7	Reappointment Outside Independent	Yasuko Matsumoto	Outside Director	–	13 / 13 meetings
8	Reappointment Outside Independent	Yuriko Inoue	Outside Director	–	13 / 13 meetings
9	Reappointment Outside Independent	Yoshiyuki Murata	Outside Director	–	9 / 10 meetings (After his appointment on June 25, 2021)

* “Criteria for the Independence of Outside Officers” is as described on page 23.

* The Company has entered into a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance covers damages to be borne by the insured parties that arise from the insured parties as individuals being subject to a claim for damages such as derivative lawsuits and third-party lawsuits. The candidates will be included as insured parties under the insurance agreement. The Company intends to renew the agreement with the above contents at the time of renewal in July 2022.

Competence (knowledge, experience, and capabilities) required of candidates for Director

The Group aims to continue being a provider that supports evolution of infrastructure with safe and trustworthy solutions. In order to lead sustainable business growth, the Company selects as candidates for Director those who possess strong acumen and experience as a corporate manager, deep insight into technological development surrounding the Company, capabilities to drive the expansion of business domains conducted on a global scale, and expert knowledge that contributes to corporate governance.

[Candidates for Director selected from within the Company]

The Company selects those who possess strong acumen for overall management, with knowledge regarding the business environment surrounding the Company and its industries, understanding of the Company's strengths and issues through manufacturing, technological research and development, marketing, and sales activities, and experience in management administration such as accounting, legal affairs, and risk management.

[Candidates for Outside Director]

The Company selects those who can provide advice on management strategies and perform an effective supervisory function on management by drawing on advanced and specialized knowledge and experience in fields other than the Group's business domains, while appropriately ensuring well-rounded diversity. Furthermore, in order to sufficiently incorporate opinions from an objective and independent position into management of the Company, the Company selects those who meet the requirements for Independent Officers as stipulated by the Tokyo Stock Exchange, Inc. as candidates for Outside Director. In addition, the Company selects candidates for Director so that at least one-third of the candidates are candidates for Outside Director, and at least one of the candidates for Outside Director must possess experience in management in other companies.

Because of the characteristics of the Company involved in the work of an extremely highly public nature, deep understanding of the Company's business is required for business judgment. Therefore, the Company considers it is appropriate that the proportion of Independent Outside Directors to all the Directors is around one-third.

Skills Matrix of the Board of Directors of the Company is as follows.

◆ Knowledge, experience, and capabilities of Directors

Name		Corporate Management	Finance/ Accounting	Risk management Legal affairs	Global experiences	Technology R&D	Manufacture	Sales Marketing
Hidehiko Tsukamoto		●		●	●	●	●	●
Takeshi Fujiwara		●			●		●	●
Hideo Oshima		●			●	●	●	●
Masahiro Kubo		●	●	●			●	●
Masayoshi Sakai		●				●	●	●
Kazuhiro Hirano	New Appointment							●
Yasuko Matsumoto	Independent Outside			●				
Yuriko Inoue	Independent Outside			●				
Yoshiyuki Murata	Independent Outside	●		●	●	●		●

The above table shows the areas of expertise of Directors the Company particularly expects.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
1	<p>Reappointment</p> <p>Hidehiko Tsukamoto (September 15, 1958) Age:63</p> <p>Years in office as Director: 10 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1982 May 2005</p> <p>June 2006 June 2010</p> <p>June 2014</p> <p>April 2015</p> <p>June 2016 June 2020 April 2021</p>	<p>Joined the Company General Manager of Automatic Fare Collection Sales Dept. of Automatic Fare Collection Systems Division</p> <p>Executive Officer</p> <p>Director Managing Executive Officer</p> <p>Deputy Chief Executive Officer</p> <p>Representative Director Executive Vice President & Chief Operating Officer</p> <p>President (to present) Chief Executive Officer Chief Executive Officer (to present)</p>	100,800
		<p>[Significant concurrent positions]</p> <p>None</p>		
		<p>[Reason for nomination as a candidate for Director]</p> <p>Hidehiko Tsukamoto, as the Company's Representative Director, possesses a wealth of experience and achievements in leading the business management of the Company. We have determined that he is qualified to play an important role as the Company pursues business structural reforms to adapt to rapid changes in the business environment such as globalization and technical innovations since he is also well-versed in technical development and has contributed to creating new businesses and expanding business areas. Therefore, we have nominated him as a candidate to continue as a Director.</p>		

There are no special interests between the Company and Hidehiko Tsukamoto.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
2	<p data-bbox="328 600 475 622">Reappointment</p> <p data-bbox="312 674 491 860">Takeshi Fujiwara (November 7, 1959) Age:62</p> <p data-bbox="312 904 491 1010">Years in office as Director: 9 years (at the end of this Meeting)</p> <p data-bbox="304 1043 499 1149">Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p data-bbox="528 315 660 338">April 1983</p> <p data-bbox="528 349 660 371">July 2009</p> <p data-bbox="528 506 660 528">June 2010</p> <p data-bbox="528 539 660 562">April 2013</p> <p data-bbox="528 618 660 640">June 2013</p> <p data-bbox="528 651 660 674">April 2016</p> <p data-bbox="528 819 660 842">April 2019</p> <p data-bbox="528 931 660 954">April 2020</p> <p data-bbox="528 1088 660 1111">June 2020</p> <p data-bbox="528 1155 660 1178">April 2022</p>	<p data-bbox="783 315 1050 495">Joined the Company General Manager of Private Railways Sales Dept. of Railway Signal Systems Division</p> <p data-bbox="783 506 1002 607">Executive Officer Managing Executive Officer</p> <p data-bbox="783 618 1038 797">Director (to present) Chief General Manager of Sales and Marketing Head Office</p> <p data-bbox="783 819 1114 909">Responsible for Domestic Business and Branch Offices</p> <p data-bbox="783 931 1123 1077">Deputy Chief Executive Officer (to present) Responsible for Domestic and Overseas Businesses and Branch Offices</p> <p data-bbox="783 1088 1070 1144">Responsible for Smart Mobility Section</p> <p data-bbox="783 1155 1123 1402">In charge of business management, Responsible for Transport Systems, Smart Mobility Systems Promotion Division, and Branch Offices (to present)</p>	47,300
		<p data-bbox="528 1424 948 1447">[Significant concurrent positions]</p> <p data-bbox="528 1458 596 1480">None</p>		
		<p data-bbox="528 1503 1070 1570">[Reason for nomination as a candidate for Director]</p> <p data-bbox="528 1581 1123 1973">Takashi Fujiwara has achievements of leading our domestic business, having held positions including the manager of the Business Head Office handling railway signals and Automatic Fare Collection systems, and deep insight based on his broad experience. We have determined that he is qualified to lead the Company in expanding its business areas including those overseas and enhancing its competitiveness in the future. Therefore, we have nominated him as a candidate to continue as a Director.</p>		

There are no special interests between the Company and Takeshi Fujiwara.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
3	<p>Reappointment</p> <p>Hideo Oshima (July 25, 1956) Age: 65</p> <p>Years in office as Director: 6 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1979 Joined the Company</p> <p>September 2004 General Manager of MEMS Business Development Dept. of Visionary Business Center</p> <p>July 2008 Chief General Manager of Visionary Business Center</p> <p>April 2009 Chief General Manager of Overseas Division</p> <p>May 2011 Executive Officer</p> <p>April 2016 Managing Executive Officer (to present)</p> <p>June 2016 Director (to present)</p> <p>April 2019 Responsible for Corporate Strategy Department and Overseas Business</p> <p>April 2020 Responsible for Kuki Plant and Total Quality Management Promoting Department</p> <p>April 2021 Responsible for Overseas Business and in charge of International Projects (to present)</p>	42,100
		<p>[Significant concurrent positions]</p> <p>None</p>	
		<p>[Reason for nomination as a candidate for Director]</p> <p>Hideo Oshima possesses experience and achievements, having held positions including the manager of the new businesses and the Overseas Division and contributing to the expansion of businesses. We have determined that his knowledge will be beneficial to the Company in further expanding the business areas and promoting global management. Therefore, we have nominated him as a candidate to continue as a Director.</p>	

There are no special interests between the Company and Hideo Oshima.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
4	<p>Reappointment</p> <p>Masahiro Kubo (April 13, 1960)</p> <p>Age: 62</p> <p>Years in office as Director: 2 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	April 1983	Joined the Company	29,200
		July 2006	General Manager of Accounting Dept.	
		July 2009	General Manager of Tohoku Branch Office	
		June 2014	General Manager of General Affairs Dept., Business Administration Division	
		April 2016	Executive Officer, General Manager of Corporate Strategy Dept.	
		April 2018	Chief General Manager of Kuki Plant, Monodukuri Division	
		April 2019	Senior Executive Officer, General Manager of Corporate Strategy Dept., Responsible for Finance Dept.	
		April 2020	Managing Executive Officer (to present), In Charge of Business Administration (to present)	
		June 2020	Director (to present)	
		[Significant concurrent positions]		
		None		
		[Reason for nomination as a candidate for Director]		
		<p>Masahiro Kubo possesses experience and achievements in strengthening the management foundation of the Group, having held positions including the manager of a wide range of divisions such as the Business Administration Division of the Company. We have determined that his knowledge will be beneficial to the Company in pursuing sustained enhancement of corporate value. Therefore, we have nominated him as a candidate to continue as a Director.</p>		

There are no special interests between the Company and Masahiro Kubo.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
5	<p>Reappointment</p> <p>Masayoshi Sakai</p> <p>(September 20, 1960)</p> <p>Age: 61</p> <p>Years in office as Director: 1 year (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 10 / 10 (100%)</p>	<p>April 1985</p> <p>July 2006</p> <p>July 2010</p> <p>June 2014</p> <p>April 2016</p> <p>April 2020</p> <p>April 2021</p>	<p>Joined the Company</p> <p>General Manager of Safety Technology Research Dept., Research Center</p> <p>Chief General Manager of Research & Development Center</p> <p>Chief General Manager of Kuki Plant, Monodukuri Division</p> <p>Executive Officer, Chief General Manager of Research & Development Center, Technical Development Head Office and Chief General Manager of Visionary Business Center</p> <p>Senior Executive Officer, In charge of research and development, Chief General Manager of Research & Development Section, Chief General Manager of ANSHIN Center, General Manager of Safety Technology Research Dept., and General Manager of Advanced Railway System Development Section</p> <p>Managing Executive Officer (to present), In charge of technology, research and development (to present), Chief General Manager of Research & Development Section, General Manager of Patent Management Dept., General Manager of</p>	<p>20,800</p>

		<p>Advanced Railway System Development Section, Responsible for TQM Promoting Dept. (to present), Department and Responsible for Kuki Plant (to present) June 2021 Director (to present)</p>	
		<p>[Significant concurrent positions] None</p>	
		<p>[Reason for nomination as a candidate for Director] Having held positions including the manager of research and development divisions, Masayoshi Sakai possesses experience and achievements in promoting advanced technological strategies that make use of ICT. We have determined that he is qualified to lead the development of new technologies utilizing IoT and AI. Therefore, we have nominated him as a candidate to continue as a Director.</p>	

There are no special interests between the Company and Masayoshi Sakai.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
6	<p data-bbox="316 819 488 846">New Appointment</p> <p data-bbox="344 875 459 936">Kazuhiro Hirano</p> <p data-bbox="336 983 467 1043">(August 6, 1960)</p> <p data-bbox="349 1061 454 1088">Age: 61</p>	<p data-bbox="528 342 663 369">April 1983</p> <p data-bbox="528 383 655 409">July 2006</p> <p data-bbox="528 483 655 510">July 2009</p> <p data-bbox="528 651 655 678">May 2011</p> <p data-bbox="528 752 668 779">June 2014</p> <p data-bbox="528 893 663 920">April 2019</p> <p data-bbox="528 1034 663 1061">April 2020</p> <p data-bbox="528 1099 663 1126">April 2021</p> <p data-bbox="528 1447 663 1473">April 2022</p>	<p data-bbox="783 342 1050 369">Joined the Company</p> <p data-bbox="783 383 1118 472">General Manager of Railway Signal Division of Osaka Branch</p> <p data-bbox="783 483 1062 640">General Manager of Transport information Systems of Transport Information Systems Division</p> <p data-bbox="783 651 1118 741">Chief General Manager of Transport Information Systems Division</p> <p data-bbox="783 752 1118 887">Executive Officer Chief General Manager of Railway Signal Division of Business Division</p> <p data-bbox="783 893 1002 954">Senior Executive Officer</p> <p data-bbox="783 965 1118 1025">Chief General Manager of Railway Signal Division</p> <p data-bbox="783 1034 1118 1095">Chief General Manager of Transport Systems Division</p> <p data-bbox="783 1099 1118 1234">Managing Executive Officer (to present) Responsible for Transport Systems,</p> <p data-bbox="783 1245 1118 1435">Chief General Manager of Transport Systems Division, and Responsible for Smart Mobility Systems Promotion Division</p> <p data-bbox="783 1447 1094 1603">Chief General Manager, Osaka Branch Office (to present) Responsible for western Japan area (to present)</p>	22,600
		<p data-bbox="528 1630 951 1657">[Significant concurrent positions]</p> <p data-bbox="528 1668 600 1695">None</p>		

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
		<p>[Reason for nomination as a candidate for Director]</p> <p>Kazuhiro Hirano has achievements of leading our domestic business, having held positions including the manager of the Business Head Office handling railway signals and transport signals, and deep insight based on his broad experience. We have determined that he is qualified to lead the Company in expanding its business areas and enhancing its competitiveness in the future. Therefore, we have nominated him as a new candidate for a Director.</p>	

There are no special interests between the Company and Kazuhiro Hirano.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
7	<p>Reappointment Outside Independent</p> <p>Yasuko Matsumoto (September 2, 1953) Age: 68</p> <p>Years in office as Outside Director: 7 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1978 Registered as Attorney Joined Yamashita Oshima Law Office</p> <p>April 2000 Part-time Lecturer of Seikei University</p> <p>February 2001 Member of Independent Administrative Institution Evaluation Committee, the Ministry of Economy, Trade and Industry</p> <p>April 2007 Part-time Lecturer of Tokyo University of the Arts</p> <p>June 2015 Outside Director of the Company (to present)</p> <p>[Significant concurrent positions] None</p> <p>[Reason for nomination as a candidate for Outside Director and an outline of expected roles] Yasuko Matsumoto possesses advanced knowledge and experience as a legal expert, and has provided advice and proposals on legitimacy and adequacy from a professional viewpoint. We expect that she will exercise effective supervisory function on the Company's management. Therefore, we have nominated her as a candidate to continue as an Outside Director. Yasuko Matsumoto has served as an Outside Director for seven years at the end of this General Meeting of Shareholders.</p>	3,800

1. There are no special interests between the Company and Yasuko Matsumoto.
2. Yasuko Matsumoto is an Outside Director candidate.
3. Yasuko Matsumoto meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Yasuko Matsumoto is elected as an Outside Director, the Company plans to enter into a limited liability agreement with her, which limits her liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held												
8	<p style="text-align: center;">Reappointment Outside Independent</p> <p style="text-align: center;">Yuriko Inoue (May 29, 1963) Age: 59</p> <p>Years in office as Outside Director: 4 years (at the end of this Meeting) Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 20%; vertical-align: top;">November 1993</td> <td>Full-time Lecturer of Graduate Schools for Law and Politics, The University of Tokyo</td> </tr> <tr> <td style="vertical-align: top;">April 2004</td> <td>Professor of Graduate School of Law, Kobe University</td> </tr> <tr> <td style="vertical-align: top;">October 2010</td> <td>Professor of The Graduate School of International Corporate Strategy, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top;">April 2018</td> <td>Professor of Business Law Department, Graduate School of Law, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top;">June 2018</td> <td>Outside Director of the Company (to present) Outside Director of Dai-ichi Life Holdings, Inc. (to present)</td> </tr> <tr> <td style="vertical-align: top;">April 2020</td> <td>Professor of Business Law Department, Graduate School of Law, Hitotsubashi University (Chair of Department) (to present)</td> </tr> </table> <p>[Significant concurrent positions] Professor of Business Law Department, Graduate School of Law, Hitotsubashi University (Chair of Department) Outside Director of Dai-ichi Life Holdings, Inc.</p> <p>[Reason for nomination as a candidate for Outside Director and an outline of expected roles] Yuriko Inoue is a professional in intellectual property right and possesses sophisticated and specialized knowledge and experience. We expect that she will offer advice on the Company's management and strategies including advice mainly on corporate law, data governance and brand strategy, and exercise effective management supervisory function by making use of her capabilities in her specialized field. Therefore, we have nominated her as a candidate to continue as an Outside Director. Yuriko Inoue has served</p>	November 1993	Full-time Lecturer of Graduate Schools for Law and Politics, The University of Tokyo	April 2004	Professor of Graduate School of Law, Kobe University	October 2010	Professor of The Graduate School of International Corporate Strategy, Hitotsubashi University	April 2018	Professor of Business Law Department, Graduate School of Law, Hitotsubashi University	June 2018	Outside Director of the Company (to present) Outside Director of Dai-ichi Life Holdings, Inc. (to present)	April 2020	Professor of Business Law Department, Graduate School of Law, Hitotsubashi University (Chair of Department) (to present)	2,100
November 1993	Full-time Lecturer of Graduate Schools for Law and Politics, The University of Tokyo														
April 2004	Professor of Graduate School of Law, Kobe University														
October 2010	Professor of The Graduate School of International Corporate Strategy, Hitotsubashi University														
April 2018	Professor of Business Law Department, Graduate School of Law, Hitotsubashi University														
June 2018	Outside Director of the Company (to present) Outside Director of Dai-ichi Life Holdings, Inc. (to present)														
April 2020	Professor of Business Law Department, Graduate School of Law, Hitotsubashi University (Chair of Department) (to present)														

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
		<p>as an Outside Director for four years at the end of this General Meeting of Shareholders. A subsidiary of Dai-ichi Life Holdings, Inc., the Dai-ichi Life Insurance Company, Limited where Yuriko Inoue serves as an Outside Director is a major shareholder and business partner of the Company. However, its voting rights ratio is less than 2% and the transaction amount is immaterial (less than 0.1% of the consolidated net sales of the said company and of the Company), and we therefore believe that it does not affect her independence as an Outside Director.</p>	

1. There are no special interests between the Company and Yuriko Inoue.
2. Yuriko Inoue is an Outside Director candidate.
3. Yuriko Inoue meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Yuriko Inoue is elected as an Outside Director, the Company plans to enter into a limited liability agreement with her, which limits her liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
9	<p>Reappointment Outside Independent</p> <p>Yoshiyuki Murata (July 19, 1954) Age: 67</p> <p>Years in office as Outside Director: 1 year (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 9 / 10 (90%)</p>	<p>April 2009 President and Representative Director of TAISEI HOUSING CORPORATION</p> <p>April 2011 Executive Officer of TAISEI CORPORATION</p> <p>April 2013 Managing Executive Officer of TAISEI CORPORATION</p> <p>June 2013 Member of the Board of TAISEI CORPORATION</p> <p>April 2015 President and Chief Executive Officer, Representative Director of TAISEI CORPORATION</p> <p>June 2020 Vice Chairman, Representative Director of TAISEI CORPORATION</p> <p>June 2021 Outside Director of the Company (to present) Director and Executive Vice President of DAIWA HOUSE INDUSTRY CO., LTD. (to present)</p> <p>April 2022 Outside Director of Fujita Corporation (to present)</p>	400
		<p>[Significant concurrent positions] Executive Vice President, Head of Technology Coordination Department, Head of Production Headquarters, and Head of Research Headquarters of DAIWA HOUSE INDUSTRY CO., LTD. Outside Director of Fujita Corporation</p>	
		<p>[Reason for nomination as a candidate for Outside Director and an outline of expected roles] Yoshiyuki Murata possesses a wealth of experience, achievements and knowledge as a manager, and we expect him to use these capabilities for the benefit of the Company's management and exercise effective management supervisory function. Therefore, we have nominated him as a candidate to continue as an Outside Director.</p>	

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
		<p>Yoshiyuki Murata has served as an Outside Director for one year at the end of this General Meeting of Shareholders.</p> <p>A subsidiary of DAIWA HOUSE INDUSTRY CO., LTD., Daiwa House Parking Co., Ltd., where Yoshiyuki Murata serves as Director and Executive Vice President is a business partner of the Company. However, the transaction amount is immaterial (less than 0.1% of the consolidated net sales of the said company and of the Company), and we therefore believe that it does not affect his independence as an Outside Director.</p> <p>As of March 31, 2022, there is no capital relationship between Daiwa House Parking Co., Ltd. and the Company.</p>	

1. There are no special interests between the Company and Yoshiyuki Murata.
2. Yoshiyuki Murata is an Outside Director candidate.
3. Yoshiyuki Murata meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. TAISEI CORPORATION, where Yoshiyuki Murata served as Representative Director until June 2021, has received a cease and desist order from the Japan Fair Trade Commission in December 2020 on the grounds of violating the Antimonopoly Act in relation to construction work on the Chuo Shinkansen. However, the said company has filed an action for the revocation of the order, and the case is now pending.
5. If Yoshiyuki Murata is elected as an Outside Director, the Company plans to enter into a limited liability agreement with him, which limits his liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.
6. Yoshiyuki Murata is scheduled to be appointed Executive Vice President of DAIWA HOUSE INDUSTRY CO., LTD. on June 29, 2022.

(Reference) Criteria for the Independence of Outside Officers

The Company prescribes the following criteria for the independence of Outside Officers to objectively determine the independence of Outside Officers. If an Outside Officer falls under any of the following items, the Company determines that the Outside Officer is not sufficiently independent from the Company.

An Outside Officer designated as an Independent Officer as stipulated under the Tokyo Stock Exchange, Inc. shall endeavor to maintain independence as prescribed in this Criteria until resignation. If the Outside Officer loses his/her independence, the Outside Officer shall notify the Company in advance (or as soon as possible after an event under unavoidable circumstances).

1. A person who is, or has been in the past 10 years, a business executor (*1) or Non-executive Director (if the person is an Outside Audit & Supervisory Board Member) at the Group (i.e. the Company or its subsidiaries).

2. Any person (party) who falls under any of the following items (1) to (8) in the past three years.

(1) A party for whom the Group is a major business partner ^(*2) or a business executor of such party

(2) A major business partner of the Group ^(*3) or a business executor of such partner

(3) A consultant, accounting professional, or legal professional who has received a significant amount of money ^(*4) or other property from the Group other than officer remunerations (if a party who receives such property is a corporation, association, or any other entity, a party who belongs to the relevant entity)

(4) A current major shareholder of the Group ^(*5) or a business executor of such shareholder

(5) A business executor of a corporation that is a current major shareholder of the Group ^(*5)

(6) A person who belongs to the appointed audit firm for the statutory audit of the Group

(7) A business executor of an entity whose Outside Officer is also a business executor of the Group

(8) A person, an officer or other business executor of a corporation, association, or any other entity who receives a large amount of donation or grant ^(*6) from the Group

3. If a person who falls under 1. and 2. above is a key person ^(*7), close relatives (spouse, first or second degree relatives) of such person

4. A person who has assumed the office of Outside Officer for eight years or more in total

(*1) A business executor refers to a person who executes the duties of a Director (excluding an Outside Director), Executive Officer, or employees, etc.

(*2) A party for whom the Group is a major business partner refers a party who has business transactions with the Group, with total amount of sales in any of the fiscal year within the last three fiscal years exceeding 2% of the consolidated net sales of such business partner. Such

business partner shall include its parent company and important subsidiaries if such business partner is a corporation.

- (*3) A major business partner of the Group refers to a party with whom the Group has business transactions, with total amount of sales in any of the fiscal year within the last three fiscal years exceeding 2% of the consolidated net sales of the Group, or a party who has made a loan to the Group in the amount at 2% or more of the consolidated net assets of the Company at the end of the most recent fiscal year.
- (*4) A significant amount of money refers to the yearly average money exceeding 10 million yen over the three most recent fiscal years.
- (*5) A major shareholder refers a shareholder who holds, directly or indirectly, 10% or more of the total voting rights. Such major shareholder shall include its parent company or important subsidiaries if such major shareholder is a corporation.
- (*6) A large amount of donation or grant refers to a yearly average amount exceeding 10 million yen over the three most recent fiscal years.
- (*7) A key person refers to a Director, Corporate Officer, Executive Officer, business executor who serves as a General Manager or in a higher rank, or business executor who has authority equivalent to that of a General Manager or higher position.

No.3 - Renewal of the Countermeasures in Response to Large-scale Acquisition of Company's Shares (Takeover Defense Measures)

The Company introduced the Countermeasures in Response to Large scale Acquisition of Company's Shares (Takeover Defense Measure), for the purpose of ensuring and enhancing its corporate value and common interests of its shareholders, based on the approval of shareholders at the 127th Ordinary General Meeting of Shareholders held on June 24, 2010. Afterwards, renewal of the Takeover Defense Measure involving necessary amendments thereto was approved by the shareholders at the 130th Ordinary General Meeting of Shareholders held on June 25, 2013, the 133rd Ordinary General Meeting of Shareholders held on June 24, 2016, and the 136th Ordinary General Meeting of Shareholders held on June 21, 2019 (the Takeover Defense Measure after the renewal being referred to hereinafter as "the Old Plan"). The Old Plan will be effective until the conclusion of this General Meeting of Shareholders.

The Board of Directors decided to renew the Old Plan with partial amendments to its contents (where such amended plan shall be hereinafter referred to as the "Plan") at its meeting held on May 10, 2022, subject to the approval of shareholders at this General Meeting of Shareholders. Thus, shareholders are kindly requested to approve the renewal as follows. Thus, shareholders are kindly requested to approve the renewal as follows.

The reason for the renewal, the major amendments and the purpose thereof, and the impact on shareholders are as follows.

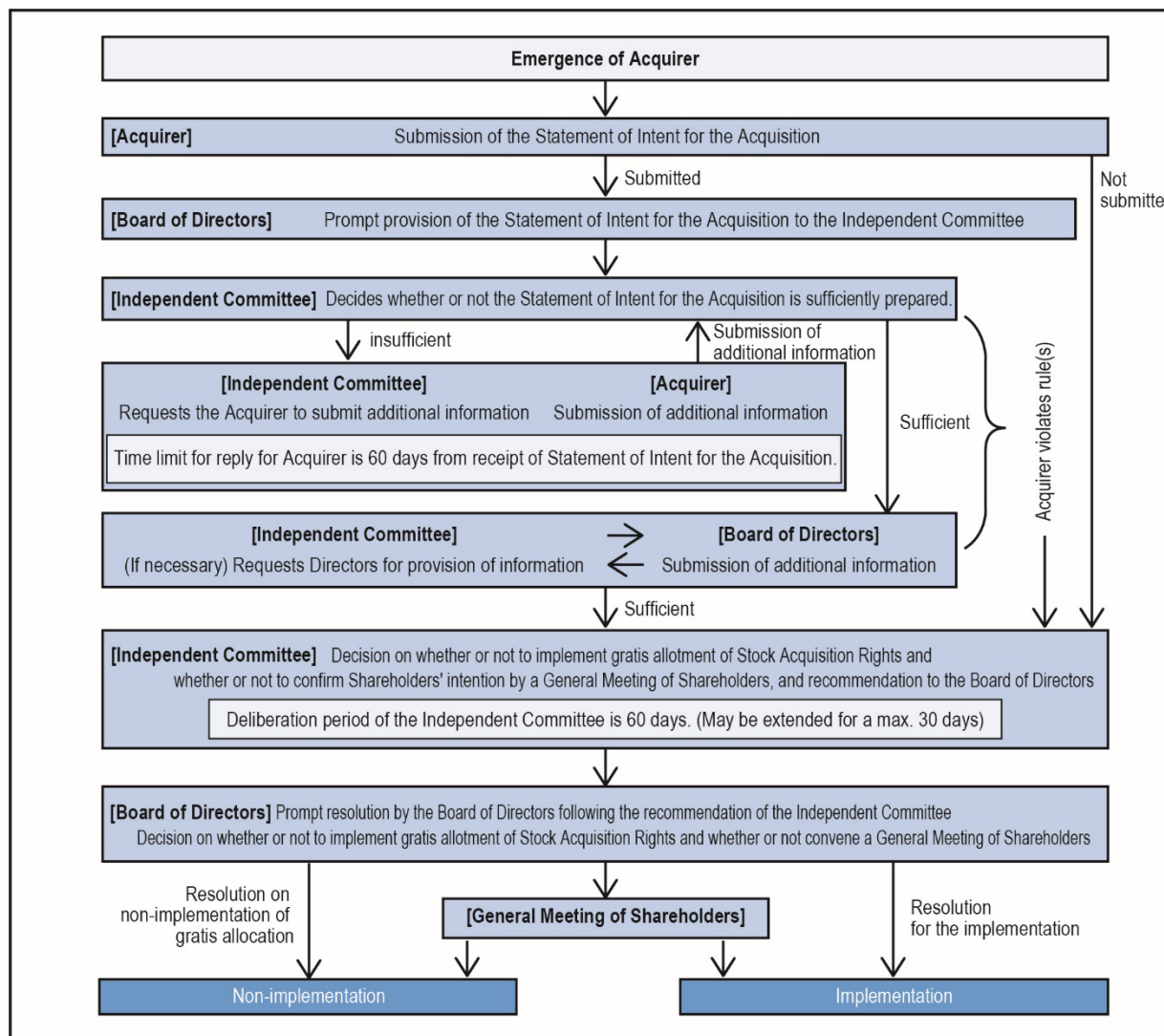
Reason for the renewal	<p>The Company is engaged in a business of a highly-public nature involving human lives, including railway signals and traffic information. There has been growing demand for Japan's high-quality infrastructure from around the world, and the Company holds many of these important technologies. The Company will realize traffic infrastructure of a comfortable society by providing advanced solutions with AI and digital processing based on data obtained from sensing technologies in the future. Therefore, <u>the Company believes that the Company must avoid the Company's business and technology being sold off in pieces by the Acquirer who aims to only short-term profit from the perspective of ensuring the economic security, and maintaining and ensuring the safety of society.</u> Upon the emergence of an Acquirer, it is an obligation of the Board of Directors meeting to consider whether the Acquirer possesses legitimate purpose which enhances medium- to long-term corporate value of the Company or not. The Company proposes the renewal of the Takeover Defense Measure in the belief that when a takeover that could harm the Company's corporate value is proposed, providing proper and sufficient information and time to shareholders and ensuring the opportunity to seek their decision are essential.</p>
Major amendments and the purpose thereof	<p>Composition of Independent Committee In association with expiration of the terms of the members of the Independent Committee, three Outside Audit & Supervisory Board Members, Mikio Shiokawa, Masayuki Tamagawa, and Naoko Shimura, are elected as Independent Officers who meet the conditions defined by Stock Exchange, Inc.</p> <p>Description of New Medium-Term Management Plan The Company's new Medium-Term Management Plan, "Next Stage 24" is mentioned as special initiatives that will contribute to achieving the basic policy in an effort to further enhance corporate value.</p>

	<p>Review Period of Independent Committee</p> <p>The period of Independent Committee can be extended up to 30 days, however, it cannot be re-extended.</p>
<p>Impact on shareholders</p>	<p>If the Takeover Defense Measure is implemented and the gratis allotment of stock acquisition rights is executed, one stock acquisition right shall be granted per one share held by the shareholder.</p> <p>If the shareholder does not exercise his or her stock acquisition rights and the amount equivalent to the exercise of the stock acquisition rights is not paid in, there is a possibility of the shares held by the shareholder being diluted due to the exercise of stock acquisition rights by other shareholders.</p> <p>However, <u>the Company may acquire the stock acquisition rights from shareholders other than the acquirer and issue shares in exchange for those stock acquisition rights. In such cases, shareholders other than the acquirer shall receive the Company's shares without exercising stock acquisition rights or the payment of the amount equivalent to the exercise of the stock acquisition rights, and thus, as a general rule, shall not undergo a dilution of the shares held.</u></p>

The Board of Directors meeting resolving on the Takeover Defense Measure based on the Plan was attended by all Audit & Supervisory Board Members of the Company, including Outside Audit & Supervisory Board Members, who unanimously expressed their view in support of the Plan, on condition that specific operation of the Plan will be conducted appropriately.

In addition, the Company has not received, from any third party, notice or proposal on an intention of the Large-Scale Acquisition of Company's Shares at present.

Contents of the Outline of the Procedures for the Plan are as follows.



*This Flow Chart has been prepared to aid the understanding of the outline of the Plan and should be used for reference purposes only. For details of the Plan, please refer to the text.

Countermeasures in Response to Large-scale Acquisition of Company's Shares
(Takeover Defense Measure)

I. Basic Policies on Parties Who Control the Company's Decisions on Financial and Operational Policies (hereinafter referred to as the "Basic Policies")

The Company believes that ultimately its shareholders at their own discretion must make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not categorically reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the Group and, in turn, the common interests of its shareholders.

Nonetheless, Japanese capital markets have recently witnessed a trend of sudden hostile acquisitions of large quantities of shares or similar acts without any process of discussion with the senior management of the target company or obtaining the approval thereof. There are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including without limitation, 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 those presented by the acquirer.

In this regard, the Company believes that the persons who control decisions on the Company's financial and business policies must be persons who fully understand Nippon Signal's corporate philosophy of "contribute to society through superior technology that generates safety and reliability, aiming to realize a more comfortable society for all" and the source of the Company's corporate value and, in turn, the common interests of its shareholders in II. 1. (2) below, and who will maintain and enhance the Company's corporate value and, in turn, the common interests of its shareholders from the medium to long-term view, while maintaining relationships of mutual trust with the stakeholders of the Company such as customers, shareholders, business partners, local communities and employees, and responding to their expectations.

Therefore, the Company believes that persons who would make a large-scale acquisition of the shares in the Company 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 persons who control decisions on the Company's financial and business policies. The Company made it a basic policy to ensure the corporate value of the Group and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures for the purpose of deterring acquisitions that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders.

II. Special measures for Realization of Basic Policy

1. Measures for Ensuring and Enhancing Corporate Value of the Company and the Common Interest of its Shareholders

(1) Management Philosophy of the Group and the Basic Concept of its Business Operation

The Company has been constantly engaged in the field of traffic infrastructure since its operations began in February 1929, and celebrated its 93rd anniversary in February 2022, under Nippon Signal's corporate philosophy of "contribute to society through superior technology that generates safety and reliability, aiming to realize a more comfortable society for all."

As such, the Company consistently assumes the significant social responsibility and public mission as a company that has long continued providing society with products in the business domains of a highly public nature. Therefore, the Company believes that it is indispensable for our business operations to be based on a long-term perspective with full consideration of the fact that the Company manufactures the products involving human lives, not to mention product quality management backed by excellent professional skills and rigorous ethics education, as well as new product development that supports safer and more comfortable traffic infrastructure.

On the other hand, the Company believes that taking boldly on the challenges of creation of new businesses, applying the core technologies and know-how accumulated as a dedicated manufacturer of railway signal and traffic information systems, is prominent in terms of achieving sustainable and constant growth for the Company. In particular, automatic fare collection (AFC) systems and parking systems solutions have now grown to become one of the pillars of the earnings of the Company, representing a good example of new businesses. Recently, 3D Laser Ranging Image Sensors, which use the resonant mirror ECO SCAN realized by Micro Electro Mechanical Systems (MEMS) technology, are being utilized in various fields including platform screen doors, construction machinery and self-driving vehicles thanks to its high resistance to ambient light, resulting in the development of new businesses.

Business of the Company is summarized as follows.

The Company is engaged in a business of a highly-public nature involving human lives, including railway signals and traffic information. In addition, there has been growing demand for Japan's high-quality infrastructure from around the world, and the Company holds many of these important technologies.

The Company will realize traffic infrastructure of a comfortable society by providing advanced solutions with AI and digital processing based on data obtained from sensing technologies in the future.

[Transportation Infrastructure Business]

In the "Railway Signal Systems", the Company supports our nation's railway, which prides itself on its constant and safe operations running on tight schedules with its core products, including operational control systems such as centralized traffic control (CTC) systems, train control systems such as automatic train control (ATC) systems, automatic train stop (ATS) systems, automatic train operation (ATO) systems and Simple structure and high Performance ATC by Radio Communication System (SPARCS), as well as interlocking systems that control railway switches, and signal lights and guidance transportation information system

for railway operators. The Company also plays a major role in exporting infrastructure mainly to Asia.

In the “Smart Mobility Systems”, the Company is striving to reduce the number of traffic accidents and relieving traffic congestions with its core products, including traffic control systems that controls traffic lights, traffic information systems that indicate accidents, congestions and other traffic information. The Company participates in various self-driving experiments and is working to develop solutions that leverage its strengths as an infrastructure manufacturer.

[ICT solution business]

In the “Automatic Fair Collection (AFC) Systems”, the Company has achieved the automation and speeding up of station operations through providing the “Station Network Systems”, such as automatic ticket gates, automatic ticket vending machines, and automatic fee collection machines, while contributing to achieving smooth transportation by means of IC cards such as Suica and PASMO. The Company has also entered the airport market and overseas markets, while providing various solutions that apply the wireless individual identification technology, and is working to enhance the safety of station platforms by, for providing platform screen doors.

In the “Smart City Systems”, the Company is driving various solutions that support office security including security gates and the high security demands of event venues and airports.

The Company develops and markets various robots including cleaning robots utilizing the Company’s sensing technologies to the maximum which realize labor-saving and work efficiency.

(2) The Source of the Company’s Corporate Value and, in Turn, the Common Interests of Its Shareholders

The Company believes that the source of the Company’s corporate value and, in turn, the common interests of its shareholders is found in i) the technological capabilities and quality strength that supported the safe and comfortable traffic and transportation infrastructure over many years, ii) human resource capabilities as a manufacturer who involves in the work of a highly public nature with a strong sense of pride and mission, and iii) the new product development capabilities that apply the core technologies and know-how from railway signal systems and traffic information systems for roadways.

For enhancing the source of corporate value of the Company and the common interest of its shareholders, the Company is engaged in the following specific measures.

- The Company is striving to further enhance its competitiveness as well as customer satisfaction, through its continuous efforts in reviewing the operation system, production system and the Group management system, as well as speeding up management decision-making and improving operational quality.
- The Company is working to develop and operate a personnel system geared to enhancing motivation and skill-up of employees from the perspective of human resources development, in addition to striving to recruit superior talents.
- The Company is aiming to further enhance R&D activities by adopting a framework in which technological development system and market development system collaborate with each other for promoting R&D.

- (3) The Long-Term Management Plan “Vision-2028 EVOLUTION 100” (hereinafter referred to as the “Long-Term Management Plan”) and the Medium-Term Management Plan “Next Stage 24”

The Company launched its new Long-Term Management Plan from the fiscal year 2019. Currently, we are in the midst of a major transformation as existing industries are being driven out by digital disruption (destructive innovation with digital technologies). Under “Long-Term Management Plan,” we will transition to new businesses that are not mere extensions of existing businesses, solve social issues both in Japan and overseas by supporting the evolution of infrastructures with safe and comfortable solutions and aim to become a corporate group that is respected by the people around the world.

In the second Medium-Term Management Plan “Next Stage 24” launched from the fiscal year 2022, the basic policy “Supporting Next Stage of infrastructure” is set in light of lifestyle changes following the spread of COVID-19, structure reform of customers, implementation of sustainability such as decarbonization in addition to environmental changes we initially assumed. The Company aims to create sustainable and safe transportation infrastructure with solutions utilizing the power of digital for a new society, economic activities, and lifestyle of the COVID-19 pandemic.

While implementing the following three priority measures, “Collaborative Value Creation with customers after COVID-19 pandemic,” “expansion of international business and improvement of profitability,” and “Enhanced design prowess and manufacturing prowess in the era of software first,” the Company promotes “ESG (environmental, social and governance) Management for sustained value creation.” The Company aims to realize these initiatives by investment of scale of totaling 50 billion yen, structure reform of customers, developing new products and acceleration of social implementation to promote solving issues, and value chain reform of design and manufacturing etc., accordingly, the Company set the targets for final fiscal year of the Medium-Term Management Plan Next Stage 24 at consolidated net sales of 130 billion yen, operating income margin of 11%, and ROE of 10%.

(4) Views on Shareholder Returns

The Company will establish a stable foundation for profits and management with a long-term perspective and strengthen financial standing through fulfilling responsibility as a company engaged in the development of transportation infrastructure, and provide investors with stable dividends and returns commensurate with performance. We have set a target payout ratio of around 30% on a consolidated basis.

2. Framework that Serves as the Basis for Enhancing Corporate Value of the Company and the Common Interest of its Shareholders (Development of Corporate Governance) The Group's basic policy on corporate governance emphasizes management that values all stakeholders, that provides satisfaction for them and that gives back to society. To engage in initiatives following this basic policy, the Group continues to carry out structural reforms of management with the goal of reinforcing corporate governance and enhancing the management structure to enable response to change in the business environment in a flexible and prompt manner.

III. Measures to Prevent Control over the Decisions on the Company's Financial and Operational Policies by Parties Deemed Inappropriate under the Basic Policies

1. Objectives of the Introduction of the Plan

The Plan shall be introduced with the intent of ensuring and enhancing corporate value of the Company and the common interest of its shareholders, in line with the Basic Policies described in I. above.

The Board of Directors of the Company decided that, in the case of receiving a proposal for a Large-Scale Acquisition, it is essential for the Company to retain a framework to ensure sufficient time and information for shareholders to decide whether or not to accept such proposal, or for the Board of Directors of the Company to make alternative proposals to shareholders, and to allow the Board to discuss and negotiate with the Large-scale Acquirer on behalf of shareholders, so that the Company can deter the Large-Scale Acquisition of the Company's Shares that goes against corporate value of the Company and the common interest of its shareholders.

Thus, the Board of Directors of the Company decided to introduce the Plan as part of the measures for preventing a party inappropriate in light of the Basic Policies from exerting control over the decisions on the Company's financial and operational policies.

2. Details of the Plan

(1) Outline of the Plan

(a) Procedures for the Plan

In preparation for the case of the acquisition, other similar acts or such proposals being made (hereinafter referred to as the "Acquisition, etc." as defined specifically in (2) (a) "Applicable Acquisitions, etc." below) with respect to share certificates, etc. of the Company (as defined specifically in (2) (a) "Applicable Acquisitions, etc." below), the Plan sets out procedures for presenting shareholders with the

Company's plan and the alternative proposals, etc. prepared by the senior management, or for engaging in negotiation with the Acquirer (as defined specifically in (2) (a) "Applicable Acquisitions, etc." below), after requesting the Acquirer to provide information regarding the Acquisition, etc. in advance, and ensuring sufficient time for collecting and considering such information regarding the Acquisition, etc. (Please refer to (2) "Procedures for the Plan" below). The Acquirer shall comply with the procedures for the Plan, and shall not proceed with the Acquisition, etc. during the period from the start of the procedures for the Plan to the resolution at the Board of Directors on whether or not to implement the gratis allotment of the stock acquisition rights.

(b) Use of Gratis Allotment of Stock Acquisition Rights

If the Acquirer fails to comply with the procedures as prescribed by the Plan and conducts the Acquisition, etc. or in the event of any Purchase by an Acquirer that may harm the corporate value of the Company (for details of such criteria, please refer to (3) "Criteria for the gratis allotment of the Stock Acquisition Rights" below) and, in turn, the common interests of its shareholders, etc., the Company will conduct a gratis allotment (as prescribed in Article 277 and subsequent Articles of the Companies Act) of new share acquisition rights (hereinafter referred to as the "Stock Acquisition Rights"; as summarized in (4) "Outline of the Gratis Allotment of the Stock Acquisition Rights" below) to all shareholders at such time with terms that prohibit the Acquirer and its specific group of shareholders (hereinafter referred to as the "Acquirer, etc."; as defined specifically in (2) (a) "Applicable Acquisitions, etc." below) from exercising such rights and with a condition to acquire Share Acquisition Rights in exchange for the Company's shares.

(c) Use of the Independent Committee for the Purpose of Excluding Arbitrary Decisions by Directors

As a rule, the Company shall follow the decision by the Independent Committee, made in line with its regulations (for the outline, please refer to the Appendix 1), in order to prevent the directors from making an arbitrary decision concerning the trigger or non-trigger of the gratis allocation of the Share Acquisition Rights or other matters concerning the acquisition pursuant to the Plan. In addition, the Company shall ensure transparency by seeking the said decision of the Independent Committee, which will be comprised of members appointed from experts with professional knowledge and experience in corporate management, etc., who shall be independent from its executive officers who conduct operations of the Company, as well as by timely disclosure of relative information to all the shareholders of the Company (unless following the recommendation is considered a violation of Directors' obligation to exercise due care of a prudent manager.)

Furthermore, even in cases where the Independent Committee deems the implementation of gratis allotment of the Stock Acquisition Rights to be appropriate, if it has decided that it would be appropriate to obtain the approval of the General Meeting Shareholders on the implementation of gratis allotment of the Stock Acquisition Rights, it shall recommend to the Board of Directors of the Company to convene a General Meeting of Shareholders to deliberate the proposal on the implementation of gratis allotment of the Stock Acquisition Rights,

and the Board of Directors of the Company shall resolve to promptly convene a General Meeting of Shareholders, unless it is extremely difficult for practical purposes to do so, and propose an agenda on the implementation of gratis allotment of the Stock Acquisition Rights.

The Independent Committee comprises three highly independent members. Names and career summary of the Committee members are stated in the Appendix 2 (as for the standards for electing the members of the Independent Committee, requirements for resolutions and matters for resolutions, please refer to the Appendix 1).

(d) Exercise of the Stock Acquisition Rights, and the Acquisition of the Stock Acquisition Rights by the Company

If the Stock Acquisition Rights are exercised by shareholders other than the Acquirer, etc. following the gratis allotment of the Stock Acquisition Rights under the Plan, or if shares in the Company are granted to shareholders other than the Acquirer, etc. in exchange for acquisition of the Stock Acquisition Rights by the Company, percentage of voting rights of the shares in the Company held by the Acquirer, etc. may be diluted.

(2) Procedures for the Plan

(a) Applicable Acquisitions, etc.

The Plan is applicable to the act of acquisition of share certificates, etc.^[3] issued by the Company, by a specific shareholders group^[1] resulting in, or aiming at 20% or higher ownership of voting rights^[2], or other similar acts, or proposals of such acts

[1] Referred to as (i) a holder (including a party who falls under the category of a holder prescribed in Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act; hereinafter the same shall apply) of the share certificate, etc. (referred to as share certificates, etc. prescribed in Article 27-23, Paragraph 1 of the same Act) of the Company, and its joint-holder (referred to as a joint-holder prescribed in Article 27-23, Paragraph 5 of the same Act, including a party deemed to be a joint-holder in accordance with Article 27-23, Paragraph 6 of the same Act, hereinafter the same shall apply), and also a party in a certain relationship with such holder or its joint holder, which is similar to the relationship between the holder and its joint-holder (hereinafter "quasi-joint holder"), or (ii) a party conducting a purchase, etc. (referred to as a purchase, etc. prescribed in Article 27-2, Paragraph 1 of the same Act), of share certificates, etc. of the Company (referred to as share certificates, etc. prescribed in Article 27-2, Paragraph 1 of the same Act) (hereinafter "Large-scale Acquirer"), and its specially related parties (referred to as a party in a special relationship prescribed in Article 27-2, Paragraph 7 of the same Act).

[2] (i) In the case of (i) of [1] above, referred to as a combined share holding ratio of the holder and its joint-holder (referred to as a combined share holding ratio prescribed in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act), as well as that of quasi-joint holder (as calculated in accordance with Article 27-23, Paragraph 4 of the same Act; provided the portion overlapped with the combined share holding ratio of the holder and its joint-holder, if any, shall be excluded), while (ii) in the case of (ii) of [1] above, referred to as a combined ownership ratio of share certificates, etc. (referred to as a combined ownership ratio of share certificates, etc. prescribed in Article 27-2, Paragraph 8 of the same Act) of the Large-scale Acquirer and that of its specially related parties. For the purpose of calculating holding ratios of share certificates, etc. and ownership ratios of share certificates, etc., securities reports, quarterly reports and/or other information provided by the Company based on the same Act may be referred as appropriate.

[3] In the case of (i) of [1] above, referred to as the share certificates, etc. prescribed in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, while in the case of (ii) of [1] above, referred to as the share certificates, etc. prescribed in Article 27-2, Paragraph 1 of the same Act.

(by whatever means including inside/outside market transactions and tender offer, excluding, however, cases recognized as a friendly act by the Board of Directors of the Company; hereinafter called the “Acquisition, etc.” under the Plan). Any party who conducts such Acquisition, etc. (hereinafter referred to as the “Acquirer”) shall follow the procedures set out in advance under the Plan.

(b) Request for Information from the Acquirer

Prior to the execution of the Acquisition, etc., and unless the Acquisition, etc. is recognized as a friendly act, etc. by the Board of Directors of the Company, the Acquirer shall be requested to submit to the Board of Directors of the Company, in the form prescribed by the Company, the information as listed below (hereinafter the “Required Information”) and the document containing the representations and warranties to the effect that the Acquirer is, in the course of the Acquisition, etc. to comply with the procedures set out under the Plan (hereinafter referred to as the “Statement of Intent for the Acquisition”).

If the procedure starts under the Plan, the Company shall promptly disclose it.

The Board of Directors of the Company shall promptly present the Statement of Intent for the Acquisition to the Independent Committee upon its receipt. Following the review of the Statement, if the contents are found insufficient, the Independent Committee may request the Acquirer, directly or indirectly, to additionally provide the Required Information by the time limit set out as appropriate (in principle, a time frame within 60 days from the receipt of the Statement of Intent for the Acquisition). In such case, the Acquirer shall be required to duly provide such additional Required Information by such time limit.

Statement of Intent for the Acquisition or such additional Required Information must be prepared in Japanese.

List of the Required Information

- 1) Details of the Acquirer, etc. (including specific names or titles, capital structure, financial positions, experiences of past transactions similar in nature to the Acquisition, etc. proposed by the Acquirer, etc. and its outcome, the impacts of such past transactions on the corporate value of the targeted companies).
- 2) Prior and existing business relationship or competition between the Acquirer, etc. and the main business partners of the Company, if any
- 3) Objective, method and other details of the Acquisition, etc. (including information on the price and type of consideration for the Acquisition, etc., its timing, structure of its related transactions, legitimacy of its method and its feasibility)
- 4) Basis for calculating the price of consideration for the Acquisition, etc. (including facts and assumptions that serve as the basis for calculation, method of calculation, numerical data used for the calculation, contents of the synergies expected to be created as a result of a series of transactions related to the Acquisition, etc., contents of such synergies distributable to minority shareholders)
- 5) Source of the fund that finances the Acquisition, etc. (including specific names of the providers of the fund (including all indirect providers), funding methods, details of the related transactions)
- 6) Management policies, business plans, capital policies, dividend policies, and measures for enhancing corporate value of the Company after the Acquisition, etc.
- 7) Policies after the Acquisition, etc. for dealing with the Company's stakeholders, including its employees, business partners and customers
- 8) Arrangements between the Acquirer and third parties regarding the disposal of the shares in the Company held by the Acquirer, and/or exercise of associated voting rights
- 9) Specific measures for avoiding conflicts of interest with other shareholders of the Company
- 10) Other information reasonably considered necessary by the Independent Committee

When the Acquirer is considered to have started the Acquisition, etc. without following the procedures set out under the Plan, the Independent Committee, in principle, makes a recommendation of gratis allotment of the Stock Acquisition Rights to the Board of Directors of the Company as described in (d) 1) below, unless exceptional circumstances arise where there is a need for further discussion/negotiation with the Acquirer for the submission of Statement of Intent for the Acquisition.

- (c) Review of the Details of the Acquisition, etc., and of the Negotiation with the Acquirer and the Draft of Alternative Proposals
 - 1) Request for information to the Board of Directors of the Company
Upon submission from the Acquirer of the Statement of Intent for the Acquisition and the Required Information additionally requested by the Independent Committee (if any), the Independent Committee may set a time limit for a reply set out as appropriate (a time frame within 60 days in principle, considered necessary for the Board to prepare and present its opinion, evidence that

supports such opinion and other information/materials, etc. considered necessary as appropriate by the Independent Committee according to the result of the study by outside experts; however, the Board shall conduct such required review as soon as possible) in consideration of the time period necessary for the Board of Directors of the Company to collect relevant information and to review the corporate assessment, for the purpose of comparative analysis between the details of Statement of Intent for the Acquisition as well as the additionally submitted Required Information, and the business plan presented by, as well as the corporate assessment of the Acquirer conducted by the Board of Directors of the Company, from the perspective of ensuring and enhancing corporate value of the Company and the common interest of its shareholders, and may request the Board of Directors of the Company to show its opinion over the details of the Acquisition, etc. proposed by the Acquirer (including the Board's position to withhold its opinion, hereinafter the same shall apply), evidence that supports such opinion, alternative proposals (if any) and other information/materials considered necessary by the Committee as appropriate, etc.

2) Review by the Independent Committee

In the case where the Independent Committee considers that the Acquirer and the Board of Directors of the Company (if having requested to provide information/materials as mentioned in 1) above) have provided sufficient information/materials, the Independent Committee shall establish a review period up to 60 days in principle (which, however, may be subject to extension of such period based on the resolution at the Independent Committee up to 30 days, in the cases described in (d) 3) below. Hereinafter referred to as the "Independent Committee Review Period"). The Independent Committee shall conduct review of the Acquisition, etc. proposed by the Acquirer, collection of information and comparative analysis regarding the business plans, etc. both by the Acquirer and by the Board of Directors of the Company, review of the alternative proposals presented by the Board during the Independent Committee Review Period. The Independent Committee shall also discuss and negotiate with the Acquirer, directly or indirectly via the Board of Directors of the Company, or present shareholders with the alternative proposals submitted by the Board, if necessary, for altering the Acquisition, etc. with a view to ensuring and enhancing corporate value of the Company and the common interest of its shareholders.

To ensure that the decision by the Independent Committee be made with a view to ensuring and enhancing corporate value of the Company and the common interest of its shareholders, the Independent Committee may seek advice from independent third parties (such as financial advisors, certified public accountants, attorneys, consultants and other experts) at the cost of the Company.

The Acquirer shall be obliged to promptly provide review materials and/or other information, or to discuss and negotiate with the Independent Committee, if it is requested by the Independent Committee directly or indirectly via the Board of Directors of the Company.

3) Information disclosure

Of facts and information including the start of the Independent Committee Review Period, presentation of an alternative proposal by the Board of Directors of the Company to the Independent Committee, and the outline of the Required Information, matters deemed appropriate by the Independent Committee shall be disclosed at the point in time as considered appropriate by the Committee.

(d) Recommendation by the Independent Committee

Upon the emergence of an acquirer, the Independent Committee shall make the following recommendations to the Board of Directors of the Company. In the case where the Independent Committee make resolutions for such matters as the recommendations as described in 1), 2) and 3) below to the Board of Directors, or if deemed appropriate by the Independent Committee, such recommendations and resolutions made, their outlines, and matters deemed appropriate by the Committee (including the period of extension of the Independent Committee Review Period and the outline of its reasons, if such extension is enforced) shall be promptly disclosed by the Company.

1) In the case of a recommendation for implementation of gratis allotment of the Stock Acquisition Rights

The Independent Committee shall make a recommendation to the Board of Directors of the Company for the implementation of gratis allotment of the Stock Acquisition Rights, regardless of whether the Independent Committee Review Period is started or terminated, if the Acquirer failed to comply with the procedures set out under the Plan, or if the Independent Committee decides that the Acquisition, etc. proposed by the Acquirer is deemed to meet any of the criteria as set forth in (3) "Criteria for Gratis Allotment of the Stock Acquisition Rights" below, following the review of the details of the Acquisition, etc. proposed by the Acquirer as well as the discussion and negotiation with the Acquirer, and thus the implementation of such gratis allotment of the Stock Acquisition Rights is deemed appropriate.

However, even after the Independent Committee makes the recommendation for the implementation of the gratis allotment of the Stock Acquisition Rights, if it determines that the circumstance falls under any of the following, it may cancel the gratis allotment up to two business days prior to the ex-rights date of the gratis allotment, and it may make a recommendation for the acquisition of the Stock Acquisition Rights without compensation, in the period from the effective date of gratis allotment of the Stock Acquisition Rights up to the day preceding the start date of exercise period (as defined in (f) of (4) "Outline of Gratis Allotment of the Stock Acquisition Rights" below).

- a) In the case where the Acquisition, etc. is cancelled due to the withdrawal by the Acquirer or other reasons.
- b) In the case where there are changes to the facts on which the decision for the recommendation is based, hence the Acquisition, etc. proposed by the Acquirer no longer meets any of the criteria set out under (3) "Criteria for the Gratis Allotment of the Stock Acquisition Rights" below, or implementation of such gratis allotment of the Stock Acquisition Rights or authorizing the implementation are no longer appropriate, even though the Acquisition, etc. proposed by the Acquirer still meets such criteria.

- 2) In the case where recommendation for non-implementation of gratis allotment of the Stock Acquisition Rights is made

The Independent Committee shall make a recommendation to the Board of Directors of the Company for non-implementation of gratis allotment of the Stock Acquisition Rights, regardless of whether the Independent Committee Review Period is terminated or not, if the Independent Committee decides that the Acquisition, etc. proposed by the Acquirer is deemed not to meet any of the criteria as set forth in (3) "Criteria for Gratis Allotment of the Stock Acquisition Rights" below, following the review of the details of the Acquisition, etc. proposed by the Acquirer as well as the discussion and negotiation with the Acquirer, or the implementation of such gratis allotment of the Stock Acquisition Rights is not deemed appropriate, even though the Acquisition, etc. proposed by the Acquirer meets such criteria.

However, even after the Independent Committee makes the recommendation for non-implementation of the gratis allotment of the Stock Acquisition Rights, if there are changes to the facts on which the decision for the recommendation is based, hence it has come to decide that the Acquisition, etc. proposed by the Acquirer is deemed to meet any of the criteria as set forth in (3) "Criteria for Gratis Allotment of the Stock Acquisition Rights" below, and thus the implementation of the gratis allotment of the Stock Acquisition Rights is deemed appropriate, the Independent Committee may make new decisions including the recommendations for the implementation of the gratis allotment of the Stock Acquisition Rights, and make such a recommendation to the Board of Directors of the Company.

- 3) In the case where the Independent Committee Review Period is extended
If the Independent Committee failed to make a recommendation for implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights by the expiry date of the Independent Committee Review Period, the Independent Committee shall make resolutions for the extension of the Independent Committee Review Period of a time frame within 30 days, to the extent reasonably deemed necessary for the review of the Acquisition, etc. proposed by the Acquirer, discussion and negotiation with the Acquirer, and the review of the alternative proposal.

If the Independent Committee Review Period is extended based on the aforementioned resolution, it shall collect information and make reviews, etc. as intended by such extension, and make a recommendation within the extended period, for the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights.

- (e) Resolution of the Board of Directors

The Board of Directors of the Company shall promptly make resolutions, in fulfilling its role as a body under the Companies Act, regarding the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights, etc. (including cancellation of the gratis allotment and acquisition of the issued Stock Acquisition Rights without consideration) by following the aforementioned recommendation by the Independent Committee (unless following the recommendation is considered a violation of Directors' obligation to exercise

due care of a prudent manager).

The Acquirer shall not be allowed to proceed with the Acquisition, etc. in the period from the start of the procedure for the Plan up to the resolution of the Board of Directors of the Company on the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights.

If the Board of Directors of the Company makes the resolution on the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights, it shall promptly disclose the outline of such resolution and other matters it deems appropriate.

(3) Criteria for Gratis Allotment of the Stock Acquisition Rights

If the Acquisition, etc. proposed by the Acquirer is considered to fall under any of the following, and that the implementation of the gratis allotment of the Stock Acquisition Rights is deemed appropriate, the Company shall be bound to implement the gratis allotment of the Stock Acquisition Rights according to the resolution at the Board of Directors of the Company as described in the aforementioned (e) of (2) "Procedures for the Plan." As described in the aforementioned (d) of (2) "Procedures for the Plan," decision on whether the Acquirer meets the following criteria, and on whether it is appropriate to implement the gratis allotment of the Stock Acquisition Rights shall be made based on the judgment of the Independent Committee without exception.

Criteria for Gratis Allotment of the Stock Acquisition Rights

- (a) In the case the Acquisition, etc. does not comply with the procedures set out under the Plan listed below, including provision of information and securing of the Independent Committee Review Period as prescribed in the aforementioned (b) of (2) "Procedures for the Plan."
 - 1) In the case the Acquisition, etc. is carried out, without allowing the Board of Directors of the Company a time period reasonably necessary for presenting an alternative proposal to the Acquisition, etc.
 - 2) In the case the Acquisition, etc. is carried out without allowing the Independent Committee the Independent Committee Review Period as set out under the Plan.
 - 3) In the case the Acquisition, etc. is carried out without sufficiently providing the Required Information and other information reasonably necessary for evaluating the details of the Acquisition, etc.

- (b) In the case the Acquisition, etc. may clearly damage the corporate value of the Company and the common interest of its shareholders due to the following acts or acts similar to these.
 - 1) Act to buy out the Company's share certificates, etc., followed by a demand for repurchase at an inflated price
 - 2) Act by the Acquirer, etc. to temporarily control the Company, enforce management under which it generates profits at the expense of the Company, such as acquiring significant assets of the Company at a low price
 - 3) Act to appropriate the Company's assets as collateral for the debt of, or as fund for repayment
 - 4) Act to temporarily control the Company, for the purpose of enforcing disposal of expensive assets that are not involved in the Company's business for the foreseeable future and payment of temporary high dividends based on the proceeds from such disposal, and/or enabling the Acquirer, etc. to sell its shares in the Company at a profit by taking advantage of the soaring share price resulting from such temporary high dividends
 - 5) Act to buy out the Company's shares, despite no genuine intention to participate in the Company's management, with the objective of primarily pulling up the Company's share price, and then asking the Company and its related parties concerned to repurchase its shares at an inflated price.

- (c) In the case where the Acquisition, etc. may virtually force shareholders to sell their shares, such as coercive two-tier purchase (purchase of shares in the forms including tender offer carried out without inducing purchase of all shares in the first phase, and with the terms of purchase in the second phase made deliberately less attractive, or unclear to shareholders).

- (d) In the case the Acquisition, etc. involves significantly inadequate or inappropriate terms (including the price and type of consideration for the Acquisition, etc., its timing, structure of the related transactions, legitimacy of its method, and its feasibility) in light of the intrinsic value that is the source of the common interest of the Company's shareholders.

- (e) In the case the Acquisition, etc. is deemed to pose threats to damage the corporate value of the Company and the common interest of its shareholders, through the impairment of the interest of its stakeholders including shareholders, employees, customers and business partners, as a result of the acquisition of control over the Company by the Acquirer, and the policy to treat such stakeholders as well as business plans, etc.
- (4) Outline of Gratis Allotment of the Stock Acquisition Rights
Outline of the gratis allotment of the Stock Acquisition Rights to be implemented under the Plan is as follows.
- (a) Number of the Stock Acquisition Rights
It shall be equivalent to the total number of shares outstanding in the Company, on a certain day (hereinafter referred to as the “Allotment Date”) as separately set out by the resolution of the Board of Directors regarding the gratis allotment of the Stock Acquisition Rights (hereinafter referred to as the “Resolution for Gratis Allotment of the Stock Acquisition Rights”) (excluding, however, the number of shares held by the Company as at the Allotment Date).
- (b) Entitled Shareholders
One Stock Acquisition Right shall be allotted with no compensation for one share in the Company held by shareholders other than the Company registered or recorded on the latest shareholder register of the Company on the Allotment Date. The Company may conduct such gratis allotment of the Stock Acquisition Rights on more than one occasion.
- (c) Effective Date of the Gratis Allotment of the Stock Acquisition Rights
It shall be the date separately set out by the Resolution for Gratis Allotment of the Stock Acquisition Rights.
- (d) Number of Shares subject to Stock Acquisition Rights
Number of shares^[4] subject to one Stock Acquisition Right (hereinafter referred to as the “Applicable Number of Shares”) shall be one share, unless otherwise adjusted.
- (e) The Amount of the Property to be Contributed upon Exercise of each Stock Acquisition Right
Contributions upon exercise of the Stock Acquisition Rights are to be made in cash, and the amount of property to be contributed upon exercise of each Stock Acquisition Right, shall be the amount as separately set out by the Resolution for Gratis Allotment of the Stock Acquisition Rights, within the range between the lower limit of 1 yen and the upper limit of 50% of the market price of one share in the

[4] If the Company becomes a corporation issuing class shares (in accordance with Article 2, Paragraph 13 of the Companies Act), both 1) shares in the Company issued in association with the exercise of the Stock Acquisition Rights, and 2) shares granted in exchange for the acquisition of the Stock Acquisition Rights refer to the same class of shares (i.e. common stock) as have already been issued as of this General Meeting of Shareholders.

Company. "Market price" shall refer to the amount equivalent to the average closing price (including trade quote) of ordinary transactions of the Company's common stock on all trading days (excluding the days on which no trading is reported) at the Tokyo Stock Exchange, during the period separately set out by the Board of Directors in the range between 30 days and 180 days prior to the Resolution for Gratis Allotment of the Stock Acquisition Rights, and any fraction of a yen shall be rounded up to one yen.

- (f) **Exercise Period of the Stock Acquisition Rights**
With the start date (hereinafter referred to as the "Start Date of Exercise Period") as separately set out by the Resolution for Gratis Allotment of the Stock Acquisition Rights, the time period shall be separately set out by the Resolution for Gratis Allotment of the Stock Acquisition Rights, in the range between one month and three months, provided, however, that if the Company acquires the Stock Acquisition Rights, the exercise period of the Stock Acquisition Rights associated with the acquisition in accordance with (i) 2) below, shall expire on the business day preceding the date of such acquisition, or if the last day of the exercise period falls on the holiday for the institution that handles the payment associated with the exercise, it shall expire on the business day prior thereto.

- (g) **Conditions for Exercising the Stock Acquisition Rights**
The Acquirer, etc. may not exercise the Stock Acquisition Rights, in principle. In addition, non-residents in Japan who are required to comply with certain procedures set out under foreign laws and regulations for the purpose of exercising the Stock Acquisition Rights shall not be allowed to exercise the Stock Acquisition Rights in principle (provided, however, that certain parties entitled to use exemption provisions under such applicable foreign laws and regulations may exercise the Stock Acquisition Rights, while the Stock Acquisition Rights held by non-residents in Japan shall be subject to the acquisition by the Company in consideration of shares in the Company as described in (i) below). In addition, anyone who fails to submit a written pledge in the form prescribed by the Company, including provisions of representations and warranties regarding matters such as the fact that they satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, shall not be allowed to exercise the Stock Acquisition Rights.

- (h) **Restriction to the Transfer of the Stock Acquisition Rights**
Acquisition of the Stock Acquisition Rights by transfer thereof shall be subject to the approval of the Board of Directors of the Company.

- (i) **Acquisition of the Stock Acquisition Rights by the Company**
 - 1) Until the day before the Start Date of Exercise Period, based on the recommendation of the Independent Committee in principle, if the Board of Directors of the Company decides that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may acquire all of the Stock Acquisition Rights without compensation on the day as separately set out by the Board of Directors of the Company.

 - 2) On the day as separately set out by the Board of Directors of the Company, the

Company may acquire all of the Stock Acquisition Rights held by parties other than the Acquirer, etc. that have not been exercised by the business day preceding such date set out by the Board of Directors of the Company, and in exchange for them, grant the Applicable Number of Shares in the Company for each such Stock Acquisition Right. The Company may conduct such acquisition of the Stock Acquisition Rights on several occasions. (This applies to the case where gratis allotment of the Stock Acquisition Rights is carried out several times, since acquisition of the Stock Acquisition Rights are conducted for each of the Stock Acquisition Rights. If it turns out that, among holders of the Stock Acquisition Rights excluded from the acquisition, which was made for holders other than the Acquirer, etc., parties other than the Acquirer, etc. are included, the Company may conduct additional acquisition targeting such other parties than the Acquirer, etc.)

3) In addition to the cases above, upon the actual Resolution for Gratis Allotment of the Stock Acquisition Rights, the Company may set out matters related to acquisition of the Stock Acquisition Rights other than those set out in 1) and 2) above (including the matters related to the acquisition of the Stock Acquisition Rights from the Acquirer, etc.), if it is deemed reasonably appropriate subject to the recommendation by the Independent Committee; provided, however, that acquisition of the Stock Acquisition Rights owned by the Acquirer, etc. shall not involve grant of consideration including payment of cash.

(j) Grant of the Stock Acquisition Rights in the Case of Merger, Absorption-type Company Split, Incorporation-type Company Split, Share Exchange and Share Transfer

It shall be set out separately by the Resolution for Gratis Allotment of the Stock Acquisition Rights.

(k) Issuance of Stock Acquisition Right Certificates

Stock acquisition right certificates shall not be issued with respect to the Stock Acquisition Rights.

(5) Procedures for the Renewal of the Plan

The effective period of the Plan shall be renewed subject to the approval of shareholders after the deliberation of the proposal at this General Meeting of Shareholders.

(6) Effective Period, Abolition, Amendment and Suspension of the Plan

Effective period of the Plan shall expire at the conclusion of the General Meeting of Shareholders for the last fiscal year ending within three years after this General Meeting of Shareholders.

However, even prior to the expiry of the effective period, the Plan and the entrustment based on the Plan shall be abolished and cancelled at the time when 1) resolution for the abolition of the Plan is made at this General Meeting of Shareholders, or 2) resolution for the abolition of the Plan is made by the Board of Directors of the Company.

Meanwhile, even during the effective period of the Plan, the Board of Directors of the Company may amend or temporarily suspend the Plan, if such amendment or suspension does not go against the intention of the approval of (5) “Procedures for the Renewal of the Plan” above, at this General Meeting of Shareholders (including the cases where establishment, amendments and abolition of the laws, regulations and rules of financial instruments exchanges relevant to the Plan are made, and it is appropriate to reflect such establishment, amendments and abolition on the Plan, or the cases where it is appropriate to revise the wording of the Plan due to misspelling and typographical errors, etc. or the cases where such amendment or suspension is not disadvantageous to the Company’s shareholders) subject to the approval of the Independent Committee.

In the case where such amendment or temporary suspension of the Plan is enforced, the Company shall promptly disclose the fact of such amendment or suspension as appropriate, and the details of the amendment (in the case of amendment) and other relevant matters.

(7) Amendment Required by Laws and Regulations

Provisions of laws and regulations referenced in the Plan are based on the provisions in effect as of May 10, 2022. Thus, if any necessity arises for modifying the provisions or definitions of terms set out above, due to the establishment, amendment or abolition of the laws and regulations after such date, the reading of provisions or definitions of terms set out above shall be changed accordingly as appropriate to a reasonable extent, taking into consideration the purposes of such establishment, amendment or abolition.

3. Impact on Shareholders

(1) Impact on Shareholders and Investors at the Time of the Introduction of the Plan
Since gratis allotment of the Stock Acquisition Rights is not implemented at the introduction of the Plan, such introduction shall have no direct and specific impact on shareholders and investors.

(2) Impact on Shareholders and Investors at the Time of the Implementation of the Gratis Allotment of the Stock Acquisition Rights

Subject to the Resolution for Gratis Allotment of the Stock Acquisition Rights at the Board of Directors of the Company, one Stock Acquisition Right shall be allotted with no compensation for one share in the Company held by shareholders as of the Allotment Date as separately set out by such Resolution for Gratis Allotment of the Stock Acquisition Rights. If a shareholder does not follow the procedures for the exercise of the Stock Acquisition Rights as described in detail in (a) of (3)

“Procedures for Shareholders in association with Gratis Allotment of the Stock Acquisition Rights” below during the exercise period, including the payment of cash, shares in the Company held by such shareholder will be diluted as a result of the exercise of the Stock Acquisition Rights by other shareholders. However, the Company may acquire the Stock Acquisition Rights from shareholders other than the Acquirer, etc. by the procedures described in (b) of (3) “Procedures for Shareholders in association with Gratis Allotment of the Stock Acquisition Rights,” and grant shares in the Company in exchange of the Stock Acquisition Rights. If the Company follows such procedures for acquisition, shareholders other than the

Acquirer, etc. will receive shares in the Company without exercising the Stock Acquisition Rights and paying the amount of cash equivalent to the exercise price, resulting in the dilution of value per share held by each shareholder. However, this does not basically cause any economic dilution of the total value of the shares in the Company held by each shareholder. Given the restriction on the transfer of a stock acquisition right itself, however, if shareholders are granted shares in the Company after the Allotment Date, as a result of exercise of the Stock Acquisition Rights or the acquisition by the Company, collection of invested capital by transfer may be restricted to the extent attributable to the Stock Acquisition Rights from the value of the shares in the Company held by shareholders, until the shares in the Company are recorded in the transfer accounts of shareholders. Shareholders are requested to pay attention to this possible restriction.

Even after the Allotment Date or the effective date of the gratis allotment of the Stock Acquisition Rights, the Company may cancel such gratis allotment of the Stock Acquisition Rights, due to the withdrawal of the Acquisition, etc. by the Acquirer or other reasons, up to two business days prior to the ex-rights date of the gratis allotment, or may acquire the Stock Acquisition Rights with no compensation and without granting shares in the Company to the holders of the Stock Acquisition Rights, in the period from the effective date of the Stock Acquisition Rights up to the day preceding the Start Date of Exercise Period. Thus, the outcome may be the same as the case where no gratis allotment of the Stock Acquisition Rights took place at all. In such cases, the value per share is not diluted, and investors who traded the shares in the Company in an anticipation of gratis allotment of the Stock Acquisition Rights may accordingly suffer losses due to the share price fluctuations.

(3) Procedures for Shareholders in Association with Gratis Allotment of the Stock Acquisition Rights

(a) Procedures for the Exercise of the Stock Acquisition Rights

The Company shall send documents necessary for exercising the Stock Acquisition Rights, including, in principle, the instruction form for the exercise of the Stock Acquisition Rights (in the form prescribed by the Company, specifying the content and number of the Stock Acquisition Rights to be exercised, date of such exercise, information necessary for recording the shares in the Company including the transfer account detail, a written pledge including provisions of representations and warranties regarding matters such as the fact that the shareholder is not the Acquirer, etc., indemnity clauses and other covenants) to the shareholders registered or recorded on the latest shareholder register of the Company on the Allotment Date. After the gratis allotment of the Stock Acquisition Rights, shareholders will be requested to submit the documents during the exercise period but until the acquisition of the Stock Acquisition Rights by the Company becomes effective, and pay the amount of consideration, as determined by the Resolution for Gratis Allotment of the Stock Acquisition Rights at the Board of Directors of the Company, within the range between the lower limit of 1 yen and the upper limit of 50% of the market price of one share in the Company for each Stock Acquisition Right, to the institution that handles the payment associated with the exercise. Subsequently, one share in the Company for each Stock Acquisition Right, in principle, will be issued.

Please bear in mind that, subject to the provisions of the laws concerning the

transfer of bonds and shares, when exercising the Stock Acquisition Rights, shareholders need to provide the Company with information on an account other than a special account, which is to be used as a transfer account for the purpose of recording the shares granted as a result of the exercise, and that shareholders need to open a transfer account such as securities account before exercising the Stock Acquisition Rights.

- (b) Procedures for the Acquisition of the Stock Acquisition Rights by the Company When the Board of Directors of the Company makes a decision on the acquisition of the Stock Acquisition Rights, the Company shall acquire the Stock Acquisition Rights on the date as separately set out by the Board of Directors of the Company, in accordance with the statutory procedures. If the Company needs to grant the shares in the Company to shareholders in exchange for the acquired Stock Acquisition Rights, it shall promptly grant them. In this case, shareholders may be requested to separately submit a written pledge in a form prescribed by the Company, including provisions of representations and warranties regarding matters such as the fact that the shareholder is not the Acquirer, etc., indemnity clauses and other covenants. Shareholders may also be requested to provide information on the transfer account for the purpose of recording the shares in the Company granted as consideration for the acquisition of the Stock Acquisition Rights.

If certain provisions including the acquisition of the Stock Acquisition Rights from the Acquirer, etc. are set out in the Resolution for Gratis Allotment of the Stock Acquisition Rights made based on the recommendation by the Independent Committee, the Company may take such measures in accordance with such provisions.

In addition to the above, details of the method for the allotment and exercise of the Stock Acquisition Rights and method for the acquisition by the Company shall be disclosed or notified to shareholders after the Resolution for Gratis Allotment of the Stock Acquisition Rights is made. Shareholders will be kindly asked to confirm such disclosure and notification.

IV. Decisions by the Board of Directors of the Company on the Measures above under the Plan and its Reasons

1. The Plan is in Compliance with the Company's Basic Policies

The Plan shall be in compliance with Company's Basic Policies, as it is a framework for protecting corporate value of the Company and the common interest of its shareholders, through ensuring sufficient information and time necessary for shareholders to decide whether or not to accept the Acquisition, etc., or for the Board of Directors of the Company to make alternative proposals to shareholders, or allowing the Board to discuss and negotiate with the Large-scale Acquirer on behalf of shareholders in the case of the Acquisition, etc. of the share certificates, etc. of the Company.

2. The Measures Do Not Damage the Common Interest of Shareholders, and Are Not Meant to Preserve the Status of the Company Officers

The Company believes that the measures for preventing control by parties deemed inappropriate under the Basic Policies do not damage the common interest of shareholders, and are not meant to preserve the status of the company officers for the following reasons.

- (1) The Measures Completely Meet the Requirements of the Guidelines Regarding Takeover Defense.

The Plan is completely in compliance with the three principles set out under the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” published on May 27, 2005 jointly by the Ministry of Economy, Trade and Industry and the Ministry of Justice. The Plan is also in conformity to the proposals in “Takeover Defense Measures in Light of Recent Environmental Changes” published on June 30, 2008, by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry.

- (2) The Plan is Designed to Respect the Intention of Shareholders

As described in III. 2. (5) “Procedures for the Renewal of the Plan” above, for the purpose of reflecting the intent of shareholders, the Company has made proposals at this General Meeting of Shareholders on the introduction of the Plan. Upon shareholders’ approval on the Plan at this General Meeting of Shareholders, the Plan shall be renewed to cover the period up to the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three years after this General Meeting of Shareholders.

In addition, as described in III. 2. (6) “Effective Period, Abolition, Amendment and Suspension of the Plan” above, the Plan may be abolished at the time when a resolution for the abolition of the Plan is made at a General Meeting of Shareholders, or a resolution for the abolition of the Plan is made by the Board of Directors comprising Directors appointed by a General Meeting of Shareholders, even prior to the expiry of its effective period.

Additionally, the Company sets the term of office of Directors to be one year, and even during the effective period of the Plan, the shareholders’ intention can be reflected through the election of Directors at the annual General Meeting of Shareholders. Thus, the shareholders’ intention will be reflected in the decisions whether or not to maintain the Plan.

- (3) Due Consideration to the Decision by Independent Outside Experts, and Information Disclosure

At the introduction of the Plan, the Company has established the Independent Committee as a body for objectively making substantive judgment for shareholders, regarding the implementation and abolition of the Plan while excluding Directors’ arbitrary judgments.

If Acquisition, etc. is actually made, the Independent Committee shall make substantive judgment on whether such Acquisition, etc. damages the corporate value of the Company and the common interest of its shareholders, in accordance with the Independent Committee Rules as described in III. 2. (2) “Procedures for the Plan” above, while the Board of Directors of the Company shall make resolutions in fulfilling its role as a body under the Companies Act, by following such judgment of the Independent Committee (unless following the recommendation is considered a violation of Directors’ obligation to exercise due care of a prudent manager).

Thus, the Independent Committee shall rigorously monitor possible arbitrary actions by Directors of the Company while outline of any judgment made by the

Committee shall be disclosed to shareholders. Thus, the framework for transparent operations of the Plan is ensured to the extent beneficial to corporate value of the Company and the common interest of its shareholders.

The Independent Committee comprises three Outside Audit & Supervisory Board Members who are subject to shareholder derivative action, and enables precise decisions. (As for the standards for electing the members of the Independent Committee, requirements for reaching resolutions and matters to be resolved, please refer to the Appendix 1. Names and career summaries of the Committee members are stated in the Appendix 2.)

- (4) Establishment of Reasonable and Objective Criteria
As described in III. 2. (2) (d) “Recommendation by the Independent Committee” and III. 2. (3) “Criteria for the Gratis Allotment of the Stock Acquisition Rights” above, the Plan is set to be implemented only when reasonable, detailed and objective criteria are met. Thus, the framework is ensured for preventing the Board of Directors of the Company from arbitrarily implementing the Plan.
- (5) Hearing the Opinions of Outside Experts
Upon the emergence of an Acquirer, the Independent Committee shall be able to seek advice from independent third-party experts (including financial advisors, certified public accountants, attorneys, consultants, and other experts) at the cost of the Company, thereby further ensuring impartiality and objectivity of the judgment of the Independent Committee.
- (6) Not being a Dead-Hand or Slow-Hand Takeover Defense Measure
As described in III. 2. (6) “Effective Period, Abolition, Amendment and Suspension of the Plan” above, the Plan is designed to allow abolition by the Directors nominated by the party who conducted the large-scale acquisition of share certificates, etc. of the Company, and elected by the General Meeting of Shareholders, which, therefore, is not a dead-hand takeover defense measure (a takeover defense measure that cannot be stopped even after a majority of the members of the Board have been replaced) or a slow-hand takeover defense measure (a takeover defense measure that requires time for it to be stopped due to the fact that the members of the Board cannot be replaced all at once).

Outline of the Independent Committee Rules

- The Independent Committee shall be established by the resolution of the Board of Directors of the Company.
- The Independent Committee shall comprise three or more and five or less members, elected by the Board of Directors of the Company, from among the persons who are independent from the senior management engaged in executing the business of the Company and fall into any of the three categories, namely (i) Outside Directors of the Company, (ii) Outside Audit & Supervisory Board Members of the Company, or (iii) outside experts.

Provided, however, outside experts must be corporate executives with proven track records, ex-government officials, university staff, persons familiar with investment banking business or the lines of business conducted by the Company, attorneys, certified public accountants, or researchers specializing in the Companies Act, or other experts with similar qualifications and/or experiences and must have entered into an agreement with the Company, which includes provisions of due care of a prudent manager as specified by the Company.

- Term of office of the Independent Committee members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three years after this General Meeting of Shareholders, unless otherwise specified by the resolution of the Board of Directors of the Company. When a member of the Independent Committee, who has been an Outside Director of the Company or an Outside Audit & Supervisory Board Member of the Company, ceases to be a Director or an Audit & Supervisory Board Member (unless as a result of reappointment), his/her term of office as a member of the Independent Committee shall automatically terminate at the same time.
- The Independent Committee shall make decisions on the matters as listed below, and such decisions along with reasons shall be advised to the Board of Directors of the Company in the form of recommendations. The Board of Directors of the Company shall make resolutions regarding the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights in fulfilling its role as a body under the Companies Act, by following such recommendation by the Independent Committee (unless following the recommendation is considered a violation of Directors' obligation to exercise due care of a prudent manager). Each member of the Independent Committee and each Director of the Company must participate in such decision-making process from the perspective of whether or not it is beneficial to corporate value of the Company and the common interest of its shareholders, and not solely for the purpose of achieving personal gain for himself/herself or collectively for the senior management of the Company.
 - 1) Implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights
 - 2) Cancellation of gratis allotment of the Stock Acquisition Rights, or acquisition of the Stock Acquisition Rights with no compensation
 - 3) Other matters which is subject to the decision by the Board of Directors of the Company, but has been consulted with the Independent Committee

- In addition to those mentioned above, the Independent Committee shall carry out the following:
 - 1) Decisions on information to be provided to the Independent Committee from the Acquirer as well as the Board of Directors of the Company, and the time limit of such provision.
 - 2) Examination and review of the details of the Acquisition, etc. as proposed by the Acquirer
 - 3) Negotiations and discussions with the Acquirer
 - 4) Request for submission of an alternative proposal from the Board of Directors of the Company, review of the alternative proposal and its presentation to shareholders
 - 5) Establishment of the Independent Committee Review Period and the decision on its extension
 - 6) Approval on the amendment or suspension of the Plan
 - 7) Other matters authorized to be conducted by the Independent Committee under the Plan
 - 8) Matters authorized to be conducted by the Independent Committee separately determined by the Board of Directors of the Company
- If the information presented has been found insufficient as the Required Information, the Independent Committee shall request the Acquirer to additionally provide the Required Information. Upon submission from the Acquirer of the Statement of Intent for the Acquisition and the Required Information additionally requested by the Committee, the Independent Committee may also request the Board of Directors of the Company to show its opinion over the details of the Acquisition, etc. proposed by the Acquirer, evidence that supports such opinion, alternative proposals and other information/materials considered necessary by the Committee as appropriate, etc. within a certain period of time.
- The Independent Committee shall also discuss and negotiate with the Acquirer, directly or indirectly via the Board of Directors of the Company, or present shareholders with the alternative proposals submitted by the Board, if necessary, for altering the Acquisition, etc. with a view to ensuring and enhancing corporate value of the Company and the common interest of its shareholders.
- The Independent Committee shall be authorized to request Directors, Audit & Supervisory Board Members and employees of the Company as well as other persons as considered necessary by the Committee for attendance to the Committee meeting, and to ask them to explain the matters as required by the Committee for the purpose of collecting necessary information.
- The Independent Committee shall be able to seek advice from independent third parties (including financial advisors, certified public accountants, attorneys, consultants, and other experts) at the cost of the Company.
- In the case of the Acquisition, etc. or others, each member of the Independent Committee shall be able to call a Committee meeting at any time.
- In principle, resolution of the Independent Committee shall be made with the attendance of all members of the Committee and by a majority thereof, provided, however, that if any member of the Committee is unable to attend due to an accident or other unavoidable circumstance, resolution may be made with the attendance of a majority of the members, and by a majority thereof.

Appendix 2

Career Summary of the Independent Committee members

The Independent Committee comprises the following four members.

	Name (Date of Birth)	Career Summary
1	Mikio Shiokawa (August 26, 1959)	<p>April 1982 August 2002 April 2004 January 2013 January 2014 August 2015 September 2017 June 2019</p> <p>Joined National Police Agency Head of Security Department, Kanagawa Prefectural Police Headquarters Head of Counter International Terrorism Division, Foreign Affairs and Intelligence Department, Security Bureau, National Police Agency Chief of Hyogo Prefectural Police Councilor of Deputy Director General, Commissioner General's Secretariat, National Police Agency Deputy Head of Cabinet Satellite Intelligence Center, Cabinet Secretariat Ambassador Extraordinary and Plenipotentiary of Embassy of Japan in Tunisia Outside Audit & Supervisory Board Member of the Company (to present)</p>
2	Masayuki Tamagawa (January 15, 1958)	<p>April 1981 June 2000 July 2007 July 2011 July 2012 October 2016 May 2017 June 2019</p> <p>Joined the Ministry of Finance Deputy Director General of Monetary Financial System Bureau, International Monetary Fund (IMF) Regional Commissioner of Sapporo Regional Taxation Bureau Deputy Financial Officer of Japan Tobacco Inc. Head of Asia External Representation Office, African Development Bank (AfDB) Specially-appointed Professor of Education Development Center, Education Support Functions, Kogakuin University (to present) Managing Director of Kogakuin University (to present) Outside Audit & Supervisory Board Member of the Company (to present)</p>
3	Naoko Shimura (June 5, 1974)	<p>April 1999 April 2005 January 2008 May 2016 June 2018 September 2018 June 2019</p> <p>Registered as Attorney Joined Nishimura & Partners (currently Nishimura & Asahi) Registered as Attorney of New York State Partner of Nishimura & Asahi (to present) External Auditor of TABIKOBO Co. Ltd. (to present) Outside Director of mixi, Inc. (to present) Part-time Lecturer of Business Law Department, Graduate School of Law, Hitotsubashi University (to present) Outside Audit & Supervisory Board Member of the Company (to present)</p>

(Notes)

1. Mikio Shiokawa, Masayuki Tamagawa and Naoko Shimura are candidates for Outside Audit & Supervisory Board Members who meet the requirements for Outside Audit & Supervisory Board Members, as prescribed in Article 2, Item 16 of the Companies Act.
2. There are no special interests between the Company and each member mentioned above.