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Securities code: 6104
March 5, 2020

To our shareholders:

Shigetomo Sakamoto,
President
TOSHIBA MACHINE CO., LTD.
2-2 Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the Extraordinary General Meeting of Shareholders of TOSHIBA MACHINE CO., LTD. (the "Company"), which will be held as described below.
If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or via the Internet. Please exercise your voting rights after reviewing the attached Reference Documents for the General Meeting of Shareholders no later than 5:30 p.m., Thursday, March 26, 2020 (Japan Standard Time).

1. Date and Time: Friday, March 27, 2020 at 10:00 a.m. (Reception desk opens at 9:00 a.m.) (Japan Standard Time)

2. Venue: Shangri-La, RIVER SIDE HOTEL NUMAZU, 4F
100-1 Agetsuchi-cho, Numazu City, Shizuoka
The meeting place has changed from the venue of the 96th Ordinary General Meeting of Shareholders last year. Please refer to the venue map at the end of this notice when coming to the venue (This only applies to those who received the Japanese version of this notice).

3. Purposes:

Items to be resolved:

Proposal 1: Approval Regarding Introduction of Response Policies for the Tender Offer, etc. for Company Shares by Office Support K.K. and Its Subsidiaries

Proposal 2: Allotment of Share Options without Contribution

[Translation]

Reference Documents for the General Meeting of Shareholders

Proposal 1: Approval Regarding Introduction of Response Policies for the Tender Offer, etc. for Company Shares by Office Support K.K. and Its Subsidiaries

1. Reason for the proposal

As announced in "Notice Concerning the Company's Response Policies for the Advance Notice of the Tender Offer for the Shares of the Company from Office Support K.K." dated January 17, 2020 (the "Response Policies Press Release"), the Company's board of directors resolved, at its meeting held on the same date, to introduce response policies for the tender offer for the shares of the Company by Office Support K.K. ("Office Support") and/or its subsidiaries, and other large-scale purchase actions, etc. which may be intended under the circumstances where the tender offer is announced in advance (the "Response Policies"). This is an effort to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person in light of the Company's basic policies regarding how a person is to control the decisions of the Company's financial and business policies (Article 118, item (iii), (b).2 of the Regulation for Enforcement of the Companies Act (Ordinance of the Ministry of Justice No. 12 of 2006, as amended)). (For details about the background to the introduction of the Response Policies, please see **Appendix 1 (Background Leading to the Introduction of the Response Policies)**.)

The Company believes that the decision on whether to accept the conduct of large-scale purchase actions for the shares of the Company must ultimately be made by the shareholders, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests. The Response Policies aim to secure adequate information and a deliberation period for the shareholders to make proper decisions on the potential impact of the tender offer for the shares of the Company by Office Support and/or its subsidiaries, and other large-scale purchase actions, etc. which may be intended under circumstances where the tender offer is announced in advance on the Company's corporate value and the sources thereof, and ultimately, to secure an opportunity to confirm the shareholders' collective will at a shareholders meeting.

Meanwhile, Office Support only mentioned that it was considering conducting the tender offer against the Company, in a letter dated January 10, 2020, and e-mails dated January 12 and 16, etc., and commenced the tender offer for the shares of the Company (the "Tender Offer") on January 21, 2020 through City Index Eleventh Co., Ltd., its subsidiary, without any prior notice to or contact with the Company regarding the purpose of the Tender Offer and the specific management policies intended after the Tender Offer, neglecting all the procedures provided in the Response Policies that set forth the procedures to confirm the will at a shareholders meeting.

In connection with the Tender Offer, as announced in the Company's press release dated February 12, 2020, titled "Notice of Expression of Opinion (Opposition) Regarding the Tender Offer for the Company Shares by City Index Eleventh Co., Ltd. and Holding of Shareholders' Will Confirmation Meeting" (the "Expression of Opinion Press Release"), the Company concluded that the Tender Offer could damage the Company's corporate value and the shareholders' common interests and expressed its opinion opposing the Tender Offer.

On that basis, the Company decided to submit Proposal 1 and Proposal 2 to this Extraordinary Shareholders Meeting, in order to obtain approval by ordinary resolution of the shareholders at this Extraordinary Shareholders Meeting regarding the introduction of the Response Policies, and also, on the premise of such approval being obtained, to implement an allotment of share options (the "Share Options") without contribution (the "Allotment of Share Options without Contribution"; for its details, please see Proposal 2) to the shareholders, as stated in Proposal 2, based on the approval by ordinary resolution of the shareholders at this Extraordinary Shareholders Meeting, as a countermeasure under the Response Policies if the Tender Offer is consummated. (For details about the opinion opposing the Tender Offer, and the basis and reasons therefor, as well as the background and reasons that led to the decision to hold this Extraordinary

Shareholders Meeting, please see **Appendix 2 (Opinion Regarding the Tender Offer, and Basis and Reasons Thereof and Background and Reasons Leading to the Decision to Hold the Extraordinary Shareholders Meeting)**.)

2. Details of the proposal

The specific details about the Response Policies are as stated in **Appendix 3 (Basic Policies Regarding How a Person Is to Control the Decisions of the Company's Financial and Business Policies, and the Response Policies)**.

Proposal 2: Allotment of Share Options without Contribution

1. Reason for the proposal

This proposal is to implement the Allotment of Share Options without Contribution as stated in 2. below and to request that the shareholders approve it by an ordinary resolution, subject to Proposal 1 being approved and adopted.

2. Details of the proposal

The specific details about the Allotment of Share Options without Contribution are as stated in **Appendix 4 (Terms and Conditions for Issuance of First Share Options-A)**.

The major schedule of the Allotment of Share Options without Contribution and the exercise period therefor, etc. are as below. However, the Share Options are expected to be acquired before the commencement of the exercise period, pursuant to Section 12 of Appendix 4 (Terms and Conditions for Issuance of First Share Options-A).

March 27, 2020	This Extraordinary Shareholders Meeting
April 24, 2020	Record date
April 27, 2020	Effective date of the Allotment of Share Options without Contribution
September 1, 2020	First day of the exercise period of the Share Options
December 31, 2020	Last day of the exercise period of the Share Options

(Reference 1) Resolution requirements

The resolution requirements for both Proposal 1 and Proposal 2 is an ordinary resolution. As announced in the Expression of Opinion Press Release, and other press releases, the reasons why the resolution requirements are an ordinary resolution are as below:

(i) in cases such as the issuance of shares for subscription causing changes in the controlling shareholders that will require a resolution at a shareholders meeting, the resolution to be required pursuant to the prescribed resolution requirements is an ordinary resolution (Article 206-2, paragraph (5) of the Companies Act); therefore, as with the above case, it is reasonable to ask, by an ordinary resolution at a shareholders meeting, the shareholder's will regarding the proposed acquisition of the controlling right by collecting shares;

(ii) in the case where a proposal is approved by a majority vote at a shareholders meeting, there are no substantial grounds for not considering the majority's will; and

(iii) the Supreme Court Decision in the Bulldog Sauce Case (Supreme Court Decision, August 7, 2007, *Minshu* [Supreme Court Report in Civil Cases], vol. 61, No. 5, p. 2215) also holds as follows: "Shareholders' own decisions at a shareholders meeting should be respected regarding whether the acquisition of the management controlling right by a specific shareholder will result in damaging the stock company's corporate value and harming the shareholders' common interests, unless material defects exist in the

decisions that would cause loss of its validity"; furthermore, the Supreme Court Decision does not particularly refer to the resolution requirements for "the shareholders' own decisions at a shareholders meeting" (such as necessity of a special resolution). Therefore, it is reasonable to understand that the Supreme Court Decision in the Bulldog Sauce Case is based on the premise of an ordinary resolution at a shareholders meeting being the resolution requirements.

In addition, the Company obtained opinions from various company law scholars to the effect that there are no legal issues in applying, as the resolution requirement, an ordinary resolution for both Proposal 1 and Proposal 2.

(Reference 2) Recommendations of the Independent Committee

In convening this Extraordinary Shareholders Meeting, the Company's board of directors obtained the recommendations dated February 21, 2020, from the Independent Committee, which was established on January 17, 2020, to the effect that the date and time, venue and purposes, and other matters related to the convocation of a shareholders meeting, as well as matters to be discussed at the Shareholders' Will Confirmation Meeting, as stated in the convocation notice and reference documents of this Extraordinary Shareholders Meeting, are appropriate.

(Reference 3) Special dividends

In the "Management Reform Plan toward the new 'Shibaura Machine'" formulated and announced on February 4, 2020, the Company announced that it plans to pay 3 billion yen of special dividends during a period up to the payment of interim dividends that eliminate the impact on the TOB, in the next fiscal year. The Company then resolved, at its board of directors meeting held on February 21, 2020, to pay the special dividends with the record date of the end of June 2020. Given the total amount of dividends being 3 billion yen, the amount of dividends per share is estimated as 124.30 yen (calculated to the third decimal place, and the third decimal place is rounded off), based on 24,135,169 shares, the number of issued shares (excluding treasury shares) as of December 31, 2019. For details about the special dividends, please see "Notice Concerning Dividend of Surplus (Special Dividend)" dated February 21, 2020.

(Note) Disclosure of voting results

Taking into account that the general public, including the Company's shareholders and other market participants, are very concerned about the Extraordinary Shareholders Meeting, please note that the voting results of the Company's shareholders (excluding the individual shareholders and the shareholders holding less than 10,000 shares) at the Extraordinary Shareholders Meeting may be disclosed within the extent permitted by laws and regulations.

[Translation]

Appendix 1

Notice Concerning the Background Leading to the Introduction of the Response Policies

The Company prescribed basic policies regarding how a person is to control the decisions of its financial and business policies (as provided in the main sentence of Article 118, item (iii) of the Regulation for Enforcement of the Companies Act; the "Former Basic Policies") at the May 22, 2007 board of directors meeting. It also introduced the "Policy for Responding to Large-scale Share Acquisitions (Takeover Defense Measures)" with the approval at the 84th Ordinary General Meeting of Shareholders on June 26, 2007, as efforts to prevent the determination of its financial and business policies from being controlled by an inappropriate person in light of the Former Basic Policies (Article 118, item (iii), (b)2. of the Regulation for Enforcement of the Companies Act). The Company then obtained its shareholders' approval to renew the policy at the ordinary shareholders meetings on June 25, 2010, June 26, 2013, and June 24, 2016 (the response policy approved at the 2016 ordinary shareholders meeting is hereinafter referred to as the "Former Plan"). However, the Company decided at its May 16, 2019 board of directors meeting not to continue but to abolish the Former Plan as at the conclusion of the 96th Ordinary General Meeting of Shareholders on June 21, 2019, when the effective term of the Former Plan was to expire. The decision was made after carefully considering the need to continue the Former Plan, taking into account the opinions of its shareholders, including domestic and overseas institutional investors, and by monitoring changes in the Company's environment, such as the recent trends of takeover defense measures and the penetration of the corporate governance code. As a result, the Company saw the need to continue, after the Former Plan's effective term expires, to secure information and time for its shareholders to appropriately assess the propriety of any potential large-scale purchase of the Company shares and made the decision, subject to the Company requiring any potential large-scale purchasers of its shares to provide the necessary and sufficient information and taking appropriate measures under the relevant laws and regulations, such as disclosing its board of directors' opinions.

However, the Company shares were incrementally purchased by Office Support K.K. ("Office Support"), and Ms. Aya Nomura, its joint holder, in the market (the holding ratio of share certificates, etc. of Office Support and Ms. Aya Nomura was 6.66% as of June 21, 2019, when the Former Plan was abolished). On November 21, 2019, S-Grant. Co., Ltd. joined as another of its joint holders. With the three parties purchasing additional Company shares on the market, their holding ratio of share certificates, etc. reached 9.19% on November 29, 2019. As of January 17, 2020, these three parties hold, in total, shares of the Company equivalent to approximately 11.49% of the total number of voting rights of all shareholders of the Company. Furthermore, the Company received on January 10, 2020, a written notice of even date from Office Support regarding the feasibility of a tender offer for the shares of the Company by Office Support. On January 13, 2020, the Company was notified that Office Support would publicize the tender offer on January 21, 2020, and commence the tender offer on the following day, January 22, 2020. The Company was further informed on January 16, 2020, that Office Support would publicize the tender offer, in which its subsidiary would be the tender offeror, on January 20, 2020, and that it would commence the tender offer on the following day, January 21, 2020.

The Company believes that it is undeniable that the purpose or results of the tender offer could prevent maximization of the Company's corporate value and the shareholders' common interests, given factors including the following: (1) Office Support is preparing for the tender offer without any substantive discussions with the Company, it has almost never provided the Company with the conditions thereof, or it has not explained the Company's management policies after the tender offer is effected; and (2) the process and results of the previous investment activities of investors including Office Support, Mr. Yoshiaki Murakami who has a powerful influence thereon ("Mr. Murakami"), and the funds over which he exercises influence as stated in the Exhibit 1 of "Notice Concerning the Company's Response Policies for the Advance Notice of the Tender Offer of the Shares of the Company from Office Support K.K." dated January 17, 2020 (for example, the Yokohama District Court rendered its decision on May 20, 2019, finding that Mr. Murakami and the funds over which he exercises influence purchased a large number of shares in multiple listed companies, placed their management under pressure, and earned a resale gain by causing those listed

companies or their related companies to purchase at high prices all or a substantial part of the shares purchased (page 118 of the *Siryoban Shojihomu* No. 424 (July 2019 issue))).

In light of the above, the Company's board of directors has concluded that any Large-scale Purchase Actions, etc. must be conducted in accordance with certain procedures that it determines if: (i) Office Support attempts, for example, a large-scale acquisition of the Company shares that constitutes a Large-scale Purchase Action, etc. through the tender offer above or by other similar means; or (ii) the advance notice of the tender offer by Office Support results in any other party contemplating a Large-scale Purchase Action, etc. This is to secure the information and time required for the Company shareholders to make appropriate decisions on the potential impact of any such Large-scale Purchase Actions, etc. on the Company's corporate value or the sources thereof, so that no events will occur that prevent maximization of the Company's corporate value and the shareholders' common interests.

As a result, the Company's board of directors has passed the following resolution to introduce response policies for the tender offer by Office Support and its subsidiaries, and other large-scale purchase actions, etc. which may be intended under the circumstances where the tender offer is announced in advance (the "Response Policies"). This is an effort to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person in light of the basic policies (Article 118, item (iii), (b)2. of the Regulation for Enforcement of the Companies Act) that were resolved again at the Company's board of directors meeting on May 16, 2019. The Response Policies will be introduced primarily to respond to large-scale purchases that have already emerged, including the tender offer, and differ from so-called takeover defense measures that are introduced at normal times, such as the Former Plan that was abolished on June 21, 2019.

In addition to passing the above resolution, the Company's board of directors has established an Independent Committee comprised of three of its independent outside directors in order to prevent its arbitrary decisions and to further enhance the fairness and objectiveness of the operation of the Response Policies. The introduction of the Response Policies has been unanimously approved by all directors, including the Company's six independent outside directors, regardless of whether they are audit and supervisory committee members.

[Translation]

Appendix 2

Opinion Regarding the Tender Offer, and Basis and Reasons Thereof and Background and Reasons Leading to the Decision to Hold the Extraordinary Shareholders Meeting

1. Opinion regarding the Tender Offer, and basis and reasons thereof

(1) Opinion regarding the Tender Offer

The Company's board of directors resolved to oppose the tender offer for the Company Shares (the "Tender Offer") commenced on January 21, 2020 by City Index Eleventh Co., Ltd. (the "Tender Offeror"), a subsidiary of Office Support K.K. ("Office Support"), at its meeting held on February 12, 2020. Therefore, shareholders are requested not to tender in the Tender Offer, and those shareholders who have already tendered in the Tender Offer, are requested to promptly cancel the agreements regarding the Tender Offer.

(2) Basis and reasons for opinion regarding the Tender Offer

(i) Basis for opinion regarding the Tender Offer

The Tender Offeror announced to commence the Tender Offer as of January 21, 2020. As stated in the Appendix 1, the Tender offer was commenced without any notice to or contact with the Company regarding the purpose of the Tender Offer and the specific management policies intended after the Tender Offer, although Office Support, a parent company of the Tender Offeror, sent to the Company a letter dated January 10, 2020, and e-mails dated January 12 and 16, 2020, each of which referred to the fact that it was considering conducting the Tender Offer.

Based solely on information that the Company has gathered until January 28, 2020, including the content described in the tender offer statement submitted by the Tender Offeror on January 21, 2020 regarding the Tender Offer (the "Tender Offer Statement"), no substantial explanation was made, and the details were unclear for many matters that are deemed important when evaluating and considering the propriety of the Tender Offer and its conditions, such as: the purpose of the Tender Offer; details of the specific management policies of the Company contemplated by the Tender Offeror to be pursued after the Tender Offer; details of maximization of the Company's corporate value and the shareholders' common interests; and details of improvement of the corporate governance; and the basis for the tender offer price in the Tender Offer (the "Tender Offer Price").

Accordingly, regarding matters such as the propriety of the Tender Offer and its conditions, the Company's board of directors believed that it should continue making efforts to gather information on the Tender Offer and the Tender Offeror in order for the Company to form an opinion regarding the Tender Offer after carefully evaluating and considering it from the perspective of maximization of the Company's corporate value and the shareholders' common interests.

Therefore, the Company has decided that it should timely gather accurate information regarding the Tender Offer and the Tender Offeror by means of posing questions to the Tender Offeror in a target company's position statement based on a system set forth in the Financial Instruments and Exchange Act (Law No. 25 of 1948; as amended; the "Act"). Accordingly, at its board of directors meeting held today, the Company resolved to submit a target company's position statement containing questions directed at the Tender Offeror. Meanwhile, the Company resolved that it would withhold expressing its opinion regarding whether to accept the Tender Offer presently. One reasons for this is that it will be necessary to continue carefully evaluating and considering the propriety of the Tender Offer. And another reason is that even though, as stated in the "Notice Concerning Establishment of Independent Committee and Appointment of Independent Committee Members" dated January 17, 2020, the Company established, when introducing response policies for the

tender offer by Office Support and its subsidiaries, and other large-scale purchase actions, etc. which may be intended under the circumstances where the tender offer is announced in advance (the Response Policies), an Independent Committee comprising entirely of outside directors independent from the Company and the Tender Offeror to prevent arbitrary decision-making by the Company's board of directors and ensure fairness and transparency of the Response Policies, and consulted the Consulted Matters (as defined in "(ii) Establishment and recommendations of the Independent Committee" of "(5) Measures to ensure fairness and measures to avoid conflicts of interest" below; hereinafter the same). The Independent Committee had not indicated a final decision regarding the Tender Offer at that time.

Thereafter, in response to the Company's questions above, the Tender Offeror submitted the tender offeror's answer (the "Tender Offeror's Answer") to the Director-General of Kanto Local Finance Bureau on February 4, 2020. The Company evaluated and considered the Tender Offeror's proposals in detail based on the Tender Offeror's Answer, and information on the Tender Offer and the Tender Offeror collected by the Company.

The Company appointed several external experts (IR Japan, Inc., PwC Advisory LLC, and Nishimura & Asahi) as external advisors and receives their advice, etc. in expressing the Company's opinions regarding the Tender Offer.

The Independent Committee has independently appointed external experts (GCA Corporation and TMI Associates) as external advisors separately from the Company's respective external advisors. The Independent Committee was held on January 24, 2020, January 27, 2020, February 6, 2020, February 11, 2020, and February 12, 2020. The Independent Committee (i) commenced deliberation on the Consulted Matters and appointed the external experts above as external advisors on January 24, 2020, (ii) deliberated on and recommended that the Company withhold expressing its opinion on the Tender Offer, and submit questions to the Tender Offeror, on January 27, 2020, and (iii) deliberated on the Consulted Matters after consideration of the Tender Offeror's Answer submitted by the Tender Offeror, on February 6, 2020 and February 11, 2020.

Then, on February 12, 2020, the Independent Committee unanimously recommended to the Company's board of directors that it is appropriate for the Company to express its opposition to the Tender Offer. In response to this recommendation, at the Company's board of directors meeting held on February 12, 2020, it was unanimously resolved by attending directors to express its opposition to the Tender Offer.

(ii) Reasons for opinion regarding the Tender Offer

The Company opposes the Tender Offer for the following reasons. First, implementation of the substance of the new mid-term management plan (between FY2019 and FY2023) proposed by the Company to the shareholders enhances the Company's corporate value and shareholders' common interests. Second, the Tender Offeror Group has not shared any management policies for the Company for after the Tender Offer, and instead, it is likely that the Company's corporate value and shareholders' common interests will be impaired by the Tender Offer and the shareholder value enhancement plan proposed by the Tender Offeror Group. Third, the Tender Offer neglects to follow any of the procedures stipulated in the Response Policies, and will be implemented using coercive methods, and slights the shareholders' will. Specific details of the decision are as follows:

(i) Execution of new mid-term management plan (between FY2019 and FY2023) formulated by the Company contributes to the Company's medium to long-term corporate value and the shareholders' common interests

The Company formulated a three-year mid-term management plan, the "Revolution E-10 Plan" ("RE-10"), for the period between FY2019 and FY2021, which was announced on May 15, 2019, and implemented it with the basic policy of enhancing corporate value through enhanced profitability, strengthened product appeal, and growth investments.

However, due to intensified US-China trade friction, the entire machine industry is faced with a fall in receiving orders since the Lehman Shock, and there is an unprecedented decrease in orders received by the Company, and enhancement of profitability is a pressing need, and a rebirth from low profit structure to a profitable company became necessary. The Company determined that while enhancement of profitability of the core business became a pressing need, one-step further structural reform and securing of the revenue source was necessary, and sold all shares of NuFlare Technology Inc. ("NFT"), the Company's affiliate, on January 16, 2020. However, due to the sale of the NFT shares, because equity interests were lost and profitability declined further, in addition to the structural reform, rebirth as a profitable company through drastic revision of investment strategies and financial strategies was considered essential.

Under such circumstances, the Company's board of directors proceeded with discussion of significant revisions to "RE-10," with core members being independent outside directors who occupy six out of eleven seats of the board of directors, and in order to proceed further toward the next era, and to be reborn as a new company, the Company's board of directors formulated and announced a new mid-term management plan (between FY2019 and FY2023) (the "Management Reform Plan") on February 4, 2020.

The Company set, as a quantitative target, the realization of sales of 135 billion yen, an operating profit ratio of 8.0%, a payout ratio prospect of 40% (during the period of the Management Reform Plan), and ROE of 8.5% in fiscal year 2023 as new "Shibaura Machine" based on the Management Reform Plan.

In addition, to realize the quantitative target, the Company will enhance profitability and capital efficiency through the specific measures (a) through (d) and the investment plan/financial strategy in (e) below.

<Management reform centered on reorganization>

(a) Abolishment of the "division system" which produced specific optimization issues, and adoption of a "company system"

(b) Establishment of an "R&D Center" and a "Production Division" which bear enhancement of production efficiency and QCD (Quality, Cost, Delivery) as common functions.

(c) Implementation of personnel relocation and voluntary retirement toward optimal resource allocation and reduction of fixed costs.

<Promotion of investments in response to areas of growth>

(d) Promotion of growth investments aimed for expansion of purposes to fields expected to grow in the future

(Specifically, constructing a business portfolio with energy fields and productivity enhancement fields as an axis of growth, and promoting growth investments in technology fields such as "environmental SDGs," "CASE," "automation/labor-saving," and "IoT/AI." New business opportunities will be pursued in fields such as (a) development of new materials for renewable energy and large thin parts, in response to making automobiles into EVs at the Molding Machine Company, (b) responses to mold demands in connection with the update of electronic devices responding to 5G at the Machine Tools Company, and (c) development of vertical multi-articulated robots and human-collaborative robots for the purpose of productivity enhancement and solving personnel shortage at the Control Machine Company.)

<Implementation of financial strategies aimed for enhancement of return on equity (ROE)>

(e) Enhancement of profitability and capital efficiency after allocation of cash-on-hand to investments towards change into a profitable company

To achieve sales of 135 billion yen, and ROE of 8.5%, as uses of cash flow between FY2019 and FY2023, with operating cash flow, proceeds from sale of NFT shares, and cash-on-hand being the resources, the Company has a policy to spend 3 billion yen on structural reform expenses, 25 billion yen on capital investment, 2 billion yen on R&D/personnel investment, and 15 billion yen on shareholder returns through dividends (including special dividends) (In the next year, the Company plans to pay 3 billion yen of special dividends during the period up to the payment of interim dividends which eliminate the impact on the TOB, in addition to regular dividends at the same level as this fiscal year), and to use the remaining cash flow to appropriate M&A (including borrowing according to the scale of projects). Regarding M&As and external alliances, a "M&A Promotion Division" will be newly established, and the Company will promote investments after ascertaining themes to enhance the business value of each company, such as expansion of sales channels, technology support, and creation of new businesses.

Through implementation of the specific measures stated above based on the Management Reform Plan, the Company intends to make full efforts to realize sales of 135 billion yen, operating profit ratio of 8.0%, payout ratio prospect of 40%, and ROE of 8.5% in fiscal year 2023, and to enhance the Company's corporate value and shareholders' common interests.

As stated in the Response Policies, the Company's corporate governance system was shifted to a corporate governance system based on the so-called monitoring model by a company with an audit and supervisory committee, as of June 21, 2019. Currently, the Company's board of directors comprises eight directors (including four outside directors and excluding directors who are audit and supervisory committee members) and three directors (including two outside directors) who are audit and supervisory committee members. Six directors, which is a majority of the total of eleven board members, are independent outside directors. By shifting to a company with an audit and supervisory committee, and the structuring of a corporate governance system with the majority of the board of directors comprised of independent outside directors, decision-making for business execution was further accelerated, and the audit and supervisory functions of the board of directors were further strengthened. The Company shall securely realize the Management Reform Plan, which is a promise to the shareholders, with prompt decision-making and appropriate audit and supervision of the Company's board of directors, under the corporate governance system described above, which was newly constructed in June 2019.

For details of the Management Reform Plan, please see "Notice Concerning Review of the Mid-Term Management Plan and Establishment of a Management Reform Plan" announced by the Company on February 4, 2020).

(ii) The Tender Offeror group fails to provide the Company's management policies to be pursued after the Tender Offer, and the Tender Offer and the shareholder value enhancement plan proposed by the Tender Offeror group will likely prejudice the Company's corporate value and the shareholders' common interests

(a) The Tender Offeror group fails to provide the Company's management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror group's involvement in the Company's business management is entirely unclear

According to the Tender Offer Statement, as of the filing date of the Tender Offer Statement, although the Tender Offeror does not own any Company shares, Office Support and S-Grant Co., Ltd. ("S-Grant") (which are specially related parties of the Tender Offeror) (the Tender Offeror,

Office Support, and S-Grant are collectively referred to as the "Tender Offeror Group") own 1,576,200 Company shares (ownership ratio: 6.53%) and 1,500,000 Company shares (ownership ratio: 6.21%) respectively, which means that the Tender Offeror Group owns 3,076,200 Company shares (ownership ratio: 12.75%) in total. According to the Tender Offer Statement, the Tender Offeror reached an oral agreement with Office Support and S-Grant (collectively, the "Non-tendering Shareholders") that the Company shares owned by the Non-tendering Shareholders (3,076,200 shares, ownership ratio: 12.75%) would not be tendered in the Tender Offer, and the total number of Company shares to be owned by the Tender Offeror Group through the Tender Offer will be 10,576,200 shares (ownership ratio: 43.82%) at the maximum.

If the Tender Offeror Group becomes the owner of 10,576,200 Company shares (ownership ratio: 43.82%) through the Tender Offer, its voting right exercise ratio at the Company's shareholders meetings will obviously entitle the Tender Offeror Group to determine the ordinary resolutions at the Company's shareholders meetings and grant it substantial control over the Company. Therefore, the Company believes that the Company's management policies envisaged by the Tender Offeror must be presented in the Tender Offer. In this respect, the Tender Offeror commented in its response to Question 5, Part 2 of the Tender Offeror's Answer (page 24) that "we would like the management of the Target [*quoter's note: the Company*] to think of raising the voting right exercise ratio with due consideration for its shareholders." However, if the Company may increase its voting right exercise ratio to the maximum extent, the shareholder group owning 43.82% of voting rights will still have the right to easily determine the ordinary resolutions at shareholders meetings, whether alone or through coordination with other minority shareholders. As a note, the "Practical Guidelines for Group Governance System" formulated on June 28, 2019 by the Ministry of Economy, Trade and Industry states on page 117 that a party owning less than 40% of voting rights may be considered to substantially control the relevant company if the actual voting right exercise ratio and all other factors are taken into account.

Nevertheless, the Tender Offeror maintains insistence on shareholder returns, such as by stating in the Tender Offer Statement, "shareholder value of the Target [*quoter's note: the Company*] will be increased through releasing its internal reserve that is considered unnecessary by such means as acquiring own shares." The Tender Offeror admits that it has no specific management policies for the Company to be pursued after the Tender Offer by stating that it "does not intend to be involved in the business management of the Target [*quoter's note: the Company*] and would like the current management of the Target [*quoter's note: the Company*] to continue to assume the business management." Office Support stated in its January 27, 2020, e-mail that "the purpose of our tender offer targeting Toshiba Machine is not in acquiring its management right, as we have set to 43.83% at the maximum." In "Our Shareholder Value Enhancement Plan for Toshiba Machine Co., Ltd." sent by Office Support to the Company on the same date (the "Tender Offeror Group's Shareholder Value Enhancement Plan") as well, Office Support asserts only shareholder returns and does not present any management policies for the Company.

To begin with, the Tender Offer is being conducted in an unnatural manner where the Tender Offeror is a subsidiary of Office Support instead of Office Support and S-Grant that are currently shareholders of the Company (according to the Tender Offer Statement, the capital relationship among Mr. Yoshiaki Murakami ("Mr. Murakami"), Ms. Aya Nomura (Mr. Murakami's first daughter and a shareholder of the Company until January 14, 2020), and the Tender Offeror group is as provided in the Exhibit hereto). The prospective corporation or individual who will be involved in the Company's business management, and the manner of involvement, are entirely unclear; and the party responsible for such corporation or individual's comments is ambiguous. The Tender Offeror's response to Question 8, Part 1 of the Tender Offeror's Answer (page 16) also shows that the Tender Offeror Group obviously avoids disclosing its purpose to intentionally have the Company shares divided among three companies.

Considering, among other factors, that Ms. Aya Nomura transferred all Company shares to S-Grant

immediately before the Tender Offer, Company shares may likely be transferred between corporations over which Mr. Murakami exercises influence. There is an undeniable possibility that such act may: cast uncertain influence over the Company's corporate value; increase non-transparency in the prospective corporation or individual who will be involved in the Company's business management, and the manner of involvement; and prevent the maximization of the Company's medium- to long-term corporate value and the shareholders' common interests.

The Tender Offeror Group further fails to provide any management policies in the Tender Offeror's responses to Question 21, Part 2 of the Tender Offeror's Answer (page 33), and to Questions 1 and 4, Part 6 of the Tender Offeror's Answer (pages 36 and 37). In response to the Company's question regarding management policies, the Tender Offeror only maintained that "it does not intend to acquire the management right," and "the business management must be executed in the interest of enhancing the shareholder value for all shareholders of the Target [*quoter's note: the Company*]." The Tender Offeror Group also does not refer to the Company business from a professional point of view in its letters or other communications to the Company. According to the response to Question 13, Part 1 of the Tender Offeror's Answer (page 17), the Tender Offeror Group has not been involved in any business, or corporate management, related to the Company business. As the Tender Offeror Group admits that "we have been making investments with the basic policy of entrusting, as a general rule, the business operations of our investment targets to their management" in its response to Question 14, Part 1 of the Tender Offeror's Answer (page 18), the Tender Offeror Group obviously does not understand the substance of the Company business or the industrial machinery industry to which the Company belongs.

As discussed above, the Tender Offeror Group attempts to acquire substantial control over the Company after the Tender Offer; but it has not presented the Company's management policies to pursue after the Tender Offer, the manner of the Tender Offeror Group intending to be involved in the Company's business management remains entirely unclear, and the Tender Offeror Group does not even slightly understand the substance of the Company business or the industrial machinery industry. Therefore, if the Tender Offeror Group ever acquires control over the Company, it is easily envisaged that the Company's daily business operations to date will be materially prejudiced; and this will damage its business partners, customers, and employees. It is also easy to anticipate that this will materially adversely affect the amicable relationship that the Company has developed with its business partners, customers, and employees and damage the Company's corporate value and the shareholders' common interests.

(b) The background to the Tender Offer also suggests that the Tender Offeror Group does not intend to pursue enhancing the Company's corporate value but its interest lies solely in acquiring cash for personal gain

The Tender Offeror Group explains in the Tender Offer Statement that the purpose of the Tender Offer is in "achieving enhancement of the Company's corporate value and ROE." However, the Tender Offeror Group states, in relation to the Company's management system after the Tender Offer, that "as long as the management of the Target [*quoter's note: the Company*] pursues business management contemplating the maximization of its shareholder value, we do not intend to be involved in the business management of the Target [*quoter's note: the Company*] and would like the current management of the Target [*quoter's note: the Company*] to continue to assume the business management," and it fails to explain how it intends to use the control over the Company to be substantially acquired through the Tender Offer for "achieving enhancement of the Company's corporate value and ROE." Accordingly, not only is the purpose of the Tender Offer extremely unclear, but it is also even doubtful that the Tender Offeror Group intends to pursue the enhancement of the Company's corporate value.

The Company has had dialogues with the Tender Offeror Group until a subsidiary of Toshiba Corporation ("Toshiba"), Toshiba Electronic Devices & Storage Corporation (together with Toshiba,

"Toshiba et al.") announced a tender offer on November 13, 2019 for shares in the Company's affiliate, NFT (the "Tender Offer for NFT"). This included the Tender Offeror Group sending a total of five letters to the Company, and four meetings in total being held between the Company and the Tender Offeror Group. During those dialogues, the Tender Offeror Group requested that the Company: (i) clearly explain to its shareholders the level of funds that it needs to retain as a reserve among its internal reserve (cash and deposits: 25.5 billion yen, strategically-held shares: 6.7 billion yen, and NFT shares: 12.2 billion yen, respectively, as of the end of the fiscal year ended March 2019); and then (ii) return to its shareholders the remainder thereof after deducting the required portion, or specifically, enhance its shareholder value and ROE by acquiring its own shares or making distributions worth approximately 30 billion yen (the Tender Offeror Group had requested shareholder returns of approximately 40 to 50 billion yen until May 2019).

For example, the Tender Offeror Group wrote in its April 18, 2019 letter that "there are unlikely to be investment targets in realistic terms that are less expensive and more attractive for the management members of your company [*quoter's note: the Company*] than the Company's own shares." It particularly emphasized that the Company shares were traded at a PBR of 0.6 to 0.7 times, and stated that the Company had no measures (such as capital investments and M&As) available to it other than acquiring its own shares or making distributions. The Tender Offeror Group also questioned in its May 20, 2019 letter whether the investments referred to in the Company's medium-term management plan would "better contribute to enhancing the corporate value of your company [*quoter's note: the Company*] rather than acquiring its own shares." It then stated that "our company and other numerous institutional investors will object to the director election proposal at the shareholders meeting of your company [*quoter's note: the Company*] unless it generates profits satisfying the criterion of an 8% IRR" and implicitly requested that the Company acquire its own shares by suggesting exercising voting rights.

In this way, the Tender Offeror Group requested that the Company enhance its shareholder value and ROE during its dialogues with the Company to date, while only claiming that the Company acquire its own shares or make distributions, as the specific method. This inevitably suggests that the Tender Offeror Group is adhered to gaining cash through shareholder returns by the Company.

After the Tender Offer for NFT by Toshiba et al. was released on November 13, 2019 and the Tender Offeror Group learned that the Company was discussing selling NFT shares with Toshiba et al. who were joint holders of NFT shares, the Tender Offeror Group requested on November 15, 2019, through Mr. Murakami who had substantial control over the Tender Offeror Group, that the Company hold discussions with Toshiba et al. so that the Company would not tender shares in the Tender Offer for NFT by Toshiba et al. but would instead implement a scheme that involved NFT making a tender offer for its own shares or a special dividend payout (the "Tender Offeror Group-Proposed Scheme"). Mr. Murakami also personally informed NFT and Toshiba et al. of a proposal over the phone that they change their scheme to the Tender Offeror Group-Proposed Scheme. According to the Tender Offeror, the advantage of the Tender Offeror Group-Proposed Scheme was that the Company would benefit from tax advantages of approximately 3.2 billion yen as opposed to tendering in the Tender Offer for NFT if it changed to, and tendered in, the Tender Offeror Group-Proposed Scheme through discussions with Toshiba et al. and NFT, while the Company would be subject to capital gains taxes of approximately 6.3 billion yen if it tendered in the Tender Offer for NFT. Then, the Tender Offeror Group demanded that the Company discuss with Toshiba et al. to change to the Tender Offeror Group-Proposed Scheme for the benefit of such tax advantages, persistently until it sent its letter on January 10, 2020. That said, it would not be appropriate at least for the Company to proactively request that Toshiba et al. or NFT change their plans to the Tender Offeror Group-Proposed Scheme, in light of legal compliance or the Company reputation, due to the following reasons: (i) the Tender Offeror Group-Proposed Scheme may be legally questionable in light of the uniformity of tender offer prices required by the restrictions on tender offer, in that the Company will benefit from greater favorable treatment on an after-tax proceeds basis compared to other general NFT shareholders; and (ii) in cases where some of the major

shareholders benefit from tax advantages by adopting a share buyback or other similar scheme, a method will be normally selected to return those advantages equally to other general shareholders. Notwithstanding such issues, the Tender Offeror Group has been persistently requesting a change to the Tender Offeror Group-Proposed Scheme. This and the Tender Offeror Group's adherence to acquiring cash through the Company's shareholder returns as stated above suggest that the Tender Offeror Group has been keenly interested in the Company's shareholder returns anticipated after the Tender Offer for NFT, and in acquiring cash for personal gain as a result thereof.

The Tender Offeror Group also requested after HOYA Corporation ("HOYA") released an advance notice of tender offer for NFT shares on December 13, 2019 (the "HOYA Tender Offer"), that the Company request that HOYA adopt the Tender Offeror Group-Proposed Scheme. It also repeated its request that the Company discuss with Toshiba et al. conducting a tender offer by the Tender Offeror Group-Proposed Scheme.

Although the Tender Offeror Group had been consistently requesting the enhancement of shareholder returns and ROE as stated above since November 22, 2018 when it had its first meeting with the Company, it was extremely rare that methods other than the Company acquiring its own shares or making distributions were discussed; accordingly, specific measures to enhance corporate value commensurate with the substance of the Company's business or its management plans were hardly ever discussed. Given such background, the Tender Offeror Group apparently does not aim to enhance the Company's shareholder value through managing the Company together with its management. Moreover, the Tender Offeror Group admits that it will not be involved in the Company's business management, as explained in "(a) The Tender Offeror Group fails to provide the Company's management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror Group's involvement in the Company's business management is entirely unclear" above. The Tender Offeror Group's attempt to acquire substantial control through the Tender Offer also inevitably suggests that it aims to seek to acquire cash and profit for personal gain by having the Company acquire its own shares or make distributions, under the pretext of shareholder return or ROE enhancement.

Although the Tender Offeror Group claims to have continued dialogues with the Company for approximately one and a half years, it does not sufficiently understand the substance of the Company business, nor has it offered any response regarding specific measures to enhance shareholder value or ROE other than by having the Company increase dividends or acquire its own shares, as shown in the response to Question 4, Part 2 of the Tender Offeror's Answer (page 23). This proves that the Tender Offeror Group's interest does not extend to matters other than the Company acquiring its own shares or making distributions.

Given the foregoing and the points discussed in "(a) The Tender Offeror Group fails to provide the Company's management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror Group's involvement in the Company's business management is entirely unclear" above, the Company has concluded that the purpose of the Tender Offer lies in achieving objectives such as changing the Company's management policies as it desires (including implementing extremely short-term and radical means of shareholder returns) through acquiring substantial control over the Company with minimum funds by coercive tender offering limiting the number of shares to be purchased (please see "(b) The Tender Offer is of a coercive nature" in "(iii) The Tender Offer neglects the shareholders' will" below). The Company is concerned that this will likely impede the implementation of growth investments. Accordingly, the Company considers that its shareholders will be (i) given an opportunity to sell a limited number of Company shares while continuing to hold the remainder of the Company shares; and (ii) exposed to the risk of the Company's corporate value and the shareholders' common interests being prejudiced by involvement in the Company's business management by the Tender Offeror Group after acquiring substantial control over the Company.

(c) The Tender Offer for the Company and the Tender Offeror Group's Shareholder Value Enhancement Plan will likely prejudice the Company's corporate value in light of previous investment cases of corporations over which Mr. Murakami exercises influence

In addition to the above, the Tender Offeror Group and the corporations over which Mr. Murakami exercises influence previously made the investments listed in Exhibit 1 to the "Notice Concerning the Company's Response Policies for the Advance Notice of the Tender Offer of the Shares of the Company from Office Support K.K." dated January 17, 2020 (the "Response Policies Press Release"). Specifically, the corporations over which Mr. Murakami exercises influence earned a massive amount of profit by: (i) purchasing a large number of shares in Accordia Golf Co., Ltd. ("Accordia") in a short period and (ii) during the period of about one year and ten months since the commencement of the acquisition of Accordia shares, applying pressure on Accordia in various ways including the demand for convocation of an extraordinary shareholders meeting, and successfully causing Accordia to purchase its own shares at a high price through a TOB, and also to agree to distribute large shareholder returns. The corporations over which Mr. Murakami exercises influence also purchased a large number of shares in Kuroda Electric Co., Ltd. ("Kuroda Electric") in the market and applied pressure including by submitting a shareholder's proposal to Kuroda Electric "... in a manner to intimidate the management members present" and "overbearing behavior that was beyond the level of normal dialogue" (see the press release titled "Sequence of Events Leading to the Opinion of the Board of Directors of the Company on the Shareholder Proposal" dated June 7, 2017, by Kuroda Electric). As a result, one of those corporations successfully dispatched one outside director to Kuroda Electric. Although those corporations thereafter purchased additional Kuroda Electric shares, they reached an agreement to sell all shares in Kuroda Electric that they had, only four months after one of them dispatched the outside director to Kuroda Electric, and actually sold all these shares only four months after that. As a result, they made a significant amount of profit from these transactions.

Further, the Court found that the corporations over which Mr. Murakami exercised influence had purchased a large number of shares in Yorozu Corporation ("Yorozu"), with intentions to benefit from a significant amount of profit by placing Yorozu's management under pressure, and earning a resale gain by causing Yorozu or its related companies to purchase at high prices the large number of shares purchased in a short period, similar to what Reno Co., Ltd. ("Reno") (or any other corporate entity under the powerful influence of Mr. Murakami) had done in the past to corporations it invested in, as stated in Exhibit 1 to the Response Policies Press Release. The Court found the likelihood of attempts to abolish the takeover defense measure that stood in the way (the Yokohama District Court decision on May 20, 2019 (page 118 of the *Siryoban Shojihomu* No. 424); the "Yokohama District Court Decision on Yorozu").

The previous investment cases of corporations over which Mr. Murakami exercises influence listed in Exhibit 1 to the Response Policies Press Release, and the facts found in the Yokohama District Court Decision on Yorozu obviously demonstrate that those corporations are skilled in earning a significant amount of profit by purchasing a large number of shares, placing the relevant companies' management under pressure in various ways, and earning a resale gain by causing those companies or their related companies to purchase at high prices the large number of shares purchased in a short period.

In the case of the Tender Offer as well, it is highly likely that, as with the Yorozu case and other examples, the true intention of the Tender Offer for the Company and the shareholder returns proposed by the Tender Offeror Group is to benefit from a large amount of profit by applying pressure on the Company management in various ways, and to earn a resale gain by causing the Company or its related companies to purchase at high prices the large number of shares purchased in a short period or to receive a large amount of dividends, given factors including the following: (i) the background to the dialogues in which the Tender Offeror Group persistently demanded shareholder returns from the Company; and (ii) the Tender Offer was unilaterally commenced

without the Tender Offeror Group notifying or informing the Company management in advance of the purpose of the Tender Offer or the specific management policies to be pursued after the Tender Offer, or without observing the Response Policies that prescribed the procedures to confirm the Company shareholders' will at shareholders meetings.

As discussed above, the previous investment cases of corporations over which Mr. Murakami exercises influence suggest the undeniable possibility that the Tender Offer for the Company and the Tender Offeror Group's Shareholder Value Enhancement Plan may prejudice the Company's corporate value.

(d) The Tender Offeror Group continually disregarded the Company's request during the dialogue process and when commencing the Tender Offer

The Company has had repeated positive dialogues with the Tender Offeror Group or Mr. Murakami et al. to a reasonable extent in the interest of enhancing its medium- to long-term corporate value in accordance with Principle 5-1 of the Corporate Governance Code (Policy for Constructive Dialogue with Shareholders). Specifically, the Company has had dialogues on eight occasions either in meetings or by teleconference since April 2018, including a meeting personally attended by Mr. Murakami. Those occasions include five meetings attended by Takahiro Mikami, Former President and Chief Operating Officer, and other directors or executive officers of the Company. Shigetomo Sakamoto, Current President and Chief Operating Officer, attended in four out of five above meeting. In addition to meetings and teleconferences, there were constant dialogues by e-mail exchange or telephone.

When the Tender Offeror Group requested that the Company discuss with Toshiba to change its scheme to the Tender Offeror Group-Proposed Scheme in connection with the Tender Offer for NFT, the Company sincerely examined the Tender Offeror Group-Proposed Scheme, including by obtaining advice and cooperation from external advisors, although the Company eventually decided not to accept the Tender Offeror Group's request by considering that it would not be appropriate, at least for the Company to proactively request that Toshiba et al. or NFT change their scheme to the Tender Offeror Group-Proposed Scheme, in light of legal compliance or the Company's reputation, due to the following reasons: (a) whether to change the scheme to the Tender Offeror Group-Proposed Scheme should be basically negotiated with Toshiba et al. by NFT or its special committee on behalf of NFT's general shareholders, and the Company, being simply one of the NFT shareholders, should not make any decision therefor proactively; (b) the Tender Offeror Group-Proposed Scheme could be legally questionable in light of the uniformity of tender offer prices required by the restrictions on tender offer, in that the Company will benefit from greater favorable treatment on an after-tax proceeds basis compared to other general NFT shareholders; and (c) in other companies' cases where some of the major shareholders benefit from tax advantages by adopting a share buyback or other similar scheme, a method will normally be selected to return those advantages equally to other general shareholders.

However, the Tender Offeror Group commenced consideration of the Tender Offer for the Company simultaneously with the Tender Offer for NFT being announced. After Toshiba et al. declared its policy not to agree to increasing the tender offer price in the Tender Offer for NFT or not to respond to the tender offer for NFT shares by HOYA, the Tender Offeror Group unilaterally notified the Company abruptly on January 10, 2020 of prospective implementation of a tender offer for the Company shares, together with informing the Company that it should tender in the Tender Offer for NFT if would not change the scheme to the Tender Offeror Group-Proposed Scheme. Then, the Tender Offeror Group persistently requested that the Company discuss therewith the shareholder value enhancement in a manner involving disclosure of insider information subject to executing a confidentiality agreement.

The Company responded that it was unable to accept the request, explaining that: (i) allowing the Tender Offeror Group's involvement in revising the Company's medium- to long-term management plan by disclosing confidential information thereto under a confidentiality agreement would contravene the purpose of the fair disclosure rules by listed companies introduced upon the amendment of the Financial Instruments and Exchange Act in 2017; and (ii) it might contravene the principle of equal treatment of shareholders to disclose only to the Tender Offeror Group, confidential information not disclosed to other institutional investors or shareholders. The Company added that it was prepared to sincerely receive the Tender Offeror Group's opinions if they were made for constructive purposes to enhance the Company's medium- to long-term corporate value, similar to dialogues with other institutional investors or shareholders. As for the Company's medium-term management plan, the Company informed the Tender Offeror Group that it would like to hold discussions, as necessary, based on the details of revision after the Company's announcement thereof scheduled in February 2020.

However, the Tender Offeror Group refused the Company's request without providing due reasons and commenced the Tender Offer on January 21, 2020, without notifying or informing the Company in advance of the purpose of the Tender Offer or the specific management policies to be pursued after the Tender Offer and by disregarding all procedures under the Response Policies that prescribed the procedures to confirm the shareholders' will at shareholders meetings, as set forth in "(a) The Tender Offer was commenced disregarding the Response Policies" in "(iii)The Tender Offer neglects the shareholders' will" below.

Although the Tender Offeror Group criticizes the Company's stance on the alleged grounds of shareholder dialogue in the Tender Offer Statement and its response to Question 16, Part 2 of the Tender Offeror's Answer (page 30), the Company has held sufficient dialogues to date with the Tender Offeror Group and Mr. Murakami et al. in accordance with Principle 5-1 of the Corporate Governance Code (Policy for Constructive Dialogue with Shareholders). It is the Tender Offeror Group that refused the Company's request without providing due reasons and forced the Tender Offer to go ahead by disregarding the Response Policies aimed at the shareholders making appropriate decisions according to their will. While the Tender Offeror stated that it "does not intend to be involved in the business management of the Target [*quoter's note: the Company*] and would like the current management of the Target [*quoter's note: the Company*] to continue to assume the business management" in connection with the specific management policies to be pursued after the Tender Offer, as quoted in "The Tender Offeror Group fails to provide the Company's management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror Group's involvement in the Company's business management is entirely unclear" above, the Company believes that there is no trust relationship with the Tender Offeror Group that forced the Tender Offer to go ahead by refusing the Company's request without due reasons. If the Tender Offeror Group in such a manner acquires substantial control over the Company, its corporate value or the shareholders' common interests will inevitably be prejudiced.

(e) The Tender Offeror Group may be in violation of the Foreign Exchange and Foreign Trade Act and may not qualify as a major shareholder of the Company

The Company manufactures and sells regulated goods and technologies that require advance notifications regarding inward direct investments under the Foreign Exchange and Foreign Trade Act (the "FEFTA")

In this regard, Mr. Murakami, a foreign investor (Article 26, paragraph 1 of the FEFTA; hereinafter the same) residing in Singapore (the Tender Offeror admits that Mr. Murakami is a foreign investor in its response to Question 2(8), Part 1 of the Tender Offeror's Answer (page 12)), attended meetings between the Company and Office Support on two occasions. Participants of Office Support at the November 22, 2018 meeting said, "Office Support is a company for Mr. Murakami's asset management". Mr. Murakami also personally commented as follows openly in his interview

article “Exclusive: Yoshiaki Murakami Discloses His Aim for Hostile TOB Against Toshiba Machine” published in the Nikkei Business Electronic Version dated January 21, 2020: (i) “I have held Toshiba Machine shares for a long time. I have been requesting dialogues with the Company, but it has not agreed to do so. When I made an appointment for the first time, it was cancelled at the last minute a few hours beforehand. I was able to meet the president only once, but thereafter he would not agree to a meeting. So far, I have had a chance to have five meetings with the Company in total, and have sent letters to its board of directors 13 times”; (ii) (when asked whether he would seek an injunction if a takeover defense measure was triggered) “Of course, I will. Corporate governance has been my lifework. I have devoted my life to it. Therefore, I will exhaustively think how to prevent a takeover defense measure. As someone who has committed his life to corporate governance, I will use all means available and do my best to ensure that such bad practice will not be repeated.”; and (iii) “If there are questions for me, the Company can ask those questions during the TOB period under the Financial Instruments and Exchange Act. If necessary, I am ready to have an open discussion with the Toshiba Machine president on the Nikkei Business. I will answer questions that he may have. I, too, have numerous questions that I would like to ask. I will return to Japan from Singapore, if required for that purpose.” Mr. Murakami also personally openly stated in his interview article “Hostile TOB Against Toshiba Machine: Murakami’s New Proposal” published in the Nikkei Business Electronic Version dated January 22, 2020: (iv) “There is no problem with me if Toshiba Machine holds an extraordinary shareholders meeting to ask whether its shareholders approve or disapprove the introduction of a takeover defense measure. It should decide whether it is right or wrong at the meeting fair and square.”; and (v) “I do not mind extending the TOB period so the Company can hold a shareholders meeting before the TOB ends.” This shows that Mr. Murakami himself is substantively acting as a Company shareholder and tender offeror and is the principal making investments in the Company and conducting the Tender Offer by using Office Support, S-Grant and the Tender Offeror as his hands and feet. Office Support, S-Grant and the Tender Offeror are each likely deemed a foreign investor (Article 27, paragraph 13 of the FEFTA), no advance notification under the FEFTA has been, or will likely be, filed for the acquisition and holding of at least 10% of the Company shares by Office Support and S-Grant, nor for the Tender Offer by the Tender Offeror, on the grounds that the Tender Offeror Group does not fall under a foreign investor (see the response to Question 3, Part 1 of the Tender Offeror’s Answer (page 13)). This strongly suggests that the Tender Offeror Group is in violation of the FEFTA.

The very fact that the Tender Offeror Group’s legal compliance awareness is questionable casts doubt on its qualification to substantially control the Company, being a listed company having numerous stakeholders and social responsibility for legal compliance. Further, the Company is concerned that its corporate value and the shareholders’ common interests may be prejudiced by the Company being forced to take action regarding the Tender Offeror group’s violation of the FEFTA due to the Tender Offer.

(iii) The Tender Offer neglects the shareholders’ will

(a) The Tender Offer was commenced disregarding the Response Policies

As stated in “2. Background and reasons leading to the decision to hold the extraordinary shareholders meeting” below, the Company’s board of directors resolved to introduce the Response Policies at its January 17, 2020 meeting, as efforts to prevent the determination of the Company’s financial and business policies from being controlled by an inappropriate person in light of the Company’s basic policies (Article 118, item (iii), (b).2 of the Regulation for Enforcement of the Companies Act). In introducing the Response Policies, the board of directors also established an Independent Committee comprising three of the Company’s independent outside directors in order to prevent the board of directors’ arbitrary decisions and to further enhance the fairness and objectivity of the operation of the Response Policies, as stated in “(ii) Establishment and

recommendations of the Independent Committee" of "(5) Measures to ensure fairness and measures to avoid conflicts of interest" below; hereinafter the same" below.

On the other hand, the Tender Offeror Group commenced the Tender Offer on January 21, 2020, by only stating that it is considering conducting the Tender Offer against the Company in its communications such as its January 10, 2020 letter, and e-mail on January 12 and 16, 2020. In doing so, the Tender Offeror Group did not notify or inform the Company in advance of the purpose of the Tender Offer or the specific management policies to be pursued after the Tender Offer, and disregarded all procedures under the Response Policies that prescribed the procedures to confirm the shareholders' will at shareholders meetings.

The Company considers that the Tender Offer having been commenced on January 21, 2020, disregarding all procedures under the Response Policies is clear proof of the Tender Offeror Group neglecting the Company shareholders' will, as the purpose of the Response Policies is to secure sufficient information and time for the shareholders to deliberate and make appropriate decisions and to ultimately procure the opportunity to confirm the shareholders' will overall at a shareholders meeting, as stated in "2. Background and reasons leading to the decision to hold the extraordinary shareholders meeting" below.

(b) The Tender Offer is of a coercive nature

The Tender Offer Statement shows that the Tender Offer has a limit on the number of shares to be purchased, restricting the maximum number of shares to be purchased to 7,500,000 shares (ownership ratio: 31.07%). Any number of shares exceeding the limit will not be subject to the purchase and will be settled on a pro-rata basis. Therefore, the Tender Offer does not warrant an opportunity for shareholders to sell at the Tender Offer Price all the shares that they tender, and a certain number of the Company shareholders will inevitably remain its shareholders after the Tender Offer. According to the Tender Offer Statement, as of the filing date of the Tender Offer Statement, although the Tender Offeror does not own any Company shares, Office Support and S-Grant (which are specially related parties of the Tender Offeror) own 1,576,200 Company shares (ownership ratio: 6.53%) and 1,500,000 Company shares (ownership ratio: 6.21%) respectively, which means that the Tender Offeror Group owns 3,076,200 Company shares (ownership ratio: 12.75%) in total. According to the Tender Offer Statement, the Tender Offeror reached an oral agreement with the Non-tendering Shareholders that the Company shares owned by the Non-tendering Shareholders (3,076,200 shares, ownership ratio: 12.75%) would not be tendered in the Tender Offer; and the total number of Company shares to be owned by the Tender Offeror Group through the Tender Offer will be 10,576,200 shares (ownership ratio: 43.82%) at the maximum.

In this connection, the Tender Offeror Group stated in its January 27, 2020, e-mail that "the purpose of our tender offer targeting Toshiba Machine is not in acquiring its management right, as we have set to 43.83% at the maximum." It also repeated that it did not contemplate acquiring the Company's management right by the Tender Offer in its responses to Question 21, Part 2 of the Tender Offeror's Answer (page 33), and to Questions 1 and 4, Part 6 of the Tender Offeror's Answer (pages 36 and 37). However, if the Tender Offeror Group becomes the owner of 10,576,200 Company shares (ownership ratio: 43.82%) through the Tender Offer, its voting right exercise ratio at the Company's shareholders meetings will obviously entitle the Tender Offeror Group to determine the ordinary resolutions at the Company's shareholders meetings and grant it substantial control over the Company, as stated in "(a) The Tender Offeror group fails to provide the Company's management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror group's involvement in the Company's business management is entirely unclear" of "(ii) The Tender Offeror group fails to provide the Company's management policies to be pursued after the Tender Offer, and the Tender Offer and the shareholder value enhancement plan proposed by the Tender Offeror group will likely prejudice the Company's corporate value and the shareholders' common interests" above.

If the Company shareholders believe that the Company's corporate value will be prejudiced under the control of the Tender Offeror Group, the aforementioned Tender Offer conditions will incentivize those shareholders to elect to tender in the Tender Offer despite unsatisfactory tender offer conditions, rather than remain minor shareholders of the Company with reduced corporate value. This means that the Tender Offer will incentivize the shareholders objecting to a transfer of control to nonetheless tender in the tender offer; accordingly, it may be considered to be a typical coercive method. As stated in "(a) The Tender Offeror group fails to provide the Company's management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror group's involvement in the Company's business management is entirely unclear" of "(ii) The Tender Offeror group fails to provide the Company's management policies to be pursued after the Tender Offer, and the Tender Offer and the shareholder value enhancement plan proposed by the Tender Offeror group will likely prejudice the Company's corporate value and the shareholders' common interests" of above, the Tender Offeror Group fails to provide any specific management policies to be pursued after the Tender Offer, and the Company views that the Tender Offer and the Tender Offeror Group's shareholder value enhancement plan will likely prejudice the Company's corporate value and the shareholders' common interests. The Tender Offer will force those shareholders who agree to the Company's view above to tender in the Tender Offer.

The Tender Offeror Group refutes the coercive nature of the Tender Offer in the Tender Offeror's responses to Question 6, Part 2 of the Tender Offeror's Answer (page 24), solely on the grounds that "the purpose is not in acquiring a majority of voting rights in the Target [*quoter's note: the Company*]." However, conducting the Tender Offer by relying on such formality logic and without any management policies is the very cause of increasing concerns for coerciveness.

As discussed above, the Tender Offer largely involves concerns for coerciveness. Even if there are shareholders who tender therein, it does not necessarily mean that shareholders agree to the Tender Offer conditions or the transfer of control to the Tender Offeror Group through the Tender Offer. The Company sees the need to set an opportunity, apart from the Tender Offer, to confirm its shareholders' will in a non-coercive environment and finds it appropriate to hold a shareholders' meeting (the "Shareholders' Will Confirmation Meeting") from that point of view.

(iv) Conclusion

As discussed in the foregoing, the Company opposes the Tender Offer on the grounds that (i) the Tender Offeror Group fails to provide any management policies to be pursued after the Tender Offer, and the Tender Offer and the shareholder value enhancement plan proposed by the Tender Offeror Group will likely prejudice the Company's corporate value and the shareholders' common interests; and (ii) the Tender Offer neglects the shareholders' will as it disregards all procedures under the Response Policies and will be implemented using coercive methods.

(3) Prospects of the Company being delisted and reasons thereof

As of today, the Company's shares are listed on the First Section of Tokyo Stock Exchange, Inc. (the "TSE").

According to the Tender Offer Statement, the Tender Offeror does not intend to cause the Company's shares to be delisted, and it is expected that the Company's shares will remain listed on the TSE First Section, considering the following: the Tender Offeror has set the maximum number of shares to be purchased at 7,500,000 shares (ownership ratio: 31.07%) in conducting the Tender Offer; and the total number of the Company's shares owned by the Tender Offeror group after the Tender Offer is supposed to remain 10,576,200 shares (ownership ratio: 43.82%) at most.

(4) Policies regarding reorganization, among others, after the Tender Offer (matters regarding the so-called two-step acquisition)

According to the Tender Offer Statement and its response to Question 11, Part 2 of the Tender Offeror's Answer (page 27), if the total number of the Company's shares to be owned by the Tender Offeror group through the Tender Offer is less than 10,576,200 shares (ownership ratio: 43.82%), the Tender Offeror group intends to additionally acquire, after the termination of the tender offer period of the Tender Offer, shares of the Company within the scope of difference between 10,576,200 shares and the number of the Company's shares purchased through the Tender Offer, but presently, no specific timing or method has been determined.

(5) Measures to ensure fairness and measures to avoid conflicts of interest

(i) Introduction of the Response Policies, etc.

As stated in "2. Background and reasons leading to the decision to hold the extraordinary shareholders meeting," the Company's board of directors resolved, at its meeting held on January 17, 2020, to introduce the Response Policies to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person in light of the Company's basic policies (Article 118, item (iii), (b).2 of the Regulation for Enforcement of the Companies Act). Further, as stated in "(ii) Establishment and recommendations of the Independent Committee" below, in adopting the Response Policies, the Company's board of directors established the Independent Committee consisting of three independent outside directors of the Company, in order to prevent arbitrary decision-making by the Company's board of directors and to further enhance the fairness and objectiveness of the operation of the Response Policies.

For the background that the Company has decided to hold the Shareholders' Will Confirmation Meeting on March 27, 2020, as a result of continuously seeking appropriate responses, based on the purposes of the Response Policies, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests, under the circumstances where the Tender Offer group has actually commenced the Tender Offer, neglecting all the procedures provided in the Response Policies, please see "2. Background and reasons leading to the decision to hold the extraordinary shareholders meeting" below.

(ii) Establishment and recommendations of the Independent Committee

As stated in the "Notice Concerning Establishment of an Independent Committee and Appointment of Independent Committee Members" dated January 17, 2020, in adopting the Response Policies, the Company's board of directors established the Independent Committee consisting of three independent outside directors of the Company (Mr. Seigo Iwasaki, the chair; Mr. Kiyoshi Sato, a committee member; Mr. Kazumine Terawaki, a committee member), in order to prevent arbitrary decision-making by the Company's board of directors and to further enhance the fairness and objectiveness of the operation of the Response Policies. In addition, as announced in "Consultation with the Company's Independent Committee based on the 'Company's Response Policies for the Advance Notice of the Tender Offer for Shares of the Company from Office Support K.K.'" dated January 21, 2020, the Company's board of directors consulted on the matters below (the "Consulted Matters") with the Independent Committee, on January 22, 2020, immediately after the establishment of the Independent Committee:

(a) Examination and evaluation of the sufficiency and properness, etc. of the information requested to be provided from the Tender Offeror to the Company;

(b) Investigation, examination, and evaluation of the sufficiency, etc. of the information provided by the Tender Offeror.;

(c) In addition to investigation, examination, and evaluation of the Tender Offeror's compliance or non-compliance with the procedures provided in the Response Policies, and the status thereof, examination and evaluation of the propriety of the request to the Tender Offeror for extension of the tender offer period (including the properness of the period of examination of the request for extension by the Company's board of directors, if such a request should be made);

(d) Investigation, examination and evaluation of whether the Tender Offer prevents maximization of the Company's corporate value and the shareholders' common interests;

(e) In consideration of the investigations, examinations, and evaluations above, issuance of recommendations or opinions on the propriety of holding a Shareholders' Will Confirmation Meeting, the propriety of triggering countermeasures based on the Response Policies without holding a Shareholders' Will Confirmation Meeting if the Tender Offeror is evaluated as being noncompliant with the procedures provided in the Response Policies; or on the terms and conditions or procedures, etc., which will be preconditions for such a holding or triggering; and

(f) In addition to the above, among the matters to be determined by the Company's board of directors, investigation, examination and evaluation, or issuance of recommendations or opinions on, the matters regarding which the Company's board of directors will consult with the Independent Committee from time to time, and the matters for which the Independent Committee considers that its recommendations or opinions to the Company's board of directors are required.

The Independent Committee held meetings on January 24, 2020, January 27, 2020, February 6, 2020, February 11, 2020, and February 12, 2020; (i) on January 24, it started deliberating over the Consulted Matters; (ii) on January 27, separately from each outside advisor of the Company, it independently appointed outside experts (GCA Corporation and TMI Associates) as outside advisors, and conducted deliberations and issued recommendations regarding the Company's withholding expressing its opinion on the Tender Offer and submitting questions to the Tender Offeror; and (iii) on February 6 and 11, it conducted deliberations over the Consulted Matters, based on the Tender Offeror's Answer submitted by the Tender Offeror.

Then, the Independent Committee issued recommendations to the Company's board of directors as a unanimous opinion of the Independent Committee on February 12, 2020, to the effect that it is appropriate for the Company to express its opinion objecting to the Tender Offer.

The outline of the recommendations is as below.

(i) The Management Reform Plan promotes structural reforms and growth investments, etc. to achieve regeneration, from an unprofitable company into a profitable company, in light of recent changes in the business environment, as well as maintains and ensures the necessary financial soundness while intending maximum shareholder returns, in connection with the capital policy. Therefore, it is considered that the Management Reform Plan contributes to the enhancement of the Company's corporate value and the shareholders' common interests. In addition, the Management Reform Plan specifies that the resources from the Company's operating cash flow, cash-in from sale of NFT's shares, and cash-on-hand will be allocated for the growth investments, etc. and shareholder returns.

Furthermore, the Management Reform Plan presents the sincere intention and strong sense of responsibility of the Company's management to realize the Management Reform Plan, based fully on the reflection that the target value in the previous Mid-term Management Plan could not be achieved. Additionally, the Management Reform Plan is clearly distinctive from the previous Mid-term Management Plan, in terms of the contents thereof, because, among other reasons, it aims at radical management reforms, based on observations that are highly specialized and in-depth in the Company's business, as well as clearly stating the purpose of use of the funds that were previously retained.

(ii) Meanwhile, the Tender Offeror group explains that the purpose of the Tender Offer is to "achieve an increase in shareholder value, and improvement of ROE." However, even though the Tender Offeror group will thereby have significant authority and power of influence over the Company, the Tender Offeror group has not reasonably explained how it will use such authority for the above purpose.

In addition, the Tender Offeror group still claims the necessity of the Tender Offer even after considering the Management Reform Plan, by answering the questions from the Independent Committee that: (a) the Management Reform Plan lacks reliability concerning the feasibility thereof, because the Company has never achieved the Mid-term Management Plans; and (b) the Tender Offeror group requests "a clear explanation to the shareholders regarding the level of funds that are necessary to be retained […] out of the retained earnings that are held by the Target and deemed unnecessary to be retained, and an improvement of ROE and increase in shareholder value through returning the remaining portions to the shareholders."

With respect to (a), it is definitely true that the Company has not achieved the target values in the Mid-term Management Plans that the Company has ever announced, and it is undeniable that the Company must be asked by the shareholders to reflect thereon. However, the Tender Offeror group may not immediately claim the necessity to acquire the above authority.

Even if the intention of (a) is interpreted to mean that the Tender Offeror group as a major shareholder will supervise the process of realizing the Management Reform Plan on the premise of the promotion of the Management Reform Plan, it would be difficult to say that the supervision by the Tender Offeror group contributes to the Company's corporate value and the shareholders' common interest. This is because: the Tender Offeror group has no experience in engaging in businesses related to the Company's business and the management of a company; the Tender Offeror group is not recognized as having sophisticated expertise, which is the base of the Management Reform Plan; and the Company's internal information and other important information may not be transmitted exclusively to the Tender Offeror group in terms of the equal treatment of the shareholders; and no in-depth observation is expected to be conducted by the Tender Offeror group. Instead, it must be said that such supervision by a specific shareholder with substantial control will create the risk of conflicts of interest with the other general shareholders. Based on the above reasons and a majority of the board members of the Company being independent outside directors, it is appropriate to leave the supervision to realize the Management Reform Plan to the independent outside directors of the Company, but inappropriate to leave it to the Tender Offeror group.

To begin with, if the Tender Offeror group does not rely on the Company's management as stated in (a), it must be concluded that the Tender Offeror group initially plans to be involved in the management of the Company after all, despite the explanation of the Tender Offeror group that "it will not involve itself in the management of the Target and would like the Target's management to continuously be committed to the management of the Target as long as the management of the Target conducts the management with an intention to maximize the shareholder value."

Meanwhile, with respect to (b), the Management Reform Plan specifies an allocation of 30 billion yen for growth investments, etc. and 15 billion yen for shareholder returns, using the resources comprised of the Company's operating cash flow, cash-in from sale of NFT's shares, and cash-on-hand, whereby it aims to improve ROE and shareholder value. The Tender Offeror group nevertheless has an attitude of maintaining the claims as above, which must lead to the conclusion that the Tender Offeror group eventually disagrees with the growth investments, etc., and requests unbalanced shareholder returns.

In addition to the above, taking comprehensively into account: that the Tender Offeror group is considered to have implicitly taken advantage of its voting rights and requested that the Company purchase its own shares, during the process until the Tender Offer commences; that in the materials disclosed by the Tender Offeror, the Tender Offeror group did not eventually deny selling the shares that it owns to the Company, at least by making a proposal of measures to improve shareholder value; and further, given the past investment cases made by the Tender Offeror group and companies that are considered to have a special relationship with the Tender Offer group, it is strongly suspected that the true purpose of the Tender Offer is for the Tender Offeror group to earn profits by, among other things, selling the shares that it owns to the Company and related parties thereof at a high price.

(iii) As stated in (i) above, the Management Reform Plan is recognized as contributing to enhancement of the Company's corporate value and the shareholders common interests. However, if the true purpose of the Tender Offer is as stated in (ii) above, it must be concluded that the Tender Offer will cause an outflow of funds necessary to execute the Management Reform Plan and prevent achievement of the Management Reform Plan.

Moreover, even if the true purpose of the Tender Offer differs from the above, the Tender Offeror Group has no experience in engaging in businesses related to the Company's business or management of a company; from the fact stated in (ii) above, it is easily assumed that the Tender Offeror group will disapprove the Company's making growth investments, etc. and also request that the Company implement excessive shareholder returns, etc., by taking advantage of its voting rights; and although the implementation of excessive shareholder returns, etc. may benefit the shareholders at the time of the implementation from a short-term perspective, it will make it difficult for the Company to make the medium- to long-term growth investments, etc. intended in the Management Reform Plan. Therefore, from the medium- to long-term perspective, it must be said that the Tender Offer is contrary to the Company's corporate value and the shareholders' common interests.

Based on the above, because the Tender Offer is deemed to prevent maximization of the Company's corporate value and the shareholders' common interests, it is considered to be appropriate for the Company's board of directors to express its opinion objecting to the Tender Offer.

(iv) As stated in (iii) above, because the Tender Offer is deemed to prevent maximization of the Company's corporate value and the shareholders' common interests, it is appropriate for the Company to trigger the countermeasures under the Response Policies, from the viewpoint of protecting the Company's corporate value and the shareholders' common interests, and as a procedure therefor, to hold the Shareholders' Will Confirmation Meeting, from the viewpoint of leaving the decision on whether to accept the Tender Offer to the discretion of the shareholders.

The period required for holding the Shareholders' Will Confirmation Meeting must be decided, taking into account the statutory period and practical preparatory period, as well as the shareholders' deliberation period, etc. from the viewpoint of requesting that the shareholders carefully make decisions. The Independent Committee received the explanation by the Company that the Shareholders' Will Confirmation Meeting will be held on March 27, 2020 at the earliest, which has no unreasonable points, as a result of consideration from the above viewpoint.

Therefore, it is considered to be appropriate for the Company to hold the Shareholders' Will Confirmation Meeting on March 27, 2020.

In addition, from the viewpoint of the Tender Offeror's interests, in order to provide the Tender Offeror with an opportunity to decide on whether to withdraw the Tender Offer based on the outcome of the Shareholders' Will Confirmation Meeting and subsequent judicial decisions, it is desirable that the Tender Offer period be extended, taking into account the Shareholders' Will Confirmation Meeting and the proceeding period for the subsequent judicial decisions. However, it is appropriate that the Shareholders' Will Confirmation Meeting be held after the Tender Offer period ends, if the Tender Offeror waives the above interests and does not extend the Tender Offer period to the date of the Shareholders' Will Confirmation Meeting.

With regard to the above, the Tender Offeror group claims the unreasonableness of the Response Policies on the grounds mainly that: (a) the Company resolved at its board of directors meeting held on May 16, 2019 to discontinue and abolish "the response policies (takeover defense measures) for large-scale purchase actions for the Company's shares"; (b) the Company did not confirm the shareholders' will regarding introduction of the Response Policies; and (c) as the Company shareholders will not tender their shares in the Tender Offer if they rely on the Company's

management, the Tender Offer will not be consummated, and therefore the Response Policies no longer need to be maintained.

However, with respect to (a), the board of directors merely resolved to abolish the so-called takeover defense measures that are introduced at normal times. Accordingly, it is impossible to consider that the Company waived all the countermeasures to be implemented when such large-scale purchase actions as prevent maximization of the Company's corporate value and the shareholders' common interest commence, and further, that the Company's shareholders wanted such waiver.

Meanwhile, with respect to (b), it is impossible to consider that the Response Policies are unreasonable and neglect the shareholders' will, taking into consideration that no opportunity to confirm the shareholders' will was provided, and the Response Policies are triggered only if the Shareholders' Will Confirmation Meeting approves to do so, in principle, in connection with the Tender Offer.

Finally, with respect to (c), in consideration of the coercion of the Tender Offer (meaning that if the Company shareholders rely on the opinion of the Company's board of directors that the Tender Offer will prevent maximization of the Company's corporate value and the shareholders' common interests, together with no foreseeability of acts by the other shareholders, the Company's shareholders will be motivated to tender their shares in the Tender Offer in order to avoid the Tender Offer succeeding without them tendering their shares in the Tender Offer, and suffering losses arising from the damage to the corporate value and the shareholders' common interests caused by the Tender Offer), it is impossible to say that the Response Policies do not need to be maintained, taking into account that: it is inappropriate to determine whether the Tender Offer contributes to the enhancement of the Company's corporate value and the shareholders' common interests based on the success or failure of the Tender Offer and the number of shares tendered in the Tender Offer; and that the Tender Offeror will additionally acquire the Company shares for the difference if the Tender Offeror group's ownership ratio is less than 43.82% as a result of the Tender Offer.

(v) In light of the above, because the Tender Offer prevents maximization of the Company's corporate value and the shareholders' common interests, it is deemed to be appropriate for the Company's board of directors to expresses its opinion objecting to the Tender Offer and to hold the Shareholders' Will Confirmation Meeting to confirm the shareholder's will regarding whether to implement the Response Policies and the countermeasures based on them.

(iii) Appointment of external advisors

As stated in "(i) Basis for opinion regarding the Tender Offer" of "(2) Basis and reasons for opinion regarding the Tender Offer" above, with the aim of ensuring the fairness and appropriateness of a decision-making process in evaluating and considering the Tender Offer, the Company appointed several external experts independent from the Company and the Tender Offeror (IR Japan, Inc., PwC Advisory LLC, and Nishimura & Asahi) as external advisors. The Company has proceeded to carefully evaluate and consider the Tender Offer in light of advice from these external advisors. None of the external advisors is a related party of the Tender Offeror or the Company, nor do they have any material interests in the Tender Offer that need to be noted.

(iv) Extension of the tender offer period

As stated in the "Notice Concerning the Company's Response for the Shareholders' Will Confirmation Meeting" dated January 24, 2020, and the "Notice Concerning the Company's Response for the Shareholders' Will Confirmation Meeting (Follow-up)" dated January 28, 2020, it has been decided that the Company's board of directors will hold a Shareholders' Will Confirmation Meeting in late March or early April to confirm the shareholders' will regarding (a) and (b) below if the Company's board of directors, as a result of its future evaluation and consideration of the Tender Offer, takes an opposing position against the Tender

Offer and deems it necessary to trigger countermeasures against the Tender Offer: (a) whether the shareholders agree to introduce the Response Policies; and (b) whether the shareholders agree to a proposal concerning triggering countermeasures based on the Response Policies. In connection with the Shareholders' Will Confirmation Meeting, the Company needs time to evaluate and consider the Tender Offer to consider whether to trigger the countermeasures, and time to prepare and take procedures for the Shareholders' Will Confirmation Meeting. In addition, the Company thinks that it is necessary to secure adequate information and a deliberation period so that the shareholders can make appropriate decisions about (a) and (b) above. Accordingly, in letters dated January 24, 2020 and February 12, 2020, the Company requested that the Tender Offeror extend the tender offer period to 60 business days. Then, the Tender Offeror submitted the amended statement to the Tender Offer Statement on February 18, 2020, in response to the Company's request. Accordingly, the tender offer period is extended to Thursday, April 16, 2020 (60 business days).

2. Background and reasons leading to the decision to hold the extraordinary shareholders meeting

As stated in Appendix 1, the Company had received advance notice about the tender offer for the Company's shares by Office Support and/or its subsidiaries and its board of directors resolved, at its meeting held on January 17, 2020, to the Response Policies. This is an effort to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person in light of the Company's basic policies (Article 118, item (iii), (b).2 of the Regulation for Enforcement of the Companies Act).

Company believes that the decision on whether to accept the conduct of large-scale purchase actions for the shares of the Company must ultimately be made by the shareholders, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests. The Response Policies aim to secure sufficient information and a deliberation period for the shareholders to make proper decisions on the potential impact of the tender offer for the Company's shares by Office Support and/or its subsidiaries and other large-scale purchase actions, etc. that may be intended under the circumstances where the tender offer is announced in advance on the Company's corporate value or the sources thereof, and ultimately, to secure an opportunity to confirm the shareholders' collective will at a shareholders meeting. As stated in "(ii) Establishment and recommendations of the Independent Committee" of "(5) Measures to ensure fairness and measures to avoid conflicts of interest" of "1. Opinion regarding the Tender Offer, and basis and reasons thereof" above, in adopting the Response Policies, the Company's board of directors established the Independent Committee consisting of three independent outside directors of the Company, in order to prevent arbitrary decision-making by the Company's board of directors and to further enhance the fairness and objectiveness of the operation of the Response Policies.

Meanwhile, the Tender Offeror group only mentioned that it was considering conducting the Tender Offer against the Company in a letter dated January 10, 2020, and e-mails dated January 12 and 16, etc., and commenced the Tender Offer on January 21, 2020 without any notice to or contact with the Company regarding the purpose of the Tender Offer and the specific management policies intended after the Tender Offer, neglecting all the procedures provided in the Response Policies that set forth the procedures to confirm the will at a shareholders meeting.

The Company believes that essentially, the Tender Offer must have been conducted after completing the procedures provided in the Response Policies, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests, in order to secure sufficient information and a deliberation period for the shareholders to make proper decisions. Thus, the Company extremely regrets that the Tender Offeror group commenced the Tender Offer by neglecting all the procedures provided in the Response Policies. As such, under the situation where the Tender Offer has actually commenced, the Company has continued seeking appropriate responses, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests, based on the purposes of the Response Policies.

Consequently, as stated in the "Notice Concerning the Company's Response for the Shareholders' Will Confirmation Meeting" dated January 24, 2020 and "Notice Concerning the Company's Response for the

Shareholders' Will Confirmation Meeting (Follow-up)" dated January 28, 2020, as a result of the future evaluation and consideration by the Company's board of directors regarding the Tender Offer, if the Company's board of directors takes an opposing position against the Tender Offer and deems it necessary to trigger countermeasures against the Tender Offer, the Company concluded that holding the Shareholders' Will Confirmation Meeting to confirm the shareholders' will regarding (a) whether the shareholders agree to introduce the Response Policies, and (b) whether the shareholders agree to a proposal concerning triggering countermeasures based on the Response Policies, conforms to the purposes of the Response Policies. Thus, the Company decided that it would hold the Shareholders' Will Confirmation Meeting to confirm the shareholders' will regarding (a) and (b) above, depending on the results of the future evaluation and consideration regarding the Tender Offer.

Therefore, in order to prepare to hold the Shareholders' Will Confirmation Meeting and to determine the shareholders who are entitled to exercise their voting rights at the Shareholders' Will Confirmation Meeting, the Company decided to conduct procedures to set the record date as promptly as possible, in practice. As announced in the "Notice of Setting the Record Date for Convening the Extraordinary Shareholders Meeting" dated January 28, 2020, the Company resolved, at its board of directors meeting on the same day, to set Saturday, February 15, 2020, as the record date and to regard the shareholders entered or recorded in the latest shareholder registry as of the record date as those shareholders entitled to exercise their voting rights at the Shareholders' Will Confirmation Meeting.

Before convocation of the Shareholders' Will Confirmation Meeting, on and after January 21, 2020 when the Tender Offer was announced, in order to express its opinion regarding the Tender Offer, the Company's board of directors immediately received advice and cooperation from the external advisors, etc. while striving to collect information regarding the Tender Offer and the Tender Offeror, and proceeded with evaluations and consideration regarding the Tender Offer, in consideration of information, including information that is not stated in the Tender Offer Statement. As such, the Company's board of directors decided to take an opposing position against the Tender Offer, and to hold the Shareholders' Will Confirmation Meeting to confirm the shareholders' will regarding the implementation of the Response Policies and the countermeasures based on them on March 27, 2020.

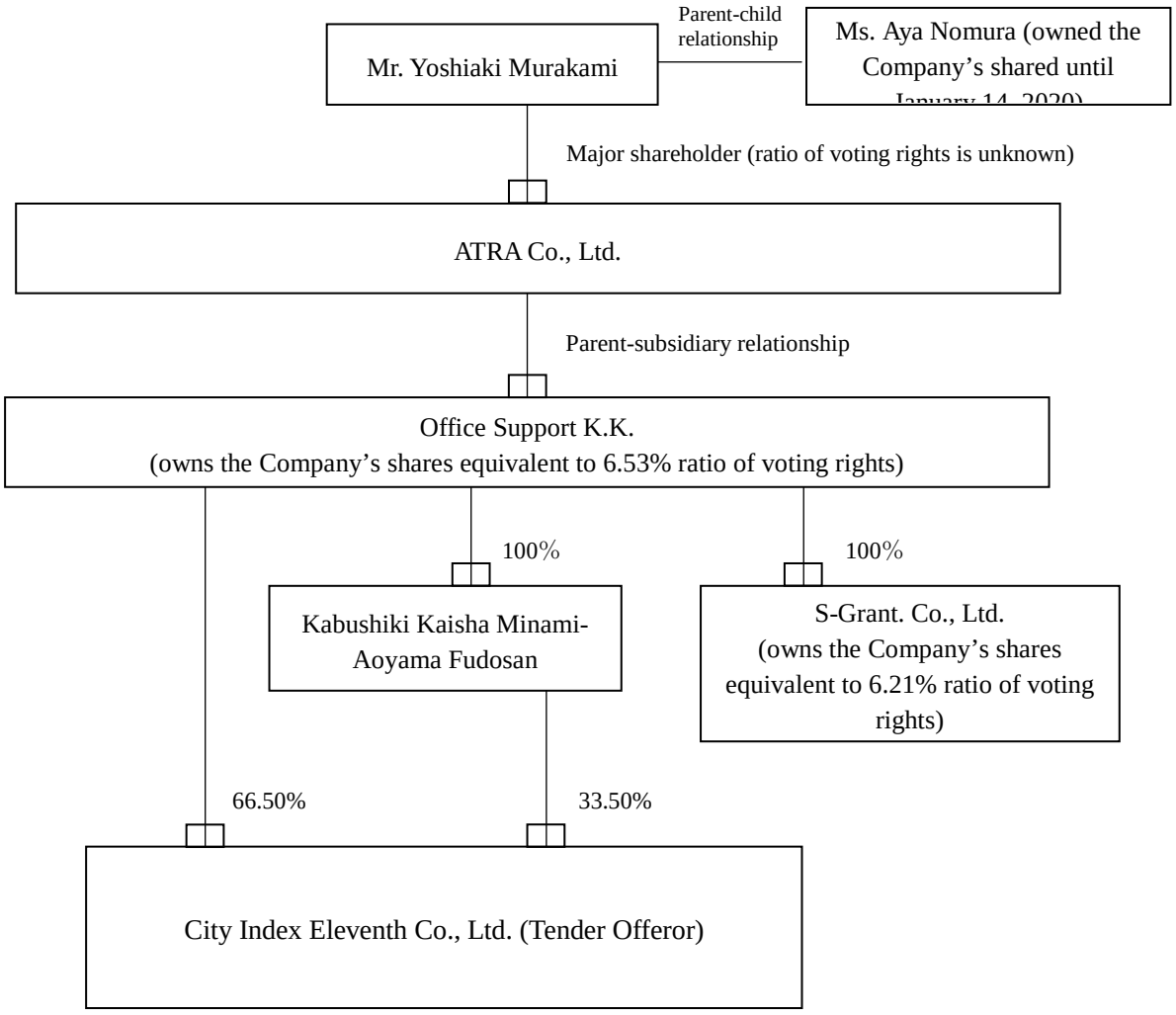
In addition, the scheduled date of the Shareholders' Will Confirmation Meeting was determined for March 27, 2020, taking into account that: the Company needs time to evaluate and consider the Tender Offer to consider whether to trigger the countermeasures, and time to prepare and take procedures for the Shareholders' Will Confirmation Meeting; and it is necessary to secure adequate information and a deliberation period so that the shareholders can make appropriate decisions about (i) whether the shareholders agree to introduce the Response Policies, and (ii) whether the shareholders agree to a proposal concerning triggering countermeasures based on the Response Policies. Also, the scheduled date was determined as a result of the adjustment of the schedule, to ensure three weeks from dispatch of the convocation notice up to the Shareholders' Will Confirmation Meeting, considering the Company's attitude toward the guidelines for its institutional shareholders' exercise of voting rights with respect to a proposal on takeover defense measures (the period for examination by the board of directors and the period secured until a shareholders meeting after sending a convocation notice). As stated above, while the Company introduced the Response Policies on January 17, 2020, the Tender Offer was announced on January 21, 2020. Therefore, March 27, 2020, which is the scheduled date of the Shareholders' Will Confirmation Meeting, is the 46th business day calculated from the commencement date of the Tender Offer. In many cases of common prior warning-type takeover defense measures in which the Independent Committee and the board of directors decided whether to trigger the countermeasures, 150 or more days in total were secured, i.e., 60 days as a period to collect information necessary to decide whether to trigger the countermeasures and 90 days (excluding cases of 100% acquisition by cash consideration) as a period to consider whether to trigger the countermeasures. Thus, holding the Shareholders' Will Confirmation Meeting concerning the Tender Offer on March 27, 2020, which is the 46th business day calculated from the commencement date of the Tender Offer, does not unreasonably secure a long period. Moreover, the 46 business days includes the period required to ask the Tender Offeror questions and to have them answered. Taking into account that the Company's board of directors will express its opinion by evaluating and considering the purchase action

in consideration of the answers after receiving the answers from the Tender Offeror, the Company believes that this is the minimum period required for a shareholders deliberation period.

In this respect, in the event where the date of the Shareholders' Will Confirmation Meeting is set on March 27, 2020, if the tender offer period is extended so as to hold the Shareholders' Will Confirmation Meeting during the tender offer period, the settlement of the Tender Offer will be conducted after the end of the current fiscal year. However, the Company obtained opinions from various company law scholars, to the effect that there are no legal issues in conducting the settlement of the Tender Offer after the end of the current fiscal year.

As stated in "(ii) Establishment and recommendations of the Independent Committee" of "(5) Measures to ensure fairness and measures to avoid conflicts of interest" of "1. Opinion regarding the Tender Offer, and basis and reasons thereof" above, the Company's board of directors has received recommendations from the Independent Committee on February 12, 2020, as a unanimous opinion of the Independent Committee, to the effect that it is appropriate for the Company's board of directors to express its opinion objecting to the Tender Offer, because the Tender Offer prevents the maximization of the Company's corporate value and the shareholders' common interests, and also to hold the Shareholders' Will Confirmation Meeting to confirm the shareholders' will regarding the implementation of the Response Policies and countermeasures based on them.

(Exhibit) Capital relationship among Mr. Murakami, Ms. Aya Nomura, and the Tender Offeror group



[Translation]

Appendix 3

Basic Policies Regarding How a Person Is to Control the Decisions of the Company's Financial and Business Policies, and the Response Policies

I. Basic policies regarding how a person is to control the decisions of the Company's financial and business policies

As a listed company, the Company recognizes that if a share purchase proposal is made by specific persons that may materially impact the Company's basic management policies, whether to accept it should ultimately be left to its shareholders' decision.

However, where a Large-scale Purchase Action, etc. is conducted, it is difficult for the Company shareholders to appropriately assess the impact of the Large-scale Purchase Action, etc. on the Company's corporate value and the shareholders' common interests, without the necessary and sufficient information being provided by the Large-scale Purchaser. Further, some Large-scale Purchase Actions, etc., would damage the Company's corporate value and the shareholders' common interests that the Company has maintained and enhanced, such as those that attempt to: (i) temporarily control the management and transfer the Company's tangible/intangible important management assets to the Large-scale Purchaser or its group companies; (ii) appropriate the Company's assets for repayment of the Large-scale Purchaser's debts; (iii) have the Company and/or its related parties acquire the Company's shares merely at a high price without intending to actually participate in the management (so-called greenmailer); and (iv) obtain temporary high dividends by having the Company sell and dispose of its expensive assets.

In light of the above, the Company believes that the Company's board of directors has a duty: (i) to have the Large-scale Purchaser provide the necessary and sufficient information for the Company shareholders to make decisions; (ii) to provide the results of evaluation and consideration by the Company's board of directors regarding the impact of the proposal by the Large-scale Purchaser on the Company's corporate value and the shareholders' common interests, as a reference for the Company shareholders to consider the proposal; and (iii) (as the case may be) to negotiate or discuss the Large-scale Purchase Action, etc. or the Company's management policies with the Large-scale Purchaser, or to present the board of directors' alternative proposals for the management policies to the Company shareholders.

In terms of the basic policies above, the Company's board of directors will require that the Large-scale Purchaser provide the necessary and sufficient information for the Company shareholders to appropriately determine whether to accept the Large-scale Purchase Action, etc., in order to ensure maximization of the Company's corporate value and the shareholders' common interests. The board of directors will also timely and properly disclose such information as provided to the Company or otherwise take measures to be deemed appropriate within the extent permissible under the Financial Instruments and Exchange Act, the Companies Act, and other laws and regulations, as well as the Articles of Incorporation.

While the basic policies regarding how a person is to control the decisions of the Company's financial and business policies are as stated above, the Company's board of directors believes that any Large-scale Purchase Action, etc. for the Company's shares by a Large-scale Purchaser ultimately requires the Company shareholders agreeing to the Large-scale Purchase Action, etc. by considering details of the purposes and conditions thereof and being provided in advance with sufficient time and information necessary to determine whether it is acceptable. As such, before triggering the countermeasures based on the response policies for a tender offer for the shares of the Company by Office Support K.K. ("Office Support") (the tender offer for the shares of the Company by Office Support or its subsidiaries about which Office Support has provided advance notice is hereinafter referred to as the "Tender Offer"), and other large-scale purchase actions, etc. which may be intended under the circumstances where the Tender Offer is announced in advance (the "Response Policies"), the Company's board of directors will hold a shareholders meeting (the

"Shareholders' Will Confirmation Meeting") as a venue for such consideration and determination by the Company shareholders. Further, if the Company shareholders express their will to support the Large-scale Purchase Action, etc. at the Shareholders' Will Confirmation Meeting (such will is to be expressed through whether a proposal requesting approval for the Company taking the prescribed countermeasures if a Large-scale Purchase Action, etc. is made, is approved by an ordinary resolution at the Shareholders' Will Confirmation Meeting), the Company's board of directors will support the implementation of the Large-scale Purchase Action, etc. and will not take any action to substantially prevent it, as long as it is implemented pursuant to the terms and conditions disclosed at the Shareholders' Will Confirmation Meeting.

II. Special efforts contributing to realizing basic policies

1. Efforts to enhance the Company's corporate value and the shareholders' common interests

(1) The Company's corporate principles and management policies

As the group's corporate principles, the Company group, based on respect for human values, contributes toward building a foundation for industry by creating an abundance of value and helping to improve people's lives and cultural development across the world.

Further, as the management policies, the Company group: (i) makes efforts to enhance its brand power in the global market to further expand profits by improving the efficiency of production at domestic and overseas plants; by implementing various measures to reduce the group-wide gross cost, such as achieving more optimum procurement, including resolving procurement difficulties; by cultivating new regional and customer markets; and by developing and selling new products that meet market and customers' needs; (ii) utilizes its "strength as a general machinery manufacturer" to evolve into a "manufacturer which co-creates value" to create customer value together with the customers; (iii) in doing so, makes investments for growth in a bid for continued enhancement of the corporate value and reforms the corporate nature to cope with changes with the times; and (iv) focuses on vigorously performing quality and environmental management on the bases of ISO9001 and 14001, and actively works on the development of human resources that will lead the future of the Company, and on ESG activities such as compliance with laws and contribution to society.

(2) Medium-term management plan to embody the management policies

The Company group started a new medium-term management plan called the "Revolution E10 Plan" in fiscal year 2019. Within the Revolution E10 Plan, based on the basic guideline to "Maximize the use of our strength as a general machinery manufacturer to continue to grow," the Company group strives to survive against competition in this age in which things are rapidly and drastically changing and aims to achieve reforms to increase the profitability by boldly changing conventional way of thinking and updating working practices to promote further growth.

Taking into consideration the progress of various measures and the immediate market environment, the Company group has recently reviewed the Revolution E10 Plan and decided to position the three factors below as the most important measures to realize the basic policies; therefore, the Company group will advance efforts to carry out these measures swiftly. Details of the review of the medium-term management plan will be announced in early February 2020.

(i) To establish a "Production Division" and an "R&D Center" that have the common function of improving productivity and strengthening QCD;
(ii) To realize a reduction in fixed expenses and optimum distribution of resources; and
(iii) To promote investments for growth to globally develop the general-purpose machinery business and to achieve drastic expansion of the specialized machinery business

Furthermore, the Company group will strive to promote the improvement of profitability (operating profit ratio) and capital efficiency (ROE) by appropriating cash on hand for investments related to the measures above, and to actively make investments to increase profitability while also delivering greater shareholder returns from profits except as required for the business activities.

2. Strengthening of corporate governance

The Company has specifically implemented the following efforts to further strengthen corporate governance.

(Corporate governance system)

The Company's corporate governance system was shifted to a corporate governance system based on the so-called monitoring model by a company with an audit and supervisory committee, as of June 21, 2019. In doing so, the Company established the shareholders meeting, board of directors, audit and supervisory committee, and accounting auditors to enhance the system of supervising and auditing the execution of duties by the directors. Meanwhile, the Company built an appropriate system of internal controls based on the "Fundamental Policy of Internal Control," and voluntarily set up a "Nomination Advisory Committee" and a "Remuneration Advisory Committee" to enhance transparency and fairness in the nomination of directors and the remuneration of directors who are not audit and supervisory committee members. Further, it has developed a corporate governance system that is highly transparent by realizing the separation of management and execution of business by using an executive officer system, clarifying management responsibilities, and enhancing the efficiency and alacrity of management decision-making and business execution.

The Company's board of directors comprises eight directors (including four outside directors and excluding directors who are audit and supervisory committee members) and three directors (including two outside directors) who are audit and supervisory committee members. Six directors, which is a majority of all of the eleven board members, are independent outside directors. The board of directors holds regular monthly meetings, as well as special meetings from time to time when necessary to flexibly make operational decisions and effectively supervise the business executions.

(Internal audit and audit by audit and supervisory committee)

The Company has an internal auditing department controlled directly by the representative directors, which regularly verifies the legality and appropriateness of the business activities, reports the auditing results to the representative directors, and provides instructions for matters to be improved, if any.

Further, the internal auditing department exchanges information with the audit and supervisory committee and accounting auditors from time to time, and it is required to attend meetings of the audit and supervisory committee as necessary, whereby mutual coordination is ensured.

(Other matters)

In addition, the Company has been earnestly working on strengthening corporate governance, based on Japan's latest Corporate Governance Code. For details of the Company's corporate governance system, please refer to the Company's corporate governance report (dated June 21, 2019).

III. Efforts to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person in light of the Basic Policies

1. The purposes of the Response Policies

The Response Policies will be introduced in accordance with **I.** "Basic policies regarding how a person is to control the decisions of the Company's financial and business policies" above, with the aim of maximizing the Company's corporate value and the shareholders' common interests.

The Company's board of directors believes that the decision whether to accept the conduct of the Large-scale Purchase Actions, etc. must ultimately be made by the shareholders, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests. The Company's board of directors also believes that, in order for the shareholders to properly decide whether to accept the conduct of the Large-scale Purchase Actions, etc., it is necessary to secure an opportunity to confirm their general will by holding a Shareholders' Will Confirmation Meeting in advance of the commencement of the Large-scale Purchase Actions, etc.; and that, in order to allow confirmation of the will to be substantive based on deliberation, it is necessary, as a precondition therefor, to secure sufficient information from the Large-scale Purchaser and time to consider will be provided to the shareholders.

In light of the above, the Company's board of directors sets the Response Policies as procedures to be taken if the Large-scale Purchase Actions, etc. are to be conducted, as described below. These Response Policies are the framework for requesting that the Large-scale Purchaser provide the necessary information and for securing the time required for the Company's shareholders to deliberate over the propriety of the conduct of the relevant Large-scale Purchase Action, etc. based on the provided information, as a precondition to enable the shareholders to determine based on sufficient information, in advance of the conduct of the Large-scale Purchase Action, etc., whether the Large-scale Purchase Action, etc. will prevent the maximization of the Company's corporate value and the shareholders' common interests. The above-mentioned procedures purport to provide the shareholders with the necessary and sufficient information and time to make a proper decision regarding whether to accept the conduct of the Large-scale Purchase Actions, etc., which the board of directors believes will contribute to the maximization of the Company's corporate value and the shareholders' common interests.

Therefore, the Company's board of directors plans to request that the Large-scale Purchaser comply with the Response Policies; and if the Large-scale Purchaser fails to do so, to take certain countermeasures by fully respecting the Independent Committee's opinions, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests.

As stated above, the decision to introduce the Response Policies has been made by the Company's board of directors, based on the determination that it is necessary to establish certain procedures to respond to the Tender Offer by Office Support or its subsidiaries and other large-scale acquisitions that may be intended under the circumstances where the Tender Offer is announced in advance, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests. Nevertheless, the Response Policies entail a structure under which the decision regarding whether the Company should take prescribed countermeasures in response to the Large-scale Purchase Actions, etc. conducted will be ultimately left to the will of the shareholders through a Shareholders' Will Confirmation Meeting. Accordingly, on condition that the time and information required to evaluate and examine details of the Large-scale Purchase Actions, etc. are sufficiently secured, the Company believes that it is fair to deem the following process as reasonable: if an ordinary resolution to trigger the countermeasures is passed at a Shareholders' Will Confirmation Meeting after the Company's board of directors fulfills its accountability to them, then the relevant countermeasures may be deemed to be based on the reasonable will of the shareholders (for details of the structure to enhance reasonableness of the Response Policies, please refer to **5.** below.).

2. Substance of the Response Policies

(1) Outlines

(i) Procedures for the Response Policies

As stated above, the Company believes that the decision regarding whether to accept the conduct of a Large-scale Purchase Action, etc. must ultimately be made by the shareholders. Accordingly, if the Company obtains approval at a Shareholders' Will Confirmation Meeting and the relevant Large-scale Purchase Action, etc. is not withdrawn, the Company will trigger prescribed countermeasures by fully respecting the Independent Committee's opinions, in order to maximize the Company's corporate value and the shareholders' common interests.

In addition, the Response Policies aim to request that the Large-scale Purchaser provide the necessary information to serve as the basis for the shareholders to make decisions, to secure the time required for the shareholders to deliberate over the propriety of the conduct of the Large-scale Purchase Action, etc. based on the provided information, and then to confirm the shareholders' will concerning whether to accept the conduct of the Large-scale Purchase Action, etc. through a Shareholders' Will Confirmation Meeting. Therefore, should those aims not be achieved, namely, if the Large-scale Purchaser does not comply with the procedures specified in **(3)** below and seeks to conduct the Large-scale Purchase Action, etc. before a Shareholders' Will Confirmation Meeting described in **(3)(iv)** below is held, the Company's board of directors will trigger prescribed countermeasures by fully respecting the Independent Committee's opinions.

(ii) Establishment of Independent Committee

In relation to the operation of the Response Policies, the Company has established the Independent Committee consisting of three independent outside directors of the Company. The Independent Committee will give the board of directors recommendations on the propriety of triggering countermeasures and other matters necessary to respond in accordance with the Response Policies. The Company's board of directors will determine the propriety of triggering countermeasures and other relevant matters by fully respecting the Independent Committee's recommendations.

In addition, the Independent Committee may, among other things, obtain advice from external experts (such as financial advisers, lawyers, certified public accountants, and tax accountants) independent from the Company's board of directors and the Independent Committee, as necessary. All the expenses incurred to obtain the advice will be borne by the Company to a reasonable extent.

In principle, resolutions of the Independent Committee will be passed by a majority vote of the committee members present at a meeting of the committee where all the incumbent committee members are present. However, if any member of the Independent Committee is unable to attend the committee meeting or there are any unavoidable circumstances, resolutions will be passed by a majority vote of the committee members present at the meeting where the majority of the committee members are present.

(iii) Use of allotment of share options without contribution as a countermeasure

If the countermeasures stated in (i) above are triggered, the Company will allot all of its shareholders share options with a discriminative exercise condition to the effect that Ineligible Persons (as defined in **3(1)(v)(a)** below) are not entitled to exercise rights and

other conditions, and a discriminative acquisition clause to the effect that the Company will acquire share options in exchange for shares of the Company from persons other than Ineligible Persons, and other clauses (the "Share Options") by way of allotment of share options without contribution (Article 277 et seq. of the Companies Act) (for details, please refer to **3.** below).

(iv) The Company's acquisition of the Share Options

If the Share Options are allotted without contribution in accordance with the Response Policies, and shares of the Company are delivered to the shareholders other than Ineligible Persons in exchange for the Company's acquisition of the Share Options, the ratio of shares of the Company held by Ineligible Persons will be diluted to a certain extent.

(2) Large-scale Purchase Actions, etc. subject to the Response Policies

In the Response Policies, the term "Large-scale Purchase Actions, etc." refers to the following actions (except for those conducted with prior consent of the Company's board of directors):

(i) a purchase (including but not limited to the commencement of a tender offer) of the Company's share certificates, etc. (Note 3) with the aim of making the holding ratio of voting rights (Note 2) of the specific shareholders' group (Note 1) 20% or greater;
(ii) a purchase (including but not limited to the commencement of a tender offer) of the Company's share certificates, etc. after which the holding ratio of voting rights of the specific shareholders' group would be 20% or greater; or
(iii) irrespective of whether each action provided in (i) or (ii) above is conducted, any action conducted by the Company's specific shareholders' group with another shareholder of the Company (including cases where the relevant action is conducted with multiple other shareholders of the Company; hereinafter the same applies in this (iii)) that falls under either of the following items: (a) agreements or other actions after which the relevant shareholder would fall into the category of a joint holder of the specific shareholders' group; or (b) any actions to establish a relationship between the specific shareholders' group and the relevant shareholder where either one substantially controls the other or where they act jointly or cooperatively (Note 4) (Note 5) (limited to cases where the total holding ratio of share certificates, etc. of the specific shareholders and the relevant shareholder would be 20% or greater with respect to the share certificates, etc. issued by the Company).

As stated above, the term "Large-scale Purchaser" refers to a person who conducts or seeks to conduct the Large-scale Purchase Actions, etc. alone or jointly or cooperatively with another person.

(Note 1) The term "specific shareholders' group" refers to (i) a "holder" (as provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act, including a person who is included in the definition of a holder pursuant to paragraph (3) of the same Article) and a "joint holder" (as provided in Article 27-23, paragraph (5) of the same Act, including a person who is deemed to be a joint holder pursuant to paragraph (6) of the same Article) of "share certificates, etc." (as provided in Article 27-23, paragraph (1) of the same Act) of the Company, (ii) a person who conducts a "purchase, etc." (as provided in Article 27-2, paragraph (1) of the same Act, including a purchase, etc. conducted on a financial instruments exchange market) of "share certificates, etc." (as provided in Article 27-2, paragraph (1) of the same Act) of the Company and its "specially related party" (as provided in Article 27-2, paragraph (7) of the same Act), and (iii) a related party of any of the persons set forth in (i) or (ii) above (meaning a group of investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with those persons, other persons who share

common substantial interests with those persons, tender offer agents, lawyers, accountants, other advisors, or persons reasonably considered by the Company's board of directors as persons who are substantially controlled by those persons or who act jointly or cooperatively with those persons).

(Note 2) The term "holding ratio of voting rights" refers to, depending on the specific purchase method of the specific shareholders' group, (i) a "holding ratio of share certificates, etc." (as provided in Article 27-23, paragraph (4) of the Financial Instruments and Exchange Act) of the specific shareholders' group if such group is a holder and its joint holder of the "share certificates, etc." (as provided in Article 27-23, paragraph (1) of the same Act) of the Company (in this case, the "number of share certificates, etc. held" (as provided in the same paragraph) by joint holders of the holder will be considered for the purpose of this calculation); or (ii) the total of the "ownership ratio of share certificates, etc." (as provided in Article 27-2, paragraph (8) of the same Act) of the specific shareholders' group if such group is a person conducting a purchase, etc. of share certificates, etc. (as provided in Article 27-2, paragraph (1) of the same Act) of the Company and the specially related party of such person. For the purpose of calculating a holding ratio of share certificates, etc. or a ownership ratio of share certificates, etc., the latest annual securities report, quarterly securities report, and report on repurchase may be referred to with respect to the "total number of issued shares" (as provided in Article 27-23, paragraph (4) of the same Act) and the "total number of voting rights" (as provided in Article 27-2, paragraph (8) of the same Act).

(Note 3) The term "certificates, etc." refers to certificates, etc. provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act.

(Note 4) Decision on whether "a relationship between the specific shareholders' group and the relevant shareholder where either one substantially controls the other or where they act jointly or cooperatively" has been established will be made based on (a) formation of any relationship such as a new investment relationship, business alliance relationship, business or contractual relationship, interlocking directorate relationship, funding relationship, credit granting relationship, relationship of substantial interests concerning share certificates, etc. of the Company through derivatives, stock lending, etc.; and (b) effects that the specific shareholders' group and the relevant shareholder directly or indirectly have on the Company, among other things.

(Note 5) Decision on whether the action specified in (iii) in the main text above has taken place will be reasonably made by the Company's board of directors (in making the decision, the Independent Committee's recommendations will be fully respected). The Company's board of directors may request information from its shareholders to the extent necessary to make the decision on whether the relevant action falls under the requirements specified in (iii) of the main text above.

(3) Procedures leading to triggering of countermeasures

The Response Policies aim to secure an opportunity for the shareholders to express their will regarding whether to accept the conduct of the Large-scale Purchase Actions, etc. Due to procedural reasons, the Company requires a reasonable preparation period to hold a Shareholders' Will Confirmation Meeting. The Response Policies also aim, as the premise for the shareholders to deliberate over the propriety of the relevant Large-scale Purchase Action, etc., to request information from the Large-scale Purchaser and to secure the time required for the shareholders to deliberate based on that information.

Accordingly, in order to obtain information concerning the Large-scale Purchase Action, etc. from the Large-scale Purchaser, to secure a deliberation period for the shareholders, and then to ensure

that a Shareholders' Will Confirmation Meeting will be held, the Large-scale Purchaser will be required to comply with the following procedures provided in the Response Policies.

(i) Submission of an explanation of the purpose of the Large-scale Purchase Action, etc.

The Large-scale Purchaser will be required to submit an explanation of the purpose of the Large-scale Purchase Action, etc. to the Company's board of directors in writing no later than 60 business days before the commencement of the Large-scale Purchase Action, etc.

The explanation of the purpose of the Large-scale Purchase Action, etc. will be required to contain substance equivalent to that to be contained in a tender offer statement provided in Article 27-3, paragraph (2) of the Financial Instruments and Exchange Act, in Japanese, according to the details, manner, and other factors of the Large-scale Purchase Action, etc. intended to be conducted, to which the representative of the Large-scale Purchaser will be required to affix his/her signature or his/her name and seal, and the representative's certificate of qualification will be required to be attached.

(ii) Provision of information

The Company will request that the Large-scale Purchaser provide the information specified in **Exhibit** that is considered necessary for the shareholders to decide whether to accept the conduct of the Large-scale Purchase Action, etc., at a Shareholders' Will Confirmation Meeting (whose substance is subject to change to a reasonable extent according to the details, manner, and other factors of the Large-scale Purchase Action, etc.; hereinafter, the information is referred to as the "Necessary Information") within five business days from the day on which the Company's board of directors receives an explanation of the purpose of the Large-scale Purchase Action, etc. (the first day is not included).

If the Necessary Information is submitted, the Company will disclose the fact that it has been submitted and its substance in a timely and appropriate manner to the necessary or beneficial extent for the shareholders to decide whether to accept the conduct of the Large-scale Purchase Action, etc. If the Company's board of directors reasonably decides that the information received from the Large-scale Purchaser is insufficient for the shareholders to decide whether to accept the conduct of the Large-scale Purchase Action, etc. in light of the details, manner, and other factors of the Large-scale Purchase Action, etc., then it may request that the Large-scale Purchaser provide additional information by setting a due date as necessary (in making that decision, the Independent Committee's opinions will be fully respected). In this case, the Large-scale Purchaser will be required to provide the relevant additional information to the Company's board of directors by the due date. If the additional information is provided, the Company will also disclose the fact that it has been provided and its substance in a timely and appropriate manner, to the necessary or beneficial extent for the shareholders to decide whether to accept the conduct of the Large-scale Purchase Action, etc.

(iii) Board of Directors' Evaluation Period

The Company's board of directors will set 60 business days from the date when the Company receives an explanation of the purpose of the Large-scale Purchase Action, etc. from the Large Purchaser, as the period for the Company's board of directors to evaluate and consider the propriety of the conduct of the Large-scale Purchase Action, etc. (the "Board of Directors' Evaluation Period"). The Board of Directors' Evaluation Period is calculated not on a calendar day basis but on a business day basis, considering that the period starts not from the completion of the information provision stated in (ii) above but

from the date of receiving an explanation of the purpose of the Large-scale Purchase Action, etc.

The Large-scale Purchase Action, etc. is to be commenced only after the Board of Directors' Evaluation Period has passed (alternatively, if a Shareholders' Will Confirmation Meeting is held, then after the proposal on triggering the countermeasures is disapproved and the Shareholders' Will Confirmation Meeting is concluded).

(iv) Holding of a Shareholders' Will Confirmation Meeting

If the Company's board of directors opposes the conduct of the Large-scale Purchase Action, etc. and considers it appropriate to trigger the countermeasures against it, the Company will decide to hold a Shareholders' Will Confirmation Meeting within 60 business days after receiving an explanation of the purpose of the Large-scale Purchase Action, etc. and thereafter promptly hold a Shareholders' Will Confirmation Meeting. At the Shareholders' Will Confirmation Meeting, the shareholders' will is to be confirmed regarding whether to accept the conduct of the Large-scale Purchase Action, etc., by asking for a vote for or against the proposal on triggering the countermeasures. Meanwhile, the Company's board of directors may make a proposal to maximize the Company's corporate value and the shareholders' common interests that will serve as an alternative to the conduct of the Large-scale Purchase Action, etc. When making such proposal, the Company's board of directors will fully respect the Independent Committee's opinions.

The Company shareholders will be requested to express their decision on whether to accept the conduct of the Large-scale Purchase Action, etc. after deliberating over the information regarding the Large-scale Purchase Action, etc., by voting for or against the proposal on triggering the countermeasures submitted by the Company's board of directors. If the proposal is passed by the consent of a majority of the voting rights of the shareholders present at the Shareholders' Will Confirmation Meeting who are entitled to exercise voting rights, the proposal on triggering the countermeasures will be approved. In addition, if a Shareholders' Will Confirmation Meeting is held, details such as the record date for exercise of the voting rights and the date and time to hold the Shareholders' Will Confirmation Meeting will be timely and properly announced.

(v) Countermeasures

If the Company shareholders approve the proposal on triggering the countermeasures submitted by the Company's board of directors, at the Shareholders' Will Confirmation Meeting, the Company's board of directors will trigger the countermeasures stated in **3.** below (allotment of the Share Options subject to discriminatory exercise conditions and acquisition clause without contribution), in accordance with the shareholders' will, by fully respecting the Independent Committee's opinions. Meanwhile, if the Company shareholders do not approve the proposal on triggering the countermeasures, at the Shareholders' Will Confirmation Meeting, then the Company's board of directors will not trigger the countermeasures, in accordance with the shareholders' will.

However, if the Large-scale Purchaser does not comply with the procedures stated in (i) to (iii) above and attempts to conduct the Large-scale Purchase Action, etc. before the Shareholders' Will Confirmation Meeting stated in (iv) above is held, this will preclude ensuring the time necessary for the Company shareholders to deliberate, using the information to be disclosed by the Large-scale Purchaser, or the opportunity for the Company to confirm their will, regarding whether to accept the Large-scale Purchase Action, etc. Therefore, in such a case, the Company's board of directors will trigger the countermeasures without holding the Shareholders' Will Confirmation Meeting, unless

exceptions apply. In determining whether triggering the countermeasures is appropriate, the Company's board of directors will fully respect the Independent Committee's opinions. In addition, the report of the Corporate Value Study Group of the Ministry of Economy, Trade and Industry, dated June 30, 2008, titled "Takeover Defense Measures in Light of Recent Environmental Changes" also sets forth that "the board of directors would be permitted to adopt takeover defense measures and implement them against the acquirers who do not temporarily halt, violating procedures within a scope recognized as reasonable, in case of ensuring adequate time and information necessary for shareholders to appropriately judge the propriety of the takeovers or opportunities for negotiation to extract better takeover terms for shareholders through negotiation with the acquirers."

3. Outline of the Countermeasures (allotment of Share Options without contribution)

The following provides an outline of the allotment of Share Options without contribution to be conducted by the Company as countermeasures under the Response Policies (details of the Share Options not provided below will be separately determined by the Company's board of directors by its resolution regarding the allotment of Share Options without contribution).

(1) Substance of Share Options to be allotted

(i) Type of shares underlying Share Options

Common shares of the Company

(ii) Number of shares underlying Share Options

The number of shares underlying one Share Option shall be separately determined by the board of directors.

(iii) Value of assets required for exercise of Share Options

The form of assets required for the exercise of the Share Options shall be cash, and the value thereof shall be one yen multiplied by the number of shares underlying each Share Option.

(iv) Exercise period for Share Options

The period in which the Share Options may be exercised shall be a certain period separately determined by the board of directors.

(v) Conditions for exercise of Share Options

(a) No Share Options held (or substantially held) by Ineligible Persons may be exercised.

"Ineligible Persons" means any of the following persons:

(i) Large-scale Purchaser;
(ii) Joint holder (Article 27-23, paragraphs (5) and (6) of the Financial Instruments and Exchange Act) of a Large-scale Purchaser;
(iii) Specially related party (Article 27-2, paragraph (7) of the Financial Instruments and Exchange Act) of a Large-scale Purchaser; or

(iv) A person who the Company's board of directors reasonably determines falls under either of the following, taking into account the Independent Committee's recommendations:

(x) A person who acquires or succeeds to a Share Option from any of the persons set forth in (i) above through to and including (iv) without the Company's approval; or

(y) A "related party" of any of the persons set forth in (i) above through to and including (iv). A "related party" means investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with those persons, other persons who share common substantial interests with those persons, tender offer agents, lawyers, accountants, other advisors, or persons who are substantially controlled by those persons or who act jointly or cooperatively with those persons. In deciding whether a partnership or other fund falls under a "related party," the fund manager's substantive identity and other factors are taken into account.

(b) A holder of Share Options may exercise its Share Options only if it provides the Company with: a document containing its representations, warranties regarding the holder not being an Ineligible Person as listed in **(v)(a)** above (if the Share Options are exercised on behalf of a third party, including the third party not being an Ineligible Person in **(v)(a)** above), indemnifications and other matters designated by the Company; materials that demonstrate the satisfaction of conditions reasonably required by the Company; and a document required by any Laws.

(c) If, pursuant to applicable securities laws and other Laws of foreign countries, it is necessary to implement prescribed procedures or satisfy prescribed conditions with respect to exercise of the Share Options by any person residing in the jurisdiction of these Laws, the person residing in that jurisdiction may exercise the Share Options only if the Company deems that all of these procedures and conditions have been implemented or satisfied. Meanwhile, even if implementation or satisfaction of the above procedures and conditions by the Company would enable a person residing in that jurisdiction to exercise the Share Options, the Company will not be obligated to implement or satisfy them.

(d) The confirmation regarding the satisfaction of the conditions specified in (v)(c) above shall be pursuant to the procedures to be prescribed by the board of directors, which will be similar to those set forth in **(v)(b)** above .

(vi) Acquisition clause

(a) On a date that comes on or after the effective date of allotment of the Share Options without contribution and that is designated by the board of directors, the Company may acquire the Share Options that can be exercised in accordance with **(v)(a) and (b)** above (i.e., which are held by persons who do not fall under Ineligible Persons) but that have not been exercised yet (including the Share Options that are held by persons who fall under **(v)(c)** above; hereinafter referred to as "Exercisable Share Options" in **(vi)(b)** below), by providing, as consideration therefor, such persons with common shares of the Company in the number equivalent to the integer portion of the product of: (a) the number of the Share Options to be acquired; and (b) the number of shares underlying one Share Option.

(b) On a date that comes on or after the effective date of allotment of the Share Options without contribution and that is designated by the board of directors, the Company may acquire the Share Options, other than the Exercisable Share Options, that have not been exercised yet. It may do this by providing, as consideration therefor, such shareholders with share options, the exercise of which by Ineligible Persons is subject to certain restrictions (i.e., subject to the exercise conditions and acquisition clause described below and other features set forth by the board of directors; these share options shall hereinafter be referred to as the "Second Share Options"), in the same number as the number of the Share Options to be acquired.

(i) Exercise conditions

Ineligible Persons shall not exercise the Second Share Options except for the following case and other cases provided by the Company's board of directors:

(x) If the Large-scale Purchaser ceases or withdraws the Large-scale Purchase Action, etc. after a resolution of a Shareholders' Will Confirmation Meeting, and pledges not to conduct any Large-scale Purchase Action, etc. thereafter, and the Large-scale Purchaser and other Ineligible Persons have disposed of shares of the Company by delegating it to the securities corporation approved by the Company; and

(y) If the ratio recognized by the Company's board of directors as the holding ratio of share certificates, etc. of the Large-scale Purchaser after the disposal (in this (i), when calculating the holding ratio of share certificates, etc., Ineligible Persons other than the Large-scale Purchaser or its joint holder will also be deemed to be joint holders of the Large-scale Purchaser; and the Second Share Options held by Ineligible Persons for which the exercise conditions have not been satisfied will be excluded) falls below 20%, then the Large-scale Purchaser and other Ineligible Persons that have disposed of shares of the Company may exercise the Second Share Options, the number of underlying shares of which is equivalent to that of shares having been disposed, only to the extent that the ratio after the exercise falls below 20%.

(ii) Acquisition clause

If any of the Second Share Options remains unexercised as of the 10th anniversary of their delivery date, the Company may acquire the Second Share Options (limited to those for which the exercise conditions have not been satisfied) by providing, as consideration therefor, money equivalent to the market value of the Second Share Options at that time.

(c) The confirmation regarding the satisfaction of the conditions concerning compulsory acquisition of the Share Options shall be pursuant to the procedures to be prescribed by the board of directors, which will be similar to those set forth in **(v)(b)** above. At any time not later than the day immediately before the commencement date of the period in which the Share Options may be exercised, if the Company's board of directors considers it appropriate for the Company to acquire the Share Options, the Company may acquire all the Share Options without consideration on a date separately designated by the Company's board of directors.

(vii) Approval for transfer

Any acquisition of the Share Options through transfer will require the approval of the board of directors.

(viii) Matters concerning the stated capital and reserves

Matters concerning the stated capital and capital reserves to be increased in conjunction with events such as the exercise, and acquisition pursuant to the acquisition clause, of the Share Options shall be provided in accordance with the Laws.

(ix) Fractions

If the number of shares to be delivered to a person who has exercised the Share Option(s) includes a fraction less than one share, such fraction will be rounded down. When the holder of the Share Options exercises multiple Share Options at one time, the fraction of the number of shares to be delivered to the holder of the Share Options may be determined after adding all of the number of shares (containing fractions) to be delivered by that exercise of the Share Options.

(x) Issuance of share option certificates

No share option certificates will be issued for the Share Options.

(2) Number of Share Options allotted to shareholders

One Share Option will be allotted per common share of the Company (excluding the Company's common shares held by the Company).

(3) Shareholders eligible for allotment of Share Options without contribution

Share Options will be allotted to all shareholders (excluding the Company) holding common shares of the Company who are listed or recorded in the latest shareholder registry on the record date separately designated by the board of directors.

(4) Total number of Share Options

The total number of Share Options to be allotted will be equal to the latest total number of issued shares of the Company as of the record date separately designated by the board of directors (excluding the number of the Company's common shares held by the Company).

(5) Effective date of allotment of Share Options without contribution

The effective date will be a date that falls on the record date or a date thereafter separately designated by the board of directors.

(6) Other matters

Allotment of Share Options without contribution will take effect, subject to either of the following conditions being satisfied: (i) approval by a Shareholders' Will Confirmation Meeting is obtained and the Large-scale Purchase Action, etc. is not withdrawn; or (ii) the Large-scale Purchaser does not observe the procedures set forth in **III.2(3)** below and attempts to conduct its Large-scale Purchase Action, etc. before the Shareholders' Will Confirmation Meeting set forth in **2(3)(iv)** above is held.

4. Impact on shareholders and investors

(1) Impact of the Response Policies on shareholders and investors upon the introduction thereof

Upon introducing the Response Policies, the Company will not conduct an allotment of the Share Options without contribution. Accordingly, the Response Policies will not have a direct and concrete impact on the rights and economic interests of shareholders and investors upon the introduction of the Response Policies.

(2) Impact on shareholders and investors upon allotment of the Share Options without contribution

The Share Options will be allotted to all shareholders automatically; accordingly, no shareholders will forfeit their rights in relation to the allotment of the Share Options. If the Company conducts an allotment of the Share Options without contribution, the per-share value of the shares of the Company held by shareholders will be diluted. However, the value of all the shares of the Company held by shareholders will not be diluted; thus, it is not anticipated that this will have any direct and concrete impact on the legal rights and economic interests of shareholders and investors. Further, before the exercise period of the Stock Options commences, the Company intends to acquire, through compulsory acquisition, all of the Share Options pursuant to the acquisition clause attached thereto; and the Company will deliver the shares of the Company to the Share Options that satisfy the exercise conditions.

However, if countermeasures are triggered, they may consequently cause disadvantages to the legal rights or economic interests of the Ineligible Persons prescribed in **3(1)(v)(a)** above.

Further, if the Company conducts an allotment of the Share Options without contribution, the Company shall set the record date to determine the shareholders to be entitled to receive them. Because the per-share value of the shares of the Company will be diluted due to the allotment of the Share Options without contribution, the share price of the shares of the Company may decline after the shareholders entitled to receive allotment of the Share Options without contribution are finally determined. The Company's board of directors will set the record date for allotment of the Share Options without contribution by considering the manner of the Large-scale Purchase Actions, etc. and various other circumstances. If the Company intends to set such a record date, the Company will disclose the same in a timely and appropriate manner.

If the Large-scale Purchaser observes the Large-Scale Purchase Rules described in **2(3)** above, and if the shareholders do not approve the proposal to trigger the countermeasures in the Shareholders' Will Confirmation Meeting, the Company will not conduct an allotment of the Share Options without contribution. Further, even after commencing procedures to trigger the countermeasures, the Company's board of directors may discontinue taking countermeasures if it decides that they no longer need to be triggered (in that case, the Company will disclose the same in a timely and appropriate manner in accordance with the Laws). Shareholders and investors who buy and sell, etc. shares of the Company on the assumption that the dilution of the per-share value of the shares of the Company occurs, may incur significant damage due to fluctuations in the share price if either of the above circumstances arises.

(3) Procedures required for shareholders upon allotment of the Share Options without contribution

(a) Procedures for allotment of the Share Options without contribution

If the Company's board of directors resolved to conduct an allotment of the Share Options without contribution, the Company will set the record date for allotment of the Share Options without contribution; and it will disclose the same in a timely and appropriate manner. In this case, the Share Options shall be allotted without contribution to the shareholders of the Company entered or recorded in the latest shareholder registry on the record date, in proportion to the number of common shares owned by them. Accordingly, the shareholders of the Company entered or recorded in the latest shareholder registry on the record date will be allotted the Share Options as a matter of course, without the need to take any specific procedures.

(b) Procedures for acquisition of the Share Options

Although conditions and procedures for exercise are set forth as described in **3.** above regarding the Share Options allotted to shareholders, the Company in principle intends to acquire the Share Options pursuant to the acquisition clause on a date, before the arrival of the exercise period, separately designated by the Company's board of directors. In this case, the Company will conduct the acquisition by issuing a public notice not later than two weeks before the intended acquisition date, in accordance with the Laws.

If the Company acquires the Share Options pursuant to the acquisition clause in accordance with **3(1)(vi)(b)** above, the shareholders will receive allotment of the shares of the Company as compensation for acquisition of the Share Options by the Company, without the need to pay money equivalent to the exercise price.

However, the handling of matters such as acquisition or exercise of the Share Options regarding Ineligible Persons will differ from that of other shareholders.

(c) Other procedures

Regarding the details of each of the above procedures, the Company will make disclosure in a timely and appropriate manner in accordance with the Laws when these procedures actually become necessary. Accordingly, please check the specific content of such disclosure.

5. Structure to enhance reasonableness of the Response Policies

(1) The Response Policies take into account the purposes of the guidelines regarding takeover defense measures at normal times

The Response Policies differ from so-called takeover defense measures that are introduced at normal times, but have been formulated in light of: (i) the content of the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice, on May 27, 2005; (ii) the proposal in the report of the Corporate Value Study Group of the Ministry of Economy, Trade and Industry, dated June 30, 2008, titled "Takeover Defense Measures in Light of Recent Environmental Changes"; and (iii) the purposes of the rules for introduction of takeover defense measures, in relation to takeover defense measures at normal times prescribed by the Tokyo Stock Exchange, and of "Principle 1.5 Anti-Takeover Measures" of the "Japan's Corporate Governance Code" (as revised on June 1, 2018) that the Tokyo Stock Exchange

introduced and started applying from June 1, 2015, due to revision of the Securities Listing Regulations. Therefore, the requirements specified in those guidelines that also apply to the emergency countermeasures are satisfied in the Response Policies.

(2) Respect of the shareholders' will (structure where the shareholders' will is directly reflected)

When triggering the countermeasures based on the Response Policies, the Company will reflect its shareholders' will by holding a Shareholders' Will Confirmation Meeting. As long as the Large-scale Purchaser complies with the procedures stated in **2(3)** above, whether to trigger the countermeasures will be decided based only on the shareholders' will expressed at the Shareholders' Will Confirmation Meeting.

Meanwhile, if the Large-scale Purchaser does not comply with the procedures stated in **2(3)** above and attempts to conduct its Large-scale Purchase Action, etc. before the Shareholders' Will Confirmation Meeting stated in **2(3)(iv)** above is held, the countermeasures will be triggered only by a decision of the board of directors by fully respecting the Independent Committee's opinions. This is attributable to the Large-scale Purchaser's decision not to provide an opportunity for the Company shareholders to determine the propriety of the Large-scale Purchase Action, etc. after deliberating over the necessary and sufficient information. Therefore, the Company believes that triggering the countermeasures against such Large-scale Purchase Action, etc. disregarding its shareholders' will is unavoidable to protect opportunities to confirm its shareholders' will.

In addition, as stated in **6.** below, the effective term of the Response Policies is until the conclusion of the first meeting of the board of directors held after the ordinary shareholders meeting of the Company held in 2020, in principle.

As such, the Response Policies fully respect the shareholders' will.

(3) Elimination of the board of directors' arbitrary decisions

As stated in **(2)** above, the Company will hold a Shareholders' Will Confirmation Meeting and decide whether to trigger the countermeasures against the Large-scale Purchase Action, etc. in accordance with its shareholders' will. As long as the Large-scale Purchaser complies with the procedures stated in **2(3)** above, whether to trigger the countermeasures will be decided based on the Shareholders' Will Confirmation Meeting; and the countermeasures will not be triggered at the arbitrary discretion of the Company's board of directors.

Further, as stated in **2(1)(ii)** above, the Company will obtain recommendations from the Independent Committee comprising three of its independent outside directors, regarding the matters necessary to consider the propriety of triggering the countermeasures or otherwise take action in line with the countermeasures, in order to ensure the necessity and appropriateness of the Response Policies and to prevent them from being abused to protect management interests. The Company's board of directors fully respects the Independent Committee's opinions, in order to ensure the fairness of the board of directors' decisions and eliminate its arbitrary decisions. In addition, the Independent Committee may, among other things, obtain advice from external experts (such as financial advisors, attorneys-at-law, certified public accountants, and tax accountants) independent from the Company's board of directors and the Independent Committee, as necessary. As such, the objectiveness and reasonableness of the Independent Committee's decisions are ensured.

Therefore, the Response Policies eliminate the board of directors' arbitrary decisions.

(4) The Response Policies are not a dead-hand takeover defense measure or a slow-hand takeover defense measure

As stated in **6.** below, the Response Policies are abolishable at any time by resolution of the board of directors comprising the directors appointed at a shareholders meeting; therefore, the Response Policies are not a so-called dead-hand takeover defense measure (meaning a takeover defense measure that cannot be prevented from being triggered even by replacing a majority of the members of the board of directors) or a slow-hand takeover defense measure (meaning a takeover defense measure that requires time to be prevented from being triggered because the members of the board of directors cannot be replaced all at once).

6. Abolition procedures and effective term of the Response Policies

The effective term of the Response Policies is until the conclusion of the first meeting of the board of directors held after the ordinary shareholders meeting of the Company held in 2020. However, at the conclusion of the first meeting of the board of directors after the ordinary shareholders meeting of the Company held in 2020, if there are persons who are actually engaged in, or contemplating, a Large-scale Purchase Action, etc. and are designated by the Company's board of directors, the effective term will be extended, to the extent necessary to respond to such actions engaged in or contemplated. As stated above, the Response Policies will be primarily introduced to respond to large-scale purchases that have already emerged, including the Tender Offer; therefore, the Response Policies are not planned to be maintained after specific large-scale purchases are no longer contemplated.

In addition, if the board of directors comprising the directors appointed at the Company's shareholders meeting resolves to abolish the Response Policies before expiration of the effective term, they will be abolished upon such resolution.

End

(Exhibit) Information requested to provide by Large-scale Purchaser

Part 1 Details of Large-scale Purchaser, etc. and group thereof

1. In the event that the Large-scale Purchaser is a corporate entity, we request provision of the following information: location of its head office, contact details in Japan, governing laws of incorporation, business description, number of employees, a summary of offices, name and career history (including a record of positions held and rewards and punishments received in the past, hereinafter "Career") of each officer for the past ten years, a summary of the major investors (the top ten as determined by shares held or investment ratio, including specific name, address, governing laws of incorporation, capital structure, investments made in other entities and the ratios thereof, name and Career of representative for the past ten years), in the event that there is any person that substantially controls the Large-scale Purchaser, a profile of the person (including the specific nature of the control over the Large-scale Purchaser, specific name, address, governing laws of incorporation, capital structure, investments made in other entities and the ratios thereof, name and Career of representative for the past ten years), main bank, investments made in other entities and the ratios thereof, a summary of the substantially controlling or managing fund (regardless of whether it was established based on Japanese law or foreign law, or what legal statute the fund is based on, hereinafter "the Fund") and its partner or investor (regardless of whether the investment is made directly or indirectly), managing partners, and individuals who provide investment advice on an ongoing basis (hereinafter "Partners," including specific name, address, governing laws of incorporation, capital structure, investments made in other entities and ratios thereof, name and Career of representative for the past ten years, hereinafter "the Profile of the Partners"), detailed investment policies, detailed information on investment and loan activities for the past ten years, and whether the entity falls under a "Foreign Investor" (hereinafter "Foreign Investor") as stipulated in Article 26, paragraph 1 of the Foreign Exchange and Foreign Trade Act (hereinafter "Foreign Exchange Law") and information which serves as the basis for designation as a Foreign Investor (including status of holders of direct and indirect voting rights, and whether officers have any addresses or residences in Japan).

2. In the event that the Large-scale Purchaser is a corporate entity, we request provision of the following information: address of the representative, contact details in Japan, place of tax payment, main bank, Career for the past ten years, investments made in other entities, the ratios thereof and titles held at those entities, a summary of the substantially controlling or managing Fund and its Partners, detailed investment policies, and detailed information on investment and loan activities for the past ten years.

3. In the event that the Large-scale Purchaser is an individual, we request provision of the following information: address, contact details in Japan, place of tax payment, main bank, Career for the past ten years, investments made in other entities, the ratios thereof and titles held at those entities, a summary of the substantially controlling or managing Fund and its Partners, detailed investment policies, detailed information on investment and loan activities for the past ten years, and whether the individual falls under a Foreign Investor and the information which serves as the basis for designation as a Foreign Investor (including whether he/she has any addresses or residences in Japan).

4. In the event that there exists a joint holder or specially related party of the Large-scale Purchaser regarding the share certificates, etc. of the Company under the Financial Instruments and Exchange Act, a parent company, subsidiary, and/or affiliated companies of the Large-scale Purchaser, an individual or group of relatives that is able to exert substantial influence over the Large-scale Purchaser (hereinafter, these persons and the Large-scale Purchaser are collectively "Large-scale Purchaser Group"), and in the event that the person is a corporate entity, we request provision of the information stated in 1 above, as well as information concerning its representative equivalent to that stated in 2 above, and in the event that the person is an individual, we request provision of information equivalent to that stated in 3 above, respectively.

5. We request provision of the following information: a summary of the decision-making bodies (the names of the respective decision-making bodies, specific matters under their respective authority, and their decision-making procedures) of the Funds, corporate entities, partnerships, and other associations that are included in the Large-scale Purchaser Group (including any person who gives the decision-making bodies directions and advice, if any, and this shall apply hereinafter). If these decision-making bodies are made up of individuals, we request provision of the following information: their specific job titles, names and Careers, and if these decision-making bodies are committees, we request provision of the following information: the scope of the relevant persons and the number qualified to participate in them. We also request provision of the following information: whether there are any persons who are involved in decision-making for the purchases of the Company's shares (hereinafter "Share Purchase") other than the Large-scale Purchaser Group, and if there are such persons, their specific names or trade names, a summary of the persons, their roles, and a summary of the decision-making bodies (the names of the respective decision-making bodies, specific matters under their respective authority, and their decision-making procedures).

6. We request provision of the following specific information: the number of the Company's share certificates, etc. held by each member of the Large-scale Purchaser Group (including the Company's share certificates, etc. substantially held through equity swaps and other derivatives, etc., hereinafter "Held Share Certificates, etc."); the number of share certificates, etc. if the Held Share Certificates, etc. include the Company's share certificates, etc. substantially held through equity swaps and other derivatives, etc., details of the derivatives, etc., and a summary of the counterparty and other persons involved in the contracts regarding the derivatives, etc. (including their specific names, addresses, governing laws of incorporation, capital structure, and the names of the representatives); the number of share certificates, etc. among the Held Share Certificates, etc. pledged as collateral, and a summary of persons who have the security interests, etc. (including their specific names, addresses, governing laws of incorporation, capital structure, and the names of the representatives), and the trading for the Company's share certificates, etc. including the Held Share Certificates, etc. by the Large-scale Purchaser Group within the last sixty (60) days.

7. We request provision of the following specific information: the names of shareholders in the shareholder register of the Held Share Certificates, etc. of the Large-scale Purchaser Group, the number of shares in the shareholder register for each such person, which contract or other agreements make such person a shareholder in the shareholder register, and if it is planned to change the names of shareholders in the shareholder register, the new names of any such shareholders.

8. We request provision of the following information: the ratio of the price of the Held Share Certificates, etc. to the total assets of the Large-scale Purchaser.

9. We request provision of the following information: the ratio of the price of the Held Share Certificates, etc. to the total assets of the Large-scale Purchaser Group.

10. We request provision of the following specific information: details regarding the knowledge and experience of the Large-scale Purchaser Group and its members (including major shareholders or investors and significant subsidiaries and affiliated companies, and including main Partners in the event that the Large-scale Purchaser is the Fund, and this shall apply hereinafter) concerning our group's manufacturing and sales of injection molding machines, die cast machines, extrusion machines, machine tools, precision processing machines, industrial robots, electronically controlled equipment, and others, as well as the business of supplying parts and providing services, etc. related to the respective businesses (hereinafter "Company Business").

11. We request provision of the following information: whether the Large-scale Purchaser Group and its members have substantial experience in running companies and actually being involved in the work of such companies in Japan, and if so, the details of their experience in doing so (including the percentage of the voting rights held by the Large-scale Purchaser Group and the form of involvement in actual business duties or management). If

they have any particular experience in running companies or engaging in work related to businesses similar to the Company Business (excluding the case where they are merely holding shares of the companies), we request provision of the specific details.

12. We request provision of the following information: whether the Large-scale Purchaser Group and its members have substantial experience in running companies that run similar business to the Company Business, in countries other than Japan, through acquiring shares or dispatching officers. If they have such experience, we request provision of the following information with respect to the companies that the Large-scale Purchaser Group and its members have run: the names, governing laws of incorporation, the names of countries or regions in which their offices are located (please indicate the main offices if there are multiple offices), business description, history, capital structure and financial conditions, the percentage of the voting rights held by the Large-scale Purchaser Group and its members in the companies, and how the Large-scale Purchaser Group and its members ran the companies (such as whether they dispatched managers, what kind of support for realizing growth the Large-scale Purchaser Group and its members provided for the companies, among others).

13. We request provision of the following information with respect to the Large-scale Purchaser Group and its members: whether they have ever violated any laws and regulations (including laws, cabinet orders, rules, directives, ordinances, guidelines, notifications, administrative dispositions, rules for financial instrument exchanges, and/or other rules regardless of whether they are made in Japan or in foreign countries, and this shall apply hereinafter), in the present or in the past ten years (and if that is the case, the specific facts thereof), whether they have been convicted (including any pending cases, and if they have been convicted, the name of the crimes and the sentences), whether they have received any rulings, decisions, orders, or dispositions (including imposition of taxes), instructions or indications (including omissions in collection of taxes at the source, as identified by tax authorities) by judicial bodies, administrative bodies, and/or others (regardless of whether the bodies are located in Japan or in foreign countries, hereinafter "Rulings, etc.") which determined any violations of laws and regulations, etc., or whether they have been subject to any judicial procedures or administrative procedures related to the Rulings, etc. (regardless of whether they are the procedures of Japan or of foreign countries, and if they have been subject to any rulings or procedures , provide details of the Rulings, etc. and procedures).

14. We request provision of the following information with respect to the Large-scale Purchaser Group and its members: details of any ongoing lawsuits and/or other judicial procedures in Japan and in foreign countries (including the names of courts involved, the filing dates of the cases, involved parties, main issues, and amounts in controversy).

15. We request provision of the following information with respect to the Large-scale Purchaser Group and its members: if they have or have ever had any relationship(s) with anti-social groups or terrorist-related organizations, a summary of the anti-social groups or terrorist-related organizations, the names of the person(s) having relationships with anti-social groups or terrorist-related organizations, and their relationships with anti-social groups or terrorist-related organizations.

16. We request provision of the following information with respect to any Funds which the Large-scale Purchaser Group and its members have ever controlled or operated, corporate entities, partnerships, or other associations the Large-scale Purchaser Group and its members have ever belonged to, or their group companies or their members (including those who executed duties): whether they have ever violated any laws and regulations (if that is the case, the specific facts thereof), whether they have been convicted (including pending cases, and if they have been convicted, the name of the crimes and the sentences), whether they have received any Rulings, etc. by judicial bodies, administrative bodies and/or others which determined violations of laws and regulations, or whether they have been subject to any judicial procedures or administrative procedures related to the Rulings, etc. (if they have been subject to any rulings or procedures, provide details of the Rulings, etc. and procedures).

17. We request provision of the following specific information with respect to any case where the Large-scale Purchaser Group has ever acquired or held share certificates, etc. of companies in Japan, respectively: if the Large-scale Purchaser Group has ever made specific proposals, such as redirecting assets to the core business, disposing excessive assets, increasing dividends, exercising share buybacks, or appointing those who the Large-scale Purchaser Group recommended as directors, or through actions, such as meetings with the managers, with the aim of increasing the share price or returning profits to shareholders or others, specific details of the proposals, the response of the companies that received the proposals, whether or not the share prices rose as a result of the companies implementing the proposals, and the contents of profits that the Large-scale Purchaser Group subsequently received.

18. We request provision of the following specific information with respect to any case where the Large-scale Purchaser Group has ever acquired or held share certificates, etc. of companies in Japan: whether proxy fights have ever been carried out in order to realize the proposals of the Large-scale Purchaser Group, and, if so, what the specific outcomes were.

19. We request provision of the following information: details on and the effectiveness of the internal control system (including company group collective internal control systems) and compliance system in order to comply with laws and regulations of the Large-scale Purchaser Group.

20. We request provision of the balance sheets and the income statements of the respective companies from the past three years that are included in the Large-scale Purchaser Group.

21. We request provision of the following information: if the investment activities of the Large-scale Purchaser Group and its members include any cases in which they collected or attempted to collect the investment by directing the invested companies or large shareholders of the invested companies or the management or others concerned with the companies to purchase the acquired shares after they had acquired the shares in the invested companies, as well as a timeline of any such actions and their details. We also request provision of the following information: whether they are considering directing the Company, large shareholders of the Company, or the management or others to acquire the share certificates, etc. after they have acquired the shares of the Company, and any other methods for collecting investments and their contents if the Company, large shareholders of the Company, or the management or others decline the acquisition, as well as their thoughts on the economic reasonableness, feasibility, timing, etc. thereof.

22. We request provision of the following specific information with respect to any investment activities the corporate entities or the Funds that the Large-scale Purchaser Group and its members have ever conducted, controlled, or operated, or the corporate entities or the Funds that the Large-scale Purchaser Group and its members have ever belonged to, respectively: the names of the investment destinations, the reasons for choosing each of them as investment destinations (including the specific contents of the investment criteria of the Large-scale Purchaser Group), the timing of the beginning of the acquisition of the share certificates, etc., the purpose of acquiring the share certificates, etc., investment policies, the method and period for collection of investments, proposals made to investment destinations, and if any activity was conducted to enhance the corporate value of investment destinations, the specific contents of the activity, the contents of involvement in business management after making investments, whether the important assets were sold or disposed of after making investments, the method for acquiring the share certificates, etc. of each investment destination, the method and the period for collection of investment, the performance trend after making investments, and whether they established amicable relationships with the management or employees of the respective investment destinations.

23. We request provision of the following information: the purpose of the holding of Held Share Certificates, etc. by the Large-scale Purchaser Group and the future policy for the holding (if they are considering to dispose of the Held Share Certificates, etc., the currently-presumable purpose, timing, trading conditions, the number of shares, the counterparty, the method, and whether they intend to demand that the Company buy the Held Share

Certificates, etc. through share buybacks (if there is such an intention, including its specific contents, such as the presumed selling price, the total number of share certificates, etc.).

Part 2. Purpose, Methods, and Contents, etc. of the Share Purchase

1. We request provision of a specific explanation for the reason, basis, etc. for selecting the Large-scale Purchaser from the Large-Scale Purchaser Group as the subject of the Share Purchase.

2. If the Large-scale Purchaser conducts the Share Purchase, the number of shareholders of the Company, the number of tradable shares, the ratio of tradable shares, and the current total market value of tradable shares will decline, along with a decline in the liquidity of the Company's shares. Taking the potential effects of this situation on the Company's shares into account, we request provision of your specific thoughts on (1) the impact on the function to form the proper share price of the Company in the market, (2) the possibility of changing the listed market of the Company's shares and the impact on maintaining the listing, (3) the impact on the investment appetite of potential investors in the Company (institutional investors), and (4) other impacts on the corporate value and shareholders' interests of the Company if the Share Purchase is carried out by the Large-scale Purchaser. Additionally, we request provision of your specific reason and true intent for continuing to purchase share certificates, etc. of the Company even though shares of the Company will lose their liquidity, as mentioned above.

3. Under the circumstances described above (that if the Share Purchase is carried out by the Large-scale Purchaser, the liquidity of the Company's shares will decrease), we request provision of your specific thoughts on how much the share price is expected to rise and how shareholders' interests will be influenced, by indicating the grounds, basis, etc. for each case.

4. We request provision of the following specific information: the policy for acquiring share certificates, etc. of the Company by the Large-scale Purchaser Group, the assumed investment returns, the period for collection of investments, the investment amount to collect, and other basic approaches for investment policies.

5. We request provision of the following information: management or financial indicators on which importance is placed when the Large-scale Purchaser Group invests in the Company, and the level of such indicators that the Large-scale Purchaser Group finds desirable.

6. We request provision of the following specific information: whether the corporate value and the share value of each company of the Company group are appropriately evaluated in the current share price of the Company, and which criteria are employed for that evaluation. If you do not find them to have been evaluated appropriately, we request provision of your specific thoughts on the reason why the Company's shares have not been reasonably evaluated in the market.

7. We request provision of the following information: the average cost per share when the Large-Scale Purchaser Group has acquired the Held Share Certificates, etc. up to the present.

8. We request provision of the following specific information: whether you are considering to make some proposals or offer the Company advice about the business management of the Company after the Share Purchase, what kind of proposals or advice you plan to submit, and for what kind of event or under what kind of conditions.

9. We request provision of the following facts: the timing of when you initiated specific consideration of the Share Purchase, the reason, history, and timing of your decision that to conduct the Share Purchase as a result of such consideration, and the facts and the premises that led you to make this decision.

10. We request provision of the specific reason for choosing the Company as an investment destination.

11. We request provision of the reason why you chose the present as the time to implement the Share Purchase.

12. We request provision of the reason why you chose the purchase in the market as the purchase method (i.e., the reason that you chose the purchase in the market rather than other methods, such as a tender offer).

13. If the Company conducts the process to confirm our existing shareholders' will, we request your answer as to whether the Large-scale Purchaser will cooperate in the process. For instance, if the Company proposes an agenda item on the propriety of the Share Purchase to a general meeting of shareholders to confirm the shareholders' will, whether the Large-scale Purchaser (1) will hold the Share Purchase temporarily and cooperate in holding the general meeting of shareholders, and (2) will follow the resolution at the general meeting of shareholders in the event that it is resolved to oppose the Share Purchase and demand that the Large-scale Purchaser hold the Share Purchase (on the condition that the resolution needs the majority of the voting rights of shareholders with voting rights who attend the general meeting of shareholders).

14. We request provision of the following information: details of the transactions involving the Company's share certificates, etc. (such as the timing, counterparties, methods, prices, etc.) that the Large-scale Purchaser Group has made so far (including transactions made within the Large-scale Purchaser Group).

15. We request provision of the following specific information: if you have any experience in matters described in Items 11 or 12, or in Part 1 above, detail which experience(s) of yours (along with which company such experience(s) occurred with) will be useful in which part of the business management of the Company.

16. We request provision of the following specific information: the restrictions pursuant to the Foreign Exchange Law and other laws that may be applicable to the implementation of the Share Purchase, the contents of any such approval or permission, etc. pursuant to the Antimonopoly Act and/or other laws that should be obtained from governments or third parties within and outside Japan, and the current situation of obtaining, implementing, or complying with the above.

17. We request provision of the following specific information: the possibility of maintaining permissions and approvals within and outside Japan necessary for managing the Company group and for complying with the various laws and regulations within and outside Japan after the completion of the Share Purchase.

18. We request provision of the following information, respectively: a summary of the investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with those persons, lawyers, accountants, and/or other advisors engaged by the Large-scale Purchaser Group for the Share Purchase (including specified names, addresses, governing laws of incorporation, and names of representatives).

Part 3. Basis for calculating the consideration for the Share Purchase and financial support thereof

1. We request provision of the following specific information: in order to execute the Share Purchase, the basis for calculating the consideration for the Share Purchase as well as the details of the calculation(s) (including facts and assumptions for the calculation(s), calculation methods, calculating institutions and information thereof, numerical information used for the calculation(s), and the amounts of synergy and dis-synergy expected to result from a series of transactions relating to the Share Purchase and the calculation basis thereof).

2. We request provision of the following specific information: if all or part of the funds used for the Share Purchase (including a purchase action relating to our shares acquired to date by the Large-scale Purchaser Group) consist of ready cash owned by individuals, Funds, corporations, unions, and other members of the Large-scale Purchaser Group, the details of the ready cash (including names of the owners of the ready cash and ownership forms thereof, amounts thereof, and proportion of the ready cash and funds procured from external sources). Furthermore, we request the provision of any documents evidencing the ownership of the ready cash.

3. We request provision of the following specific information: if all or part of the funds used for the Share Purchase (including a purchase action relating to our shares acquired to date by the Large-Scale Purchaser Group) consist of funds procured from external sources, provide details of the funds procured from external sources (including

specified names and capital structure of the providers of the procured funds, and including substantial providers, irrespective of whether provided directly or indirectly), and if there are entities substantially controlling the providers of the procured funds, a summary of any such entities (including the specified forms of the control over the providers of the procured funds, specified names, addresses, governing laws of incorporation, capital structure, invested companies, the ratios thereof, and names and Careers during the past ten years of representatives), procurement methods, procured amounts, conditions for providing funds, presence/absence and details of mortgages and pledges after providing funds, and details of specified related transactions. Furthermore, we request provision of any documents evidencing the receipt of the provided funds.

Part 4. Communication with third parties

1. We request provision of the following information: if there is, in respect to the Share Purchase, prior discussion and/or other communication (including communication such as an act of making an important suggestion as set forth in Article 27-26, paragraph (1) of the Financial Instruments and Exchange Act) with third parties (including our competitors) other than the Company and the Large-scale Purchaser Group, the specific forms, contents, and a summary of the third parties (including specified names, addresses, governing laws of incorporation, capital structure, and names of representatives).

Part 5. Contracts on our shares, etc. held or scheduled to be acquired by Large-scale Purchaser

1. We request provision of the following information with respect to lease contracts, mortgage contracts, repurchase contracts, commitments to trade, and other important contracts or agreements regarding the share certificates, etc. of the Company (including those made orally, hereinafter "Mortgage Contracts, etc.") that the Large-scale Purchaser Group is executing at present or has executed in the past, a summary of the other parties to the Mortgage Contracts, etc. (including specified names, addresses, governing laws of incorporation, capital structure, and names of representatives), the number of share certificates, etc. of the Company covered by the Mortgage Contracts, etc., and details of the Mortgage Contracts, etc.

2. We request provision of the following information: if the Large-scale Purchaser Group plans to execute the Mortgage Contracts, etc. relating to the share certificates, etc. of the Company to be acquired in the Share Purchase, a summary of the other parties to the Mortgage Contracts, etc. (including specified names, addresses, governing laws of incorporation, capital structure, and names of representatives), the number of share certificates, etc. of the Company covered by the Mortgage Contracts, etc., and details of the Mortgage Contracts, etc.

Part 6. Management policies, business plans, capital policies, and dividend policies of the Company and the Company group after the Share Purchase

1. We request provision of the following information: whether the Large-scale Purchaser Group intends to participate in our company's management, and if so, the details thereof.

2. We request provision of the following specific information: whether you may propose to dispatch directors and other officers to the Company, and under which situation(s) you will propose to dispatch officers.

3. We request provision of the following specific information: management policies, business plans, fiscal plans, funding plans, investment plans, capital policies, and dividend policies of the Company and the Company group (including plans for sales, provision of mortgage, and disposal of the Company Business and assets after the completion of the Share Purchase) that the Large-scale Purchaser Group will design, as well as policies for treatment of customers, suppliers, officers, and employees of the Company and the Company group, and other stakeholders, including the local governments of areas in which the real estate and manufacturing facilities managed by the Company are located, after the completion of the Share Purchase.

4. We request provision of the following information: details of the shareholding policies of the Held Share Certificates, etc. by the Large-scale Purchaser Group after the completion of the Share Purchase (if the group

purchases our share certificates, etc. additionally, or sells the Held Share Certificates, etc. in the market, items assumed at present such as purposes, timing, transaction conditions, the number of shares, the other party, methods, and presence/absence of the intention to request that the Company purchase the Held Share Certificates, etc. for share buybacks (and if having this intention, the assumed purchase amounts and the total number of share certificates, etc.)).

5. We request provision of the following specific information: what the Large-scale Purchaser Group thinks the sources of our corporate value are and what kind of medium and long-term measures should be implemented to enhance our corporate value.

6. We request provision of the following specific information: what the Large-scale Purchaser Group thinks of the prospects in the industry related to the Company Business and our position in the industry.

7. We request provision of the following specific information: what the Large-scale Purchaser Group, based on your understanding of Item 6 above, thinks of the future demand and trends in the industry related to our business, our position in the industry (e.g., comparison with competitors), and the direction the management of the Company should aim for in the future.

8. We request provision of the following specific information: your understanding and evaluation of our capital policies, our capital policies deemed to be appropriate, and their effect(s) on our corporate value if those capital policies were to be adopted.

9. We request provision of the following specific information: your understanding and evaluation of our dividend policies, our dividend policies deemed to be appropriate, and their effect(s) on our corporate value if those dividend policies were to be adopted.

10. We request provision of the following specific information: your understanding and evaluation of our asset utilization policies, our asset utilization policies deemed to be appropriate, and their effect(s) on our corporate value if those asset utilization policies were to be adopted.

11. We request provision of the following specific information: the policies of the Large-scale Purchaser Group for exercising its voting rights at the shareholders' meeting of the Company (including details of the standards for exercising its voting rights) and its policies for exercising other rights as a shareholder.

12. We request provision of the following specific information: whether the Large-scale Purchaser Group expects to change investment ratios, management systems (e.g., role sharing between the Large-scale Purchaser Group and the Company), decision making methods, and/or business management policies, etc. after the Share Purchase, and if so, details regarding how those will be changed and for what kind of event or under what kinds of conditions.

13. We request provision of the following specific information: whether the Large-scale Purchaser Group will, with respect to the Company, implement acts such as capital increase/decrease, mergers, business assignment to/from others, stock exchange/transfer, and/or company split, as well as proposals, advice, and effects regarding transactions such as disposal/acquisition of important properties (including exercise of shareholders' appraisal rights), and if so, the details thereof.

Part 7. Treatment policies of our employees, unions, suppliers, customers, and other stakeholders including local communities after the Share Purchase

1. We request provision of the following information: whether the Large-scale Purchaser Group intends to respect our employees' interests and wishes, and if so, the details thereof.

2. We request provision of the following information: whether the Large-scale Purchaser Group will request any change(s) in our employees' working environment, and if so, the details and reasons thereof, and what kind of changes will be requested and for what kind of event or under what kinds of conditions.

3. We request provision of the following information: whether the Large-scale Purchaser Group intends to respect the interests and will of the Company and its present and future suppliers and/or customers, and if so, the details thereof.

4. We request provision of the following information: whether the Large-scale Purchaser Group will request any change(s) in the relationship with any suppliers and/or customers of our company and its affiliated companies, and if so, the details and reasons thereof, and what kind of changes will be requested and for what kind of event or under what kinds of conditions.

5. We request provision of the following information: whether the Large-scale Purchaser Group will propose any reduction in the number of our employees (including what relates to sales of business, the same shall apply hereinafter), and if so, for what kind of event the Large-scale Purchaser Group may propose such a reduction.

Part 8. Specific measures for avoiding conflicts of interest with other shareholders of the Company

1. We request provision of the following information: whether the Large-scale Purchaser Group intends to respect the interests and wishes of our existing shareholders (other than those belonging to the Large-scale Purchaser Group), and if so, the details thereof.

End

Appendix 4

Terms and Conditions for Issuance
of
First Share Options-A

1. Name of share options

First Share Options-A (the "Share Options")

2. Number of Share Options

The latest total number of issued shares of the Company as of the Record Date (as defined in Section 5; hereinafter the same) (excluding the number of the Company shares held by the Company).

3. Form of allotment

Allotment to shareholders. The Share Options shall be allotted to the shareholders who are listed or recorded in the shareholder registry on the Record Date at the rate of one Share Option per share of the Company held by them. However, Share Options will not be allotted for the Company shares held by the Company.

4. Amount to be paid in for Share Options

None

5. Record Date

April 24, 2020

6. Date on which the allotment of Share Options becomes effective

April 27, 2020

7. Type and number of shares underlying Share Options

The type and number of shares underlying one Share Option shall be one common share of the Company.

8. Exercise period for Share Options

From September 1, 2020 to December 31, 2020

9. Value of assets required for exercise Share Options

(1) The form of assets required to exercise each Share Option shall be cash, and the value thereof shall be an amount calculated by multiplying the Exercise Price (as defined in (2) below) by the number of shares to be allotted.

(2) The amount of money per common share of the Company required to exercise the Share Options (the "Exercise Price") shall be one yen.

10. Conditions for exercise of Share Options

(1) Persons who fall under any of the items (i) through (iii) below (the "Ineligible Persons") may not exercise the Share Options:

(i) City Index Eleventh Co., Ltd. (the "Large-scale Purchaser");

(ii) Joint holder (meaning a "joint holder" defined in Article 27-23, paragraphs (5) of the Financial Instruments and Exchange Act and including a person deemed to be a joint holder pursuant to Article 27-23, paragraphs (6) of the same Act) or a specially related party (meaning a "specially related party" defined in Article 27-2, paragraph (7) of the Financial Instruments and Exchange Act) of a Large-scale Purchaser, including Mr. Yoshiaki Murakami, Ms. Mitsue Murakami, Ms. Aya Nomura, Ms. Rei Murakami, Mr. Yukihiro Nomura, Mr. Tatsuya Ikeda, Mr. Hironao Fukushima, Mr. Fuminori Nakashima, Mr. Masahiro Ohmura, Mita Securities Co., Ltd., Reno Co., Ltd., Fortis Co., Ltd., C&I Holdings Co., Ltd., Kabushiki Kaisha Minami-Aoyama Fudosan, Office Support K.K., ATRA Co., Ltd., S-Grant Co., Ltd., City Index Holdings Co., Ltd., and City Index Hospitality Co., Ltd.; or

(iii) A person who the Company's board of directors reasonably determines falls under either of the following, taking into account the Indipendent Committee's recommendations:

(a) A person who acquires or succeeds to a Share Option from any of the persons set forth in (i) above through to and including (iii) without the Company's approval; or

(b) A "related party" of any of the persons set forth in (i) above through to and including (iii). A "related party" means investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with any of the persons set forth in (i) above through to and including (iii), other persons who share common substantial interests with those persons, tender offer agents, lawyers, accountants, other advisors, or persons who are substantially controlled by those persons or who act jointly or cooperatively with those persons. In deciding whether a partnership or other fund falls under a "related party," the fund manager's substantive identity and other factors shall be taken into account.

(2) A holder of Share Options may exercise its Share Options only if the Company determines that the holder is not an Ineligible Person, such as where the holder provides the Company with the following: a document containing its representations and warranties regarding the holder not being an Ineligible Person as listed in (1) above (if the Share Options are exercised on behalf of a third party, including the third party not being an Ineligible Person in (1) above), indemnifications and other matters designated by the Company; materials that demonstrate the satisfaction of conditions reasonably required by the Company; and a document required by any laws, regulations, or the like.

(3) If, pursuant to applicable securities laws and other laws, regulations and the like of foreign countries, it is necessary to implement prescribed procedures or satisfy prescribed conditions with respect to exercise of the Share Options by any person residing in the jurisdiction of these laws, regulations and the like, the person residing in that jurisdiction may exercise the Share Options only if the Company deems that all of these procedures and conditions have been implemented or satisfied. Meanwhile, even if implementation or satisfaction of the above procedures and conditions by the Company would enable a person residing in that jurisdiction to exercise the Share Options, the Company will not be obligated to implement or satisfy them.

(4) The confirmation regarding the satisfaction of the conditions specified in (3) above shall be pursuant to the procedures to be prescribed by the Company's board of directors, which will be similar to those set forth in (2) above.

(5) No Stock Option may be partially exercised.

11. Limitation on transfer of Share Options

Any transfer of the Share Options will require the approval of the Company's board of directors.

12. Acquisition of Share Options

(1) If there is a resolution of the Company's board of directors on or after April 28, 2020, then on the acquisition date designated by the Company's board of directors, the Company may acquire all of the Share Options held by the holder of the Share Options (except the Company) that could be exercised in accordance with Section 10 (1) and (2) above, but that have not been exercised as of such acquisition date (hereinafter referred to as "Exercisable Share Options" in (2) below) by providing, as consideration therefor, common shares of the Company in the number equivalent to the integer portion of the product of: (a) the number of Share Options to be acquired; and (b) the number of shares underlying one Share Option.

(2) If there is a resolution of the Company's board of directors on or after April 28, 2020, then on the acquisition date designated by the Company's board of directors, the Company may acquire the Share Options other than the Exercisable Share Options, held by the holder of all of the Share Options (except the Company) that have not been exercised as of such acquisition date. It may do this by providing, as a consideration therefor, with share options of the Company, the exercise of which by Ineligible Persons is subject to certain restrictions (i.e., subject to the contents described in the Exhibit), in the same number as the number of the Share Options to be acquired.

(3) At any time not later than August 31, 2020, if the Company's board of directors considers it appropriate for the Company to acquire the Share Options, the Company may acquire all the Share Options without consideration on a date separately designated by the Company's board of directors.

(4) The satisfaction of the conditions regarding acquisition of the Share Options pursuant to (1) and (2) above shall be confirmed by procedures similar to those set forth in Section 10 (2).

13. Stated capital and capital reserves to be increased in conjunction with the issuance of shares by exercising Share Options

The amount of stated capital to be increased in conjunction with the issuance of shares by exercising Share Options shall be the product of the maximum amount of increase in stated capital calculated in accordance with Article 17 of the Rules of Corporate Accounting and 0.5, and if such calculated amount includes a fraction less than one yen, such fraction shall be rounded up. The amount of capital reserves to be increased shall be the difference in the maximum amount of increase in stated capital by the amount of stated capital to be increased.

14. Method for requesting the exercise of the Share Options

(1) If the Share Options are to be exercised, the matters necessary for the request to exercise the Share Options shall be notified to the place accepting the request, set forth in Section 16, during the exercise period of the Share Options set forth in Section 8.

(2) If the Share Options are to be exercised, in addition to the notice for the request to exercise the Share Options provided in the preceding item, the total amount of assets to be contributed at the exercise of the Share Options shall be paid in cash to the account designated by the Company at the place handling payments, set forth in Section 17.

(3) The request for the exercise of Share Options shall become effective on the date when all the matters necessary for the request have been notified to the place accepting the request, set forth in Section

16, and the total amount of assets to be contributed at the exercise of the Share Options have been paid in to the account set forth in the preceding item.

15. Non-issuance of share option certificates

The Company will not issue share option certificates for the Share Options.

16. Place of accepting requests for exercise of Share Options

Management Strategy Department of the Company

17. Place of handling payments

Sumitomo Mitsui Trust Bank, Limited

18. Others

Other than as set forth above, the decision-making for necessary matters regarding the issuance of the Share Options, and any other acts will be entrusted to the representative director president of the Company.

(Exhibit) Details of First Share Options-B

1. Name of share options

   First Share Options-B (the "Share Options")

2. Type and number of shares underlying share options

   The type and number of shares underlying one Share Option shall be one common share of the Company.

3. Value of assets required to exercise Share Options

   (1) The form of assets required to exercise each Share Option shall be cash, and the value thereof shall be an amount calculated by multiplying the Exercise Price (defined in (2) below) by the number of shares to be allotted.

   (2) The amount of money per common share of the Company required to exercise the Share Options (the "Exercise Price") shall be one yen.

4. Exercise period for Share Options

   From September 1, 2020 to August 31, 2035.

5. Stated capital and capital reserves to be increased in conjunction with the issuance of shares by exercising Share Options

   The amount of stated capital to be increased in conjunction with the issuance of shares by exercising Share Options shall be the product of the maximum amount of increase in stated capital calculated in accordance with Article 17 of the Rules of Corporate Accounting and 0.5, and if such calculated amount includes a fraction less than one yen, such fraction shall be rounded up. The amount of capital reserves to be increased shall be the difference in the maximum amount of increase in stated capital by the amount of stated capital to be increased.

6. Limitation on transfer of Share Options

   Any transfer of the Share Options will require the approval of the Company's board of directors.

7. Acquisition of Share Options

   If any of the Share Options remains unexercised on the date separately designated by the Company's board of directors during the term from the date on which the 10th anniversary of their delivery date has passed until the date on which the 11th anniversary of their delivery date has passed (the "Share Options Acquisition Date"), the Company may acquire all of such Share Options (limited to those for which the exercise conditions have not been satisfied) by providing, as consideration therefor, money equivalent to the fair value of the Share Options as of the Share Options Acquisition Date.

8. Conditions for exercise of Share Options

   (1) A holder of Share Options may not exercise the Share Options if the holder does not satisfy either of the following conditions (if the holder exercises the Share Options on behalf of a third party, including the case where the third party does not satisfy either of the following conditions):

(i) A holder of Share Options does not continue a Large-scale Purchase Action, etc. (as defined in (4) below) and pledges not to conduct any Large-scale Purchase Action, etc. thereafter; and

(ii) (i) If the ratio recognized by the Company's board of directors as the holding ratio of share certificates, etc. (as defined below) of a holder of Share Options (however, for the purpose of this Section, when calculating the holding ratio of share certificates, etc., Ineligible Persons (as defined below) other than a holder of Share Options or its joint holder (as defined below) will be deemed to be joint holders of the holder of the Share Options; and the Share Options held by Ineligible Persons will be excluded) falls below 20%; or (ii) where the ratio recognized by the Company's board of directors as the holding ratio of share certificates, etc. of a holder of Share Options is 20% or greater, if the holder of Share Options or other Ineligible Persons dispose of the shares of the Company through a securities company authorized by the Company to do so and the ratio recognized by the Company's board of directors as the holding ratio of share certificates, etc. of the holder of Share Options after that disposal falls below 20%, then the holder of Share Options and other Ineligible Persons may exercise the Share Options only to the extent that the ratio recognized by the Company's board of directors as the holding ratio of share certificates, etc. of the holder of Share Options after exercise of the Share Options falls under 20%.

(2) If, pursuant to applicable securities laws and other laws, regulations and the like of foreign countries, it is necessary to implement prescribed procedures or satisfy prescribed conditions with respect to exercise of the Share Options by any person residing in the jurisdiction of these laws, regulations and the like, the person residing in that jurisdiction may exercise the Share Options only if the Company deems that all of these procedures and conditions have been implemented or satisfied. Meanwhile, even if implementation or satisfaction of the above procedures and conditions by the Company would enable a person residing in that jurisdiction to exercise the Share Options, the Company will not be obligated to implement or satisfy them.

(3) "Ineligible Persons" means a person who falls under any of the following (i) through to and including (iv). If City Index Eleventh Co., Ltd., Office Support K.K., and S-Grant Co., Ltd. become holders of Share Options, for example, on the premise that the relationship as of February 21, 2020 is maintained, then, Mr. Yoshiaki Murakami, Ms. Mitsue Murakami, Ms. Aya Nomura, Ms. Rei Murakami, Mr. Yukihiro Murakami, Mr. Tatsuya Ikeda, Mr. Hironao Fukushima, Mr. Fuminori Nakashima, Mr. Masahiro Ohmura, Mita Securities Co., Ltd., Reno Co., Ltd., Fortis Co., Ltd. C&I Holdings Co., Ltd., Kabushiki Kaisha Minami-Aoyama Fudosan, Office Support K.K., ATRA Co., Ltd., S-Grant Co., Ltd., City Index Holdings Co., Ltd., and City Index Hospitality Co., Ltd. fall under the Ineligible Persons:

(i) A holder of Share Options;

(ii) Joint holder (meaning a "joint holder" defined in Article 27-23, paragraphs (5) of the Financial Instruments and Exchange Act and including a person deemed to be a joint holder pursuant to Article 27-23, paragraphs (6) of the same Act) of a holder of Share Options;

(iii) Specially related party (meaning a "specially related party" defined in Article 27-2, paragraph (7) of the Financial Instruments and Exchange Act) of a holder of Share Options; or

(iv) A person who the Company's board of directors reasonably determines falls under either of the following:

(a) A person who acquires or succeeds to a Share Option from any of the persons set forth in (i) above through to and including (iv) without the Company's approval; or

(b) A "related party" of any of the persons set forth in (i) above through to and including (iv). A "related party" means investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with any of the persons set forth in (i) above through to and including (iv), other persons who share common substantial interests with those persons, tender offer

agents, lawyers, accountants, other advisors, or persons who are substantially controlled by those persons or who act jointly or cooperatively with those persons. In deciding whether a partnership or other fund falls under a "related party," the fund manager's substantive identity and other factors shall be taken into account.

(4) "Large-scale Purchase Actions, etc." refers to the following actions (except for those conducted with prior consent of the Company's board of directors):

(i) a purchase (including but not limited to the commencement of a tender offer) of the Company's share certificates, etc. (as provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act) with the aim of making the holding ratio of voting rights (as defined below) of the specific shareholders' group (as defined below) 20% or greater;

(ii) a purchase (including but not limited to the commencement of a tender offer) of the Company's share certificates, etc. (as provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act) after which the holding ratio of voting rights of the specific shareholders' group would be 20% or greater; or

(iii) irrespective of whether each action provided in (i) or (ii) above is conducted, any action conducted by the Company's specific shareholders' group with another shareholder of the Company (including cases where the relevant action is conducted with multiple other shareholders of the Company; hereinafter the same applies in this (iii)) that falls under either of the following items: (a) agreements or other actions after which the relevant shareholder would fall into the category of a joint holder of the specific shareholders' group; or (b) any actions to establish a relationship between the specific shareholders' group and the relevant shareholder where either one substantially controls the other or where they act jointly or cooperatively (limited to cases where the total holding ratio of share certificates, etc. of the specific shareholders and the relevant shareholder would be 20% or greater with respect to the share certificates, etc. issued by the Company).

"Specific shareholders' group" refers to (i) a "holder" (as provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act, including a person who is included in the definition of a holder pursuant to paragraph (3) of the same Article) and a "joint holder" (as provided in Article 27-23, paragraph (5) of the same Act, including a person who is deemed to be a joint holder pursuant to paragraph (6) of the same Article) of "share certificates, etc." (as provided in Article 27-23, paragraph (1) of the same Act) of the Company, (ii) a person who conducts a "purchase, etc." (as provided in Article 27-2, paragraph (1) of the same Act, including a purchase, etc. conducted on a financial instruments exchange market) of "share certificates, etc." (as provided in Article 27-2, paragraph (1) of the same Act) of the Company and its "specially related party" (as provided in Article 27-2, paragraph (7) of the same Act), and (iii) a related party of any of the persons set forth in (i) or (ii) above (meaning a group of investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with those persons, other persons who share common substantial interests with those persons, tender offer agents, lawyers, accountants, other advisors, or persons reasonably considered by the Company's board of directors as persons who are substantially controlled by those persons or who act jointly or cooperatively with those persons).

"Holding ratio of voting rights" refers to, depending on the specific purchase method of the specific shareholders' group, (i) a "holding ratio of share certificates, etc." (as provided in Article 27-23, paragraph (4) of the Financial Instruments and Exchange Act) of the specific shareholders' group if such group is a holder and its joint holder of the "share certificates, etc." (as provided in Article 27-23, paragraph (1) of the same Act) of the Company (in this case, the "number of share certificates, etc. held" (as provided in the same paragraph) by joint holders of the holder will be considered for

the purpose of this calculation); or (ii) the total of the "ownership ratio of share certificates, etc." (as provided in Article 27-2, paragraph (8) of the same Act) of the specific shareholders' group if such group is a person conducting a purchase, etc. of share certificates, etc. (as provided in Article 27-2, paragraph (1) of the same Act) of the Company and the specially related party of such person. For the purpose of calculating a holding ratio of share certificates, etc. or a ownership ratio of share certificates, etc., the latest annual securities report, quarterly securities report, and report on repurchase may be referred to with respect to the "total number of issued shares" (as provided in Article 27-23, paragraph (4) of the same Act) and the "total number of voting rights" (as provided in Article 27-2, paragraph (8) of the same Act).

(5) Decision on whether "a relationship between the specific shareholders' group and the relevant shareholder where either one substantially controls the other or where they act jointly or cooperatively" has been established will be made based on (a) formation of any relationship such as a new investment relationship, business alliance relationship, business or contractual relationship, interlocking directorate relationship, funding relationship, credit granting relationship, relationship of substantial interests concerning share certificates, etc. (as provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act) of the Company through derivatives, stock lending, etc.; and (b) effects that the specific shareholders' group and the relevant shareholder directly or indirectly have on the Company, among other things.

(6) Decision on whether the action specified in (iii) above has taken place will be reasonably made by the Company's board of directors. The Company's board of directors may request information from its shareholders to the extent necessary to make the decision on whether the relevant action falls under the requirements specified in (iii) above.

(7) The confirmation regarding the satisfaction of the conditions specified in (2) above shall be pursuant to the procedures to be prescribed by the Company's board of directors.

(8) No Stock Option may be partially exercised.

9. Method for requesting the exercise of the Share Options

(1) If the Share Options are to be exercised, the matters necessary for the request to exercise the Share Options shall be notified to the place accepting the request, set forth in Section 11, during the exercise period of the Share Options set forth in Section 4.

(2) If the Share Options are to be exercised, in addition to the notice for the request to exercise the Share Options provided in the preceding item, the total amount of assets to be contributed at the exercise of the Share Options shall be paid in cash to the account designated by the Company at the place handling payments, set forth in Section 12.

(3) The request for the exercise of Share Options shall become effective on the date when all the matters necessary for the request have been notified to the place accepting the request, set forth in Section 11, and the total amount of assets to be contributed at the exercise of the Share Options have been paid in to the account set forth in the preceding item.

10. Non-issuance of share option certificates

The Company will not issue share option certificates for the Share Options.

11. Place of accepting requests for exercise of Share Options

Management Strategy Department of the Company

12. Place of handling payments

Sumitomo Mitsui Trust Bank, Limited

13. Others

Other than as set forth above, the decision-making for necessary matters regarding the issuance of the Share Options, and any other acts will be entrusted to the representative director president of the Company.

End.