



2 February 2017

Company	Nippon Sheet Glass Co., Ltd.
Code	5202
Address of Headquarters	5-27, Mita 3-Chome, Minato-Ku, Tokyo, Japan
Representative Executive Officer	Shigeki Mori
For inquiries	Kazumitsu Fujii Head of Corporate Communications
Telephone	+81-3-5443-9477

[Translation for Reference]
Notice regarding Issuance of Class Shares through Third-Party Allotment, Partial Amendments to the Articles of Incorporation, Reduction of Amounts of Capital Stock and Legal Capital Surplus, and Holding of Extraordinary General Meeting of Shareholders

Nippon Sheet Glass Co., Ltd. (hereinafter referred to as the "Company" or "we") hereby announces that the Board of Directors of the Company (hereinafter referred to as the "Board of Directors"), at its meeting held on 2 February 2017 passed a resolution for items (i) to (iv) below.

- (i) The Company will enter into a subscription agreement (the "Agreement") with Japan Industrial Solutions Fund II (the "JIS Fund"), UDS III Corporate Mezzanine Limited Partnership (the "UDS III Fund") and UDS IV Corporate Mezzanine Limited Partnership (the "UDS IV Fund"; together with the UDS III Fund, the "UDS Funds"; and the UDS Funds and the JIS Fund are collectively referred to as the "Planned Allottees") to issue a total of 40,000,000,000 yen of Class A Shares through third-party allotment (the "Capital Increase through Third-Party Allotment," on the condition that necessary approval for the Capital Increase through Third-Party Allotment and the approval for the proposal regarding the Amendments to the Articles of Incorporation (defined in (ii) below) be obtained at the extraordinary general meeting of shareholders scheduled to be held on 24 March 2017 (the "Extraordinary General Meeting of Shareholders"). (For details, please see the "I. The Capital Increase through Third-Party Allotment" below.)
- (ii) The Company will make partial amendments to the Articles of Incorporation regarding the creation of the provisions for Class A Shares, etc. (the "Amendments to the Articles of Incorporation") on the condition that necessary approval be obtained at the Extraordinary

General Meeting of Shareholders. (For details, please see the "II. Partial Amendments to the Articles of Incorporation" below.).

- (iii) The Company will reduce the amounts of capital stock and legal capital surplus and transfer such amounts to other capital surplus (the "Reduction of the Amount of Capital Stock, etc.") as of 31 March 2017 as the effective date, on the condition that the Capital Increase through Third-Party Allotment be effected (and regarding the reduction of the amount of legal capital surplus, also on the condition that necessary approval at the Extraordinary General Meeting of Shareholders be obtained). (For details, please see "III. Reduction of the Amount of Capital Stock, etc." below.)
- (iv) The convocation of the Extraordinary General Meeting of Shareholders of which agendas are: (i) the Amendments to the Articles of Incorporation; (ii) the Capital Increase through Third-Party Allotment; (iii) the reduction of the amount of legal capital surplus; and (iv) the election of one person designated by the Planned Allottees as external director of the Company. (For details, please see "IV. Holding of the Extraordinary General Meeting of Shareholders and Schedule for the Future" below.)

The Agreement provides that the payment for the Capital Increase through Third-Party Allotment by the Planned Allottees is conditional upon approval at the Extraordinary General Meeting of Shareholders of all the following proposals: (i) the Amendments to the Articles of Incorporation; (ii) the Capital Increase through Third-Party Allotment; (iii) the reduction of the amount of legal capital surplus; and (iv) the election of one person designated by the Planned Allottees as external director of the Company, and others.

I. The Capital Increase through Third-Party Allotment

1. Overview of the Offering

(1) Payment date	31 March 2017
(2) Number of shares to be issued	40,000 shares of Class A Shares
(3) Issue price	1,000,000 yen per share
(4) Amount of funds to be procured	40,000,000,000 yen
(5) Method of subscription or allotment	Allotted by a third-party allotment method.

(6) Planned Allottees	<p>Japan Industrial Solutions Fund II 20,000 shares UDS III Corporate Mezzanine Limited Partnership 9,000 shares UDS IV Corporate Mezzanine Limited Partnership 11,000 shares</p>
(7) Other	<p>For details, please see the Appendix I "Terms and Conditions of Class A Shares."</p> <p>The preferred dividend rate of Class A Shares is set at 4.5% a year if the record date falls before 31 March 2018, 5.5% a year if the record date falls between 1 April 2018 to 31 March 2020, and 6.5% a year if the record date falls on 1 April 2020 or thereafter. Class A Shareholders are entitled to receive dividends in priority to common shareholders. If preferred dividends for Class A Shareholders are insufficient in a business year, the amount of such shortfall will be accumulated for the following business year and beyond. Class A Shareholders are not entitled to receive dividends of common shares of the Company in addition to the said preferred dividends.</p> <p>To Class A Shares, call options for money and right of request for acquisition for common shares are attached.</p> <p>Any time on or after 1 April 2018, the Company may acquire all or a part of Class A Shares in exchange for money. In this case, the amount of money delivered to Class A Shareholders will be calculated by multiplying the number of Class A Shares to be acquired based on the call options by the sum of (i) the amount obtained by multiplying the Equivalent Amount to be Paid-in Amount per Class A Share by the Redemption Factor, stipulated in "2. (2) Reasons for Offering, Overview of Class A Shares" below, determined according to the timing of the Date of Redemption for Money (defined in "2. (2) Reasons for Offering, Overview of Class A Shares" below), and (ii) the total amount of the Amount Equivalent to Cumulative Accrued Dividends and Daily Prorated Accrued Preferred Dividend Amount.</p> <p>The Agreement provides that the Planned Allottees are entitled,</p>

in principle, to exercise the right of request for acquisition for common shares only on or after 1 July 2020. However, if Conversion Restriction Removal Reason, stipulated in "2. (2) Reason for Offering, Overview of Class A Shares" below occurs, the Planned Allottees are allowed to exercise the right of request for acquisition for common shares of the Company even before 1 July 2020. The number of common shares to be delivered if the rights of request for acquisition for common shares attached to Class A Shares are exercised will be the number calculated by multiplying the amount equivalent to the amount to be paid-in for the Class A Shares for which the put options are exercised by the Premium for Acquisition in Exchange for Common Shares (defined in "2. (2) Reasons for Offering, Overview of Class A Shares" below), determined depending on the day when the right of request for acquisition for common shares is exercised (for avoidance of any doubt, the total amount of the Amount Equivalent to Cumulative Accrued Dividends and Daily Prorated Accrued Preferred Dividend Amount is not added-up to this amount), and dividing that product by the acquisition price (defined in "2. (2) Reasons for Offering, Overview of Class A Shares" below).

The Company intends to redeem Class A Shares for money. However, in the case where the Company does not exercise the call options in exchange of money by June 30, 2022 while the Planned Allottees exercise the right of request for acquisition for common shares later than July 1, 2022, the maximum dilution will be 75.0%. (Dilution represent the ratio of the maximum number of voting rights of common shares to be delivered upon exercise of right of request for acquisition for common shares to the total number of voting rights related to the Company's issued common shares based on the shareholders' register as of 30 September 2016. For the details, please refer to "5. (2) Grounds on which the Company determined that the number of shares to be issued and the size of the share dilution are reasonable" below.)

	<p>Class A Shares do not have voting rights and are subject to restrictions on transfer.</p> <p>The Agreement provides that payments for the Capital Increase through Third-Party Allotment is conditional upon approval at the Extraordinary General Meeting of Shareholders for the following proposals: (i) the Amendments to the Articles of Incorporation; (ii) the Capital Increase through Third-Party Allotment; (iii) the reduction of the amount of legal capital surplus; and (iv) the election of one person designated by the Planned Allottees as external director of the Company.</p>
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2. Purpose of and Reason for Offering

(1) Background to and purpose of offering

In May 2014, the Company announced its Long-term Strategic Vision of transforming itself into a "VA Glass Company" (VA: value-added). At the same time, we launched the "Medium-term Plan (MTP)" for the four-year period ending in FY2018 (which means the fiscal year ending 31 March 2018), as the key step of the transformation. One of the main targets of the MTP is to achieve the Company's financial sustainability, which is to be the foundation for the topline growth envisaged after the successful completion of the MTP.

However, while the Company's operating profit has been steadily improving since the start of the MTP, we came to a conclusion that two more years beyond the original MTP period would be needed to achieve the MTP financial targets, due to the significant changes in the operating environment of our key growth drivers such as the Display business and Automotive OE business in South America, as well as an uneven speed of profitability improvements between the regions.

Consequently, on 28 October 2016, we announced that we had designated the three-year period from FY2018 to FY2020 as "MTP Phase 2" to execute measures to achieve the MTP financial targets. (Please refer to the "NSG Group Medium-term Plan (MTP) Update at FY17 Q2" announced on 28 October 2016.)

Under the MTP Phase 2, we aim to implement the four key measures: "Drive VA No.1 Strategy", "Establish Growth Drivers", "Business Culture Innovation" and "Enhance Global Management"

Increased revenue of VA products and services and reduced costs to be achieved with these

measures are expected to improve our profitability and operating cash flow and, as a result, to reduce our interest-bearing debt and interest cost.

It is also critical for us to secure sufficient funds for capital expenditure to robustly implement the "Drive VA No.1 Strategy" and "Establish Growth Drivers".

We intend to improve our shareholders' equity each year based on profit increases planned under the MTP Phase 2, while we consider a 20 percent level as a milestone of stability for the consolidated equity ratio. On the other hand, our balance sheet may be exposed to risks of exchange rate fluctuation because translational impacts of the significant portion of assets denominated in non-Japanese yen currencies and the high ratio of borrowings in the Japanese yen may affect the total shareholders' equity. Considering the uncertainties in exchange markets, we believe it is essential for us to enhance and make our balance sheet capable of withstanding volatilities in the environment.

Recognizing these factors and believing it is necessary and appropriate for us to procure equity funding so that we can bring forward the enhancement of shareholders' equity and achieve a stable financial base, the Company's Board of Directors decided today to issue the Class A Shares of JPY40 billion. We expect the issuance of the Class A Shares expedite our plan to reduce interest expense and initiate a virtuous cycle of a reduction in interest-bearing debt and further interest expense decrease. It will in turn enable us to establish a more robust financial position and achieve financial sustainability and ultimately will help us create a better long-term shareholder value and meet the expectations of our stakeholders including our shareholders.

(2) Reason for offering

The Company investigated various options to stabilize its financial position at an early stage with consideration given to the impact on existing shareholders. As mentioned above in "(1) Background to and purpose of offering", the Company believes that it is necessary and appropriate to increase equity capital by procuring funds in the form of capital, with the aim to create a virtuous cycle of enhancement of the financial base, achievement of financial sustainability and reduction of interest expense.

With regard to financing methods, considering the current economic circumstances, the conditions of the capital market, the management environment surrounding the Company, its financial position and business performance, and its share price, etc., the Company decided that a capital increase through a public offering of its common shares or a capital increase through a third-party allotment of its common shares would be inappropriate as it could adversely affect shareholder value due to significant dilution of common shares.

Accordingly, we determined that it is appropriate to increase capital through the

issuance of class shares in order to procure necessary funds with certainty and stabilize our financial position by restraining a dilution of common shares. We examined prospective investors who were likely to give positive consideration to the Company's capital increase through the issuance of class shares after taking into account the track record of investment in class shares, characteristics of investors, the size of investment, and economic conditions, etc. Consequently, the Company has decided that the best option is to issue Class A Shares to the Planned Allottees, investors who can agree to the above-mentioned conditions and understand the Company's business purpose and management policy.

The Company intends to redeem Class A Shares to be issued by the Capital Increase through Third-Party Allotment in the future by accumulating profits through establishing the foundation for strengthening the financial base and reducing interest expense.

Overview of Class A Shares

(i) Preferred dividends

The preferred dividend rate of Class A Shares is set at 4.5% a year until 31 March 2018, 5.5% a year from 1 April 2018 to 31 March 2020, and 6.5% a year from 1 April 2020 onward. Class A shareholders are entitled to receive dividends in priority to common shareholders. If preferred dividends for Class A shareholders are insufficient in a business year, the amount of such shortfall will be accumulated for the following business year and beyond. Class A shareholders are not entitled to receive dividends of common shares of the Company in addition to the said preferred dividends.

(ii) Request for Acquisition in Exchange for Common Shares

Right of Request for Acquisition in Exchange for Common Shares are attached to Class A Shares. Although the Terms and Conditions of Class A Shares allow Class A Shareholders to request that the Company, at any time on and after 1 April 2017, acquire all or a part of the Class A Shares with common shares of the Company as consideration, the Planned Allottees are entitled to exercise the right of request for acquisition for common shares only on or after 1 July 2020 in accordance with the Agreement. However, if certain circumstances (the "Conversion Restriction Removal Reason") including those outlined below apply, the Planned Allottees are entitled to exercise the right of request for acquisition for common shares even before 1 July 2020. In the case that the Planned Allottees exercise right of request for acquisition for common shares due to the occurrence of the event stipulated in (4) below, the upper limit of the right of request for acquisition for common shares attached to Class A Shares each Planned Allottee is allowed to exercise will be 2,000 shares for the JIS Fund, 900 shares for the UDS III Fund,

and 1,100 shares for the UDS IV Fund (For details, please see "(iii) Call Option for Money" below.)

- (1) If the time for payment of all amounts owed by the Company under certain loan agreements provided for in the Agreement (hereinafter, referred to as the "Loan Agreements") is accelerated due to the Company's breach of the restrictive financial covenants provided in such Loan Agreements, or due to the Company falling under the scope of material events of default,
- (2) If there is breach (limited to material breach) of any obligation under the Agreement or representations and warranties in the Agreement,
- (3) If the Company does not file an annual securities report or quarterly report pursuant to the Financial Instruments and Exchange Act,
- (4) If any of the Planned Allottees receives a notice in writing from the Company to exercise the call options for money, attached to Class A Shares, in accordance with Paragraph 12 of the Terms and Conditions of Class A Shares and acquire all the Class A Shares held by either of the Planned Allottees,
- (5) If the Company's distributable amount set forth in Article 461, Paragraph 2 of the Companies Act at the time of finalization of the financial statements for the business year that ends on 31 March 2018 or any subsequent business years falls below the amount calculated by multiplying the total number of shares of Class A Shares owned by each Planned Allottee at the end of said business year by the acquisition price per share of Class A Share calculated based on Paragraph 12 of the Terms and Conditions of Class A Shares, with the end of the said business year as the Date of Redemption for Money as set out in the said paragraph.

If the Company becomes aware of the occurrence of the Conversion Restriction Removal Reason, or when it receives a notice with regard to the exercise of the right of request for acquisition for common shares, the Company will immediately disclose it.

The number of common shares to be delivered if the right of request for acquisition for common shares attached to Class A Shares are exercised will be the number calculated by multiplying the Amount Equivalent to the amount to be paid in for the Class A Shares for which the rights of request for acquisition for common shares are exercised by the following factor (hereinafter, the "Premium for Acquisition in Exchange for Common Shares"), depending on the day when the right of request for acquisition for common shares is exercised (for avoidance of any doubt, the total amount of the Amount Equivalent to Cumulative Accrued Dividends and Daily Prorated Accrued Preferred Dividend Amount is not added-up to this amount), and dividing that product by the

acquisition price.

From 1 April 2017 to 30 June 2017	: 1.05
From 1 July 2017 to 30 June 2018	: 1.08
From 1 July 2018 to 30 June 2019	: 1.15
From 1 July 2019 to 30 June 2020	: 1.22
From 1 July 2020 to 30 June 2021	: 1.29
From 1 July 2021 to 30 June 2022	: 1.36
From 1 July 2022 onward	: 1.43

The acquisition price is to be initially fixed at 846.5 yen, which is equivalent to 95% (calculated to the second decimal place below one (1) yen and rounded to the first decimal place) of the average value of the Volume Weighted Average Price (VWAPs; calculated to the second decimal place below one (1) yen and rounded to the first decimal place) in ordinary trading of the common shares of the Company, publicly announced on the Tokyo Stock Exchange, Inc. (hereinafter, the "Tokyo Stock Exchange"), over 30 consecutive trading days prior to 2 February 2017 (the signing date of the Agreement), and the acquisition price will not be subject to ex-post revision.

(iii) Call Option for Money

Any time on or after 1 April 2018, upon coming of the date determined separately by the Company's Board of Directors (the "Date of Redemption for Money"), the Company may acquire all or a part of Class A Shares (in the case of a partial acquisition, limited to the case in which the number of shares to be acquired will be the whole-number multiple of 1,000 shares and the total number of Class A Shares owned by Class A Shareholders after the said acquisition will be 4,000 shares or more) in exchange for a money consideration to the extent permitted by laws and regulations by giving a written notice (which shall be irrevocable) to Class A Shareholders at least 14 trading days in advance of the Date of Redemption for Money.

The amount of money to be delivered if the call options for money is exercised will be the amount calculated by multiplying the number of Class A Shares to be acquired based on the call options by (i) the amount obtained by multiplying the Equivalent Amount to be Paid-in per Class A Share by the Redemption Factor, determined according to the timing of the Date of Redemption for Money, and (ii) the total amount of the Amount Equivalent to Cumulative Accrued Dividends and Daily Prorated Accrued Preferred Dividend Amount. In the case of a partial acquisition of the Class A Shares, the Company will determine

which Class A Shares to acquire from Class A Shareholders on pro-rata basis or other rational methods set by the Board of Directors of the Company.

From 1 April 2018 to 30 June 2018	: 1.08
From 1 July 2018 to 30 June 2019	: 1.15
From 1 July 2019 to 30 June 2020	: 1.22
From 1 July 2020 to 30 June 2021	: 1.29
From 1 July 2021 to 30 June 2022	: 1.36
From 1 July 2022 onwards	: 1.43

In the event that each of the Planned Allottee receives a notice in writing from the Company to acquire all the Class A Shares held by either of the Planned Allottees by exercising the call options for money attached to Class A Shares in accordance with Paragraph 12 of the Terms and Conditions of Class A Shares, and if each Planned Allottee exercises call options for money, the upper limit of the right of request for acquisition for common shares attached to Class A Shares, exercisable by each Planned Allottee in accordance with the provisions of Paragraph 11 of the Terms and Conditions of Class A Shares, will be 2,000 shares for the JIS Fund, 900 shares for the UDS III Fund, and 1,100 shares for the UDS IV Fund.

(iv) Voting rights and restrictions on transfer

Class A Shares are non-voting shares under the Companies Act and, unless otherwise specified, Class A Shareholders do not have voting rights at general meetings of shareholders.

In addition, Class A Shares are shares with transfer restrictions under the Companies Act, and acquisition of Class A Shares through transfer requires the approval of the Company's Board of Directors. The Planned Allottees are not entitled, in principle, to conduct sale, pledging as collateral, loan transaction, granting of purchase option, and other transfer or disposal of Class A Shares (the "Transfer, etc.") to a third party until 30 June 2020, as set out in the Agreement, but are allowed to transfer Class A Shares to a third party with prior written approval from the Company only if the Conversion Restriction Removal Reason occurs.

For details of Class A Shares, please see the Appendix I "Terms and Conditions of Class A Shares".

3. Amounts, Usage and Scheduled Timing of Use of the Funds to be Procured

(1) Amounts of funds to be procured

(i)	Total amount to be paid in	40,000,000,000 yen
(ii)	Estimated issuance expenses	900,000,000 yen
(iii)	Estimated retained balance	39,100,000,000 yen

* The major components of "Estimated issuance expenses" are registration costs, legal advisers' and financial advisers' fees, and valuation expenses, etc. and consumption taxes are not included.

(2) Specific usage of funds to be procured

Specific usage	Amount (million yen)	Scheduled timing of use
(i) Repayment of debt	19,100	March 2017
(ii) VA investment for Architectural Glass	11,000	From April 2017 to March 2020
(iii) VA investment for Automotive Glass	5,000	From April 2017 to March 2020
(iv) VA investment for Technical Glass	4,000	From April 2017 to March 2020

* Funds procured will be managed in a bank account until they are spent for the above usage.

* With regard to the usage specified above in (ii) to (iv), each of it represents VA investment for the Company's all three business segments (Architectural businesses, Automotive businesses, Technical Glass business) respectively. More specifically, it includes the following:

(ii): Investments in expansion of online coated products (low-e, solar, TCO glass, etc.), processing lines for energy saving products (Spacia, etc.), and VA improvement for furnaces (Optiwhite, etc.)

(iii): Investments in ADAS related technology and facility, and environmentally contributing products such as light-weight glass

(iv): Investments in production facilities for new products developed based on core technologies

4. Views on the Reasonableness of the Usage of Funds

The Company will use the funds to be procured by the Capital Increase through Third-Party Allotment to strengthen the profit base and stabilize the financial position by appropriating 19,100 million yen for repayment of interest-bearing debt to financial institutions

and 20,000 million yen for VA investment (for breakdowns, please see “3. (2) Specific usage of funds to be procured” above). At the same time, the Company will work to increase equity capital and strengthen the financial base, with the aim to achieve stable and long-term growth of the Company’s business by establishing framework for maintaining and improving the flexibility of fund procurement, conducting stable and continued transactions with financial institutions, and reducing the financial costs as well as by increasing cash reserves.

In the meantime, the issuance of Class A Shares will thus contribute to further enhance the Company’s corporate value. Therefore, the Company believes that the usage of funds as indicated above is reasonable.

5. Reasonableness of the Terms and Conditions, etc. of Issuance

(1) Calculation grounds for amount to be paid in and the content of calculation

In determining the terms and conditions of the issuance of Class A Shares, the Company requested that PLUTUS CONSULTING Co., Ltd. (hereinafter, “PLUTUS”), which is a third-party evaluation organ independent of the Company, analyze the value of Class A Shares to ensure fairness, and obtained a valuation report for the Class A Shares (the “Valuation Report”) from PLUTUS. Under certain assumptions (the Company’s share price, volatility, the acquisition price of Class A Shares, the preferred dividend rate, call options, rights of request for acquisition, etc.), PLUTUS has calculated the fair value of the Class A Shares using the Monte Carlo Simulation, which is a general valuation model for share options. The Valuation Report states that the price per Class A Share is 1,082,000 yen.

The Company determined that the Capital Increase through Third-Party Allotment would not be deemed to be an issuance of shares with particularly favorable conditions by comprehensively considering the above valuation results in the Valuation Report of PLUTUS, which is a third party evaluation organ independent of the Company, and considering that the details of the Terms and Conditions of Class A Shares were decided through consultations and negotiations with the Planned Allottees in view of the business environment surrounding the Company and the Company’s financial position.

However, there are no objective market prices for Class A Shares and valuation of class shares is very advanced and complex, which leaves the possibility that different views exist regarding valuation of class shares. Considering these, the possibility that the amount to be paid in for Class A Shares might be regarded as particularly favorable for the Planned Allottees cannot totally be denied under the Companies Act. Therefore, the Company, considering it necessary to confirm the intention of shareholders, decided to issue Class A Shares on the condition, just for sure, that the approval by a special resolution of the general meeting of shareholders regarding an issuance of shares with particularly favorable

conditions be obtained, pursuant to Article 199, Paragraph 2 of the Companies Act, at the Extraordinary General Meeting of Shareholders.

- (2) Grounds on which the Company determined that the number of shares to be issued and the size of the share dilution are reasonable

The Company is financing a total of 40,000,000,000 yen by issuing 40,000 shares of Class A Shares. Considering the aforementioned purpose of issuing Class A Shares and the usage of funds, the Company has determined that the number of Class A Shares to be issued is reasonable.

Although Class A Shares do not carry voting rights at general meetings of shareholders, existing shareholders may be affected by the impact of dilution due to exercise of right of request for acquisition for common shares attached to Class A Shares.

On the assumption that right of request for acquisition for common shares are exercised regarding all Class A Shares, the maximum number of voting rights related to the Company's common shares to be distributed will be 675,723 units (the amount equivalent to a maximum principal amount of 57,200,000,000 yen (calculated by multiplying the paid-in principal 40,000,000,000 yen by the maximum Premium for Acquisition in Exchange for Common Shares of 1.43x; utilizing the initial acquisition price 846.5 yen). In this case, the ratio to the total number of 900,912 voting rights related to the Company's issued common shares based on the shareholders' register as of 30 September 2016 will be approximately 75.0%.

Although dilution of the Company's common shares would occur if the common shares of the Company are distributed by exercising the right of request for acquisition for common shares of Class A Shares as described above, (i) an increase in equity capital through the Capital Increase through Third-Party Allotment contributes to the stability of the Company's financial position; (ii) as it has been agreed in the Agreement that unless the Conversion Restriction Removal Reason occurs, the Planned Allottees will not exercise right of request for acquisition for common shares until 30 June 2020, thereby avoiding early dilution of common shares and securing time to enhance corporate value through implementation of structural reform of business; (iii) an upper limit (1.43x) is set on the Premium for Acquisition in Exchange for Common Shares, which is the basis for calculation of the number of common shares to be delivered by exercising right of request for acquisition, and the initial acquisition price is fixed (note, however, that the acquisition price will be adjusted under certain circumstances); and (iv) Class A Shares are attached with call options for money that the Company is entitled to exercise any time on or after 1 April 2018. Considering these, this scheme is designed in such a way that allows the Company to control the dilution caused by

the exercise of right of request for acquisition for common shares to a certain extent by carrying out a mandatory redemption of Class A Shares based on its own judgment. As shown by the above, the Company implemented measures to lessen the potential impact of dilution on the existing shareholders. From these viewpoints, the Company has concluded that the size of the dilution caused by the issuance of Class A shares is also reasonable.

6. Reasons, etc. for Selecting the Planned Allottees

(1) Outline of the Planned Allottees

(i) Japan Industrial Solutions Fund II

(i)	Name	Japan Industrial Solutions Fund II	
(ii)	Location	2-2-2 Marunouchi, Chiyoda-ku, Tokyo	
(iii)	Grounds, etc. for incorporation	Limited Partnership Act for Investment	
(iv)	Purpose of formation	Acquisition, etc. of securities	
(v)	Partnership formation date	27 October 2016	
(vi)	Overview of limited liability partners	Development Bank of Japan Inc. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
(vii)	Overview of operating partner (Unlimited liability partner) (General Partner)	Name	Japan Industrial Solutions Co., Ltd.
		Location	2-2-2 Marunouchi, Chiyoda-ku, Tokyo
		Name and title of representative	Shinichi Saito, CO-CEO Yuichi Hiromoto, CO-CEO
		Description of business	Investment business
		Capital stock	100,000,000 yen
(viii)	Relationships of the Company with the said fund and the operating partner	Relationship between the Company and the said fund	No direct or indirect contribution has been made to the said fund by the Company, parties concerned with the Company, or affiliated companies of the Company.
		Relationship between the Company and the operating partner	There are no capital, personal, or transactional relationships to be stated between the Company and the said company.

(ii) UDS III Corporate Mezzanine Limited Partnership

(i)	Name	UDS III Corporate Mezzanine Limited Partnership
(ii)	Location	1-9-6 Otemachi, Chiyoda-ku, Tokyo
(iii)	Grounds, etc. for incorporation	Limited Partnership Act for Investment
(iv)	Purpose of formation	Acquisition, etc. of securities

(v)	Partnership formation date	15 February 2008		
(vi)	Overview of limited liability partners	Development Bank of Japan Inc. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Finance and Leasing Company, Limited		
(vii)	Overview of operating partner (Unlimited liability partner) (General Partner)	Name	DBJ Corporate Mezzanine Partners Co., Ltd.	
		Location	1-9-6 Otemachi, Chiyoda-ku, Tokyo	
		Name and title of representative	Masahiko Motono, Member of the Board	
		Description of business	Acquisition and holding, etc. of securities	
		Capital stock	3,000,000 yen	
		Name	Development Bank of Japan Inc.	
		Location	1-9-6 Otemachi, Chiyoda-ku, Tokyo	
		Name and title of representative	Masanori Yanagi, President and CEO	
		Description of business	Finance and insurance	
		Capital stock	1,000,424,000,000 yen	
(viii)	Relationships of the Company with the said fund and the operating partner	Relationship between the Company and the said fund	No direct or indirect contribution has been made to the said fund by the Company, parties concerned with the Company, or affiliated companies of the Company.	
		Relationship between the Company and the operating partner	DBJ Corporate Mezzanine Partners Co., Ltd.	There are no capital, personal, or transactional relationships to be stated between the Company and the said company.
			Development Bank of Japan Inc.	The Company is engaged in financing transaction of bank borrowing with the said company, but there are no capital and personnel relationships between the Company and the said company.

(iii) UDS IV Corporate Mezzanine Limited Partnership

(i)	Name	UDS IV Corporate Mezzanine Limited Partnership	
(ii)	Location	1-9-6 Otemachi, Chiyoda-ku, Tokyo	
(iii)	Grounds, etc. for incorporation	Limited Partnership Act for Investment	
(iv)	Purpose of formation	Acquisition, etc. of securities	
(v)	Partnership formation date	1 February 2017	
(vi)	Overview of limited liability partners	Development Bank of Japan Inc. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Finance and Leasing Company, Limited	
(vii)	Overview of operating partner (Unlimited liability partner) (General Partner)	Name	DBJ Corporate Mezzanine Partners Co., Ltd.
		Location	1-9-6 Otemachi, Chiyoda-ku, Tokyo
		Name and title of representative	Masahiko Motono, Member of the Board
		Description of business	Acquisition and holding, etc. of securities
		Capital stock	3,000,000 yen
		Name	Development Bank of Japan Inc.
		Location	1-9-6 Otemachi, Chiyoda-ku, Tokyo
		Name and title of representative	Masanori Yanagi, President and CEO
		Description of business	Finance and insurance
		Capital stock	1,000,424,000,000 yen
(viii)	Relationships of the Company with the said fund and the operating partner	Relationship between the Company and the said fund	No direct or indirect contribution has been made to the said fund by the Company, parties concerned with the Company, or affiliated companies of the Company.
		Relationship between the Company and the operating partner	DBJ Corporate Mezzanine Partners Co., Ltd. There are no capital, personal, or transactional relationships to be stated between the Company and the said company.

		Development Bank of Japan Inc.	The Company is engaged in financing transaction of bank borrowing with the said company, but there are no capital and personnel relationships between the Company and the said company.
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*1 Capital contribution ratio of the limited partners is not shown as it is not disclosed by the Planned Allottees.

*2 In the representations and warranties in the Agreement, each of the Planned Allottees has made written representations that the Planned Allottee, or its limited partners, has no relationships whatsoever with antisocial forces. In addition, the Company has determined that, through the confirmation of the corporate history, officers, major shareholders and the status of establishment of the internal control system, etc. described in the annual securities report of each limited partner of the Planned Allottees and through interviews of operating partners of the Planned Allottees, the Planned Allottees and their limited partners have no relationships whatsoever with antisocial forces, and submitted a confirmation letter to that effect to the Tokyo Stock Exchange.

(2) Reason for selecting the Planned Allottees

As described above in "2. Purpose of and Reason for Offering," the Company's targets under MTP Phase 2 are to transform itself into a VA Glass Company and to establish a solid financial base. We aim to expedite the enhancement of shareholders' equity toward establishing such robust financial base and build the financial strength that can withstand volatilities in the external environment. We examined prospective investors who would agree on the Company's management policy aimed toward mid- to long-term increase of corporate value and the purpose and marketability of Class A Shares. Consequently, we have decided to issue Class A Shares to the JIS Fund and the UDS Funds, which have certain levels of investment track records in the domestic market.

The Company and the Planned Allottees have agreed to enter into the Agreement on matters regarding contributions to the Company, and the outline of the Agreement is as follows.

(i) Matters the Company must comply with

The Company has made the following covenants to the Planned Allottees: (i) to use practicably possible and reasonable efforts to realize MTP Phase 2; (ii) to submit an agenda

and a proposal to elect one person designated by the Planned Allottees as external director of the Company to each of the Company's general meeting of shareholders, the agenda of which includes the appointment of directors, and use practicably possible and reasonable efforts to have such proposal approved; (iii) to establish a monitoring meeting regarding MTP Phase 2, etc. and report the summary of the results of the said meeting to the Company's Board of Directors; (iv) to obtain prior approval in writing, etc. from all the Planned Allottees or notify to all the Planned Allottees in the event the Company conducts certain matters (such as making amendments to the Articles of Incorporation, etc.; issuing shares, etc.; acquiring own shares and splitting shares; distributing dividend of surplus to common shares where the total amount of acquisition price based on call options for money exceeds the Company's distributable amount; disposing of certain important properties; implementing certain business alliances; establishing subsidiaries; and acquiring shares, disposing and transferring businesses, and implementing reorganization, etc. accompanying formation of a corporate group; making certain loans or guarantees, etc.; acquiring certain assets; initiating bankruptcy proceedings, etc.; changing MPT Phase 2, etc.); (v) with the aim to realize dividends of surplus regarding Class A Shares to the Planned Allottees to the extent reasonable and possible from the perspective of the Company's financial policy, to use reasonable efforts to take necessary measures to generate funds required for dividend of surplus upon consultation with the Planned Allottees; and (vi) to make a drastic improvement in MTP Phase 2 jointly with the Planned Allottees in the event the Company breaches financial covenants set forth in the Loan Agreements, etc. or is in material default, etc. in the said agreements, etc., or breaches the obligations set forth in the Agreement in material points, due to which the attainment of MTP Phase 2 is deemed reasonably certain to be affected.

(ii) Restrictions on exercising right of request for acquisition for common shares

The Planned Allottees are not entitled to exercise the right of request for acquisition for common shares attached to Class A shares from the payment date until 30 June 2020, unless the Conversion Restriction Removal Reason occurs. In the event that the Conversion Restriction Removal Reason occurs and the Planned Allottees conducts Transfer, etc. of all or a part of the Class A Shares by obtaining the Company's prior approval in writing as set forth below in (iii), the Planned Allottees are required to ensure that the transferee or purchaser of the shares pledges to the Company to comply with the obligations regarding the aforementioned restrictions on exercising the right of request for acquisition for common shares.

(iii) Restrictions on transfer, etc.

The Planned Allottees are not allowed to carry out Transfer, etc. of Class A Shares to a third party until 30 June 2020 but are entitled to transfer Class A Shares to a third party by obtaining the Company's prior approval in writing only if the Conversion Restriction Removal Reason occurs.

(iv) Conditions precedent to the payment obligation

The conditions precedent for the Planned Allottees' obligation to pay for the Class A Shares includes obtaining the approval at the Extraordinary General Meeting of Shareholders of each of the proposals regarding the Amendments to the Articles of Incorporation, the Capital Increase through Third-Party Allotment, the Reduction of the Amount of Legal Capital Surplus, and election of one person designated by the Planned Allottees to external director of the Company.

(3) Planned Allottees' policies for holding shares

The Company has received an explanation from the Planned Allottees that they plan to hold the Class A Shares over a medium term in principle.

The Planned Allottees are not allowed to exercise the right of request for acquisition for common shares attached to the Class A shares until 30 June 2020 unless Conversion Restriction Removal Reason occurs.

Class A Shares are class shares with transfer restrictions, and the Planned Allottees are not entitled to conduct Transfer, etc. of Class A Shares to a third party until 30 June 2020 but are allowed to transfer Class A Shares to a third party by obtaining the Company's prior approval in writing only if the Conversion Restriction Removal Reason occurs.

The Company plans to obtain written confirmations from the Planned Allottees by the payment date that in the event the Planned Allottees transfer all or a part of the Class A Shares, which are shares to be allotted, within two years from the payment date, the Planned Allottees will report in writing the details of the said transfer, such as the name and address of the transferee, the number of transferred shares, the transfer date, the transfer price, the reason for transfer, and the method of transfer, to the Company without delay, and the Planned Allottees will agree that the Company reports the said contents of the report to the Tokyo Stock Exchange and that the said details of the report will be made publicly available.

(4) Contents confirmed with the Planned Allottees regarding funds required for the payment

The Company obtained a report that the Planned Allottees would be able to complete

the preparation of funds required for the payment by the payment date. In addition, the Company determined that the Planned Allottees would be able to secure sufficient funds for the subscription to the shares to be allotted by the payment date by taking measures, such as checking financial reports of the limited partners of the Planned Allottee.

7. Major Shareholders after the Offering and Their Shareholding Ratios

(1) Common shares

Before the offering (as of 30 September 2016)	After the offering
The Master Trust Bank of Japan, Ltd. (Trust Account)	4.17%
Japan Trustee Services Bank, Ltd. (Trust Account)	3.05%
MSIP CLIENT SECURITIES	2.55%
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	2.24%
Japan Trustee Services Bank, Ltd. (Trust Account 1)	1.16%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.15%
Japan Trustee Services Bank, Ltd. (Trust Account 6)	1.15%
Japan Trustee Services Bank, Ltd. (Trust Account 2)	1.14%
Japan Trustee Services Bank, Ltd. (Trust Account 3)	1.13%
JP MORGAN CHASE BANK 385 151	1.13%

*1 Shareholding ratios in the table above are rounded down to the second decimal place using the figures on the shareholders' register as of 30 September 2016.

*2 The number of dilutive shares of the Class A Shares is not included in the calculation of the major shareholders and their shareholding ratios of the common shares after the offering of the Class A Shares, as it is difficult to reasonably estimate that number at this stage. The major shareholders and their shareholding ratios of the common shares after the offering of the Class A Shares are not shown for the same reason.

(2) Class A Shares

Before the offering (as of 2 February 2017)	After the offering	
Not applicable	Japan Industrial Solutions Fund II	50.00%
	UDS III Corporate Mezzanine Limited Partnership	22.50%
	UDS IV Corporate Mezzanine Limited Partnership	27.50%

8. Future Prospects

The Company will endeavor to stabilize its financial position on a consolidated and non-consolidated basis for the business year ending 31 March 2017, through the Capital Increase through Third-Party Allotment. For details of the future prospects, please see the consolidated earnings forecast for the business year ending 31 March 2017, included in the "FY 2017 3rd Quarter Consolidated Financial Results <IFRS>" released today.

9. Procedures for Corporate Code of Conduct

The Capital Increase through Third-Party Allotment will result in the dilution rate of 25% or more. Consequently, the Company plans to obtain an approval by a special resolution at the Extraordinary General Meeting of Shareholders as procedures for confirming the intent of shareholders as provided for in Article 432 of the Securities Listing Regulations set forth by the Tokyo Stock Exchange.

10. Operating Results for and Status of Equity Finance Executed in the Past Three Years

(1) Operating Results (consolidated) for the past three years (In millions of yen except for items stated otherwise)

	Fiscal Year Ended 31 March 2014	Fiscal Year Ended 31 March 2015	Fiscal Year Ended 31 March 2016
Revenue	606,095	626,713	629,172
Operating profit	14,567	16,848	19,362
Profit attributable to owners of the parent	(16,605)	1,668	(49,838)
Basic earnings per share (yen)	(183.96)	18.47	(551.75)
Dividend per share (yen)	-	-	-
Total shareholders' equity per share (yen)	2,037.84	1,945.95	1,141.40

* The Company carried out a reverse split (consolidating ten common shares into one common share) effective 1 October 2016. "Basic earnings per share" and "Total shareholders' equity per share" in the above table are calculated by assuming that the said reverse split was executed at the beginning of the business year ended 31 March 2014.

(2) Current number of issued shares and dilutive shares (as of 31 December 2016)

	Number of shares	Ratio to total number of issued shares
Number of issued shares	90,362,199 shares	100.00%
Number of dilutive shares at the current acquisition price (exercise price)	688,200 shares	0.76%
Number of dilutive shares at minimum acquisition price (exercise price)	-	-
Number of dilutive shares at maximum acquisition price (exercise price)	-	-

* The number of dilutive shares in the above table is all attributable to stock options.

(3) Recent share prices

(i) Share prices over the past three years

	Fiscal Year Ended 31 March 2014	Fiscal Year Ended 31 March 2015	Fiscal Year Ended 31 March 2016
Opening	106 yen	148 yen	117 yen
High	157 yen	152 yen	147 yen
Low	83 yen	94 yen	64 yen
Closing	147 yen	118 yen	80 yen

(ii) Share prices for the past six months

	August	September	October	November	December	January
Opening	79 yen	80 yen	805 yen	859 yen	812 yen	862 yen
High	83 yen	86 yen	879 yen	861 yen	937 yen	958 yen
Low	75 yen	79 yen	799 yen	720 yen	801 yen	845 yen
Closing	80 yen	80 yen	855 yen	805 yen	851 yen	930 yen

* The Company carried out a reverse split (consolidating 10 common shares into one common share) effective 1 October 2016. The share prices for September 2016 are indicated based on the adjusted prices prior to the reverse split.

(iii) Share price on the business day immediately preceding the date of resolution authorizing the issuance

	1 February 2017
Opening	925 yen
High	939 yen
Low	920 yen
Closing	932 yen

(4) Equity finance executed in the past three years
Not applicable.

11. Terms and Conditions of Issuance

Please see Appendix I "Terms and Conditions of Class A Shares".

II. Partial Amendments to the Articles of Incorporation

1. Reasons for Amendments to the Articles of Incorporation

In order to allow the Class A Shares to be issued, we will create Class A Shares as a new class of shares of the Company and establish new provisions regarding Class A Shares in the Articles of Incorporation.

The amendments to the Articles of Incorporation will be conditional on the necessary approval at the Extraordinary General Meeting of Shareholders.

2. Contents of Amendments to the Articles of Incorporation

Please see Appendix II "Contents of Amendments to the Articles of Incorporation".

3. Schedule for Amendments to the Articles of Incorporation

2 February 2017 (Thursday)	Resolution of the Board of Directors relating to the Amendments to the Articles of Incorporation Resolution of the Board of Directors relating to the convocation of the Extraordinary General Meeting of Shareholders of which agendas include the Amendments to the Articles of Incorporation
24 March 2017 (Friday)	Resolution at the Extraordinary General Meeting of Shareholders (planned) Effective date of the Amendments to the Articles of Incorporation (planned)

III. Reduction of the Amount of Capital Stock, etc.

1. Purpose of the Reduction of the Amount of Capital Stock, etc.

In order to establish a healthy financial position early and prepare for an agile and flexible capital policy in the future, the Company decided on the Reduction of the Amount of Capital Stock, etc. concurrently with the issuance of Class A Shares and to transfer the amount to other capital surplus which constitutes the distributable amount.

The Reduction of the Amount of Capital Stock, etc. will be on the condition that the Capital Increase through Third-Party Allotment be effected (and regarding the reduction of the amount of legal capital surplus, also on the condition that necessary approval at the Extraordinary General Meeting of Shareholders be obtained).

2. Outline of the Reduction of the Amount of Capital Stock, etc.

(1) Amount of capital stock to be reduced

20,000,000,000 yen (Note that the amount of capital stock will increase by 20,000,000,000 yen due to the Capital Increase through Third-Party Allotment, and hence the amount of capital stock after the effective date will not fall below the amount before the effective date).

(2) Amount of legal capital surplus to be reduced

100,000,000,000 yen (Note that the amount of legal capital surplus will increase by

20,000,000,000 yen due to the Capital Increase through Third-Party Allotment, and hence the amount of legal capital surplus after the effective date will fall below the amount before the effective date by 80,000,000,000 yen).

(3) Method of the Reduction of the Amount of Capital Stock, etc.

After implementing the Reduction of the Amount of Capital Stock, etc. as mentioned above in accordance with the provisions of Article 447, Paragraphs 1 and 3, and Article 448, Paragraph 1, of the Companies Act, the Company will transfer the entire amounts of capital stock and legal capital surplus reduced to other capital surplus.

3. Schedule for the Reduction of the Amount of Capital Stock, etc.

2 February 2017 (Thursday)	Resolution of the Board of Directors relating to the Reduction of the Amount of Capital Stock, etc. Resolution of the Board of Directors relating to the convocation of the Extraordinary General Meeting of Shareholders of which agendas include the reduction of the amount of legal capital surplus
24 February 2017 (Friday)	Public notice with respect to statements of objection by creditors (planned)
24 March 2017 (Friday)	Resolution at the Extraordinary General Meeting of Shareholders (planned) Final deadline for statements of objection by creditors (planned)
31 March 2017 (Friday)	Effective date of the Reduction of the Amount of Capital Stock, etc. (planned)

4. Future Prospects

The Reduction of the Amount of Capital Stock, etc. is a process of transferring capital stock and legal capital surplus to the accounts of other capital surplus in the net assets section of the Company's balance sheet and will not change the amount of net assets, and there will be no impact on the Company's operating results.

(Reference) Amounts of capital stock, legal capital surplus, and other capital surplus of the Company after the effective date of the Reduction of the Amount of Capital Stock, etc.

	Before coming into effect	After coming into effect
Capital stock	116,457,819,125 yen	116,457,819,125 yen

Legal capital surplus	124,780,128,024 yen	44,780,128,024 yen
Other capital surplus	0 yen	120,000,000,000 yen

* The above is based on the assumption that no change in the amount of capital stock, legal capital surplus, and other capital surplus will occur before the effective date, except for the increase in capital stock and legal capital surplus lead by the Capital Increase through Third-Party Allotment and the above transfer processing.

IV. Holding of the Extraordinary General Meeting of Shareholders and Schedule for the Future

In order to determine the shareholders who are entitled to exercise the voting rights at the Extraordinary General Meeting of Shareholders, etc., the Company has set 17 February 2017 as the record date and decided the shareholders recorded in the last shareholder registry as of the record date as those entitled to exercise the voting rights. For details, please see "Notice regarding Setting the Record Date for Convening Extraordinary General Meeting of Shareholders" released today.

The payment for the Capital Increase through Third-Party Allotment by the Planned Allottees is conditional, as provided for in the Agreement, upon the approval of each proposal regarding (i) the Capital Increase through Third-Party Allotment; (ii) the Amendments to the Articles of Incorporation; (iii) the reduction of the amount of legal capital surplus; and (iv) the election of one person designated by the Planned Allottees as external director of the Company at the Extraordinary General Meeting of Shareholders, and others.

- 2 February 2017 (Thursday) Resolution of the Board of Directors regarding the Amendments to the Articles of Incorporation, the Capital Increase through Third-Party Allotment, and the Reduction of the Amount of Capital Stock, etc.
Resolution of the Board of Directors regarding the convocation of the Extraordinary General Meeting of Shareholders of which agendas include the Amendments to the Articles of Incorporation, the Capital Increase through Third-Party Allotment, the reduction of the amount of legal capital surplus, and the election of one person as external director of the Company
Signing of the Agreement with the Planned Allottees
- 3 February 2017 (Friday) Public notice with respect to record date for the Extraordinary General Meeting of Shareholders (planned)
- 17 February 2017 (Friday) Record date for determining shareholders who will exercise the voting rights at the Extraordinary General Meeting of Shareholders

	(planned)
24 February 2017 (Friday)	Public notice with respect to statements of objection by creditors (planned)
24 March 2017 (Friday)	Resolution of the Extraordinary General Meeting of Shareholders (planned)
	Effective date of the Amendments to the Articles of Incorporation (planned)
	Final deadline for statements of objection by creditors (planned)
31 March 2017 (Friday)	Payment date (planned)
	Effective date of the Reduction of the Amount of Capital Stock, etc. (planned)

Terms and Conditions of Class A Shares

1. Name of Shares
Newton Class A Shares (the "Class A Shares")
2. Number of Shares Offered for Subscription
40,000 shares
3. Amount to be Paid in for Shares Offered for Subscription
1,000,000 yen per share
4. Capital Stock and Legal Capital Surplus to be Increased
Capital Stock 20,000,000,000 yen (500,000 yen per share)
Legal Capital Surplus 20,000,000,000 yen (500,000 yen per share)
5. Total Amount to be Paid in
40,000,000,000 yen
6. Payment Date
March 31, 2017
7. Method of Issuance
Third-party allotment of the following numbers of shares to the following allottees:

Japan Industrial Solutions Fund II	20,000 shares
UDS Corporate Mezzanine No. 3 Limited Partnership	9,000 shares
UDS Corporate Mezzanine No. 4 Limited Partnership	11,000 shares
8. Dividends of Surplus
 - (1) Class A Preferred Dividends
If the Company is to distribute dividends out of surplus setting a certain day belonging to a business year as the record date, the Company shall make, in accordance with the order of priority of payment set forth in 16-(1) below, pecuniary distribution of surplus to the holders of the Class A Shares (the "Class A Shareholders") or the registered pledgees of the Class A Shares (together with the Class A Shareholders, the "Class A Shareholders/Pledgees") entered or recorded in the latest shareholders' register as at the record date for the distribution of the relevant dividends (the "Dividend Record Date") in the amount per Class A Share as set forth in (2) below (hereinafter such amount of money paid per Class A Share as a dividend shall be referred to as the "Class A Preferred Dividend"). If the amount obtained by multiplying the Class A Preferred Dividend by the number of Class A Shares to which each Class A Shareholder/Pledgee is entitled includes any fraction less than one (1) yen, such fraction shall be rounded down.

(2) Amount of Class A Preferred Dividend

The amount of the Class A Preferred Dividend shall be calculated (i) for the amount of money calculated by multiplying 1,000,000 yen (the "Amount Equivalent to Paid-in Amount") by 4.5%, if the Dividend Record Date belongs to a business year ending on or before March 31, 2018; (ii) for the amount of money calculated by multiplying the Amount Equivalent to Paid-in Amount by 5.5%, if the Dividend Record Date belongs to any business year starting on or after April 1, 2018 and ending on or before March 31, 2020; and (iii) for the amount of money calculated by multiplying the Amount Equivalent to Paid-in Amount by 6.5%, if the Dividend Record Date belongs to any business year starting on or after April 1, 2020, on a daily prorated basis based on a 365-day year (or a 366-day year if the relevant business year has a leap day) by reference to the actual number of days from and including the first day of the business year to which the relevant Dividend Record Date belongs (or March 31, 2017, if the relevant Dividend Record Date belongs to the business year ending on March 31, 2017) to and including the relevant Dividend Record Date (provided, however, that if the relevant Dividend Record Date belongs to the business year ending on March 31, 2017, such actual number of days shall be reduced by one (1) day) (the division shall be performed at the end of the computation and the amount shall be calculated to the hundredth of one (1) yen and rounded off to the nearest tenth of one (1) yen). Provided, however, that if dividends of surplus have been paid to the Class A Shareholders/Pledgees with the record date being any day preceding the relevant Dividend Record Date within the business year to which the relevant Dividend Record Date belongs, the amount of the Class A Preferred Dividend with respect to the relevant Dividend Record Date shall be the amount after the deduction of the total amount of the Class A Preferred Dividends for such preceding dividends.

(3) Non-participation Clause

The Company shall not pay dividends of surplus to the Class A Shareholders/Pledgees in excess of the sum of the amount of the Class A Preferred Dividend and the Amount Equivalent to Class A Cumulative Accrued Dividends (as specified in the following item). Provided, however, that the foregoing shall not apply to any dividends of surplus as stipulated in Article 758, item 8-(b) or Article 760, item 7-(b) of the Companies Act which are paid in any absorption-type demerger procedures conducted by the Company or any dividends of surplus as stipulated in Article 763, Paragraph 1, item 12-(b) or Article 765, Paragraph 1, item 8-(b) of the Companies Act which are paid in any incorporation-type demerger procedures conducted by the Company.

(4) Accumulation Clause

If the total amount of dividends of surplus per share paid to the Class A Shareholders/Pledgees with each record date being a certain day belonging to a business year (excluding the dividend of the Amount Equivalent to Class A Cumulative Accrued Dividends (as defined below) accumulated in accordance with this (4) with respect to the Class A Preferred Dividends for each of the business years preceding the relevant business year) falls short of the amount of the Class A Preferred Dividends for the relevant business year (which means the amount of the Class A Preferred Dividend calculated in accordance with (2) above assuming that a dividend of surplus is paid with the record date being the last day of the relevant business year and without applying the proviso of (2) above to such calculation), the amount of such shortfall shall be accumulated for the business years following that business year (the "Business Year Involving Shortfall" in this (4)). In such case, the accumulated amount shall be, from and including the day following the annual shareholders meeting for the Business Year Involving Shortfall (the "Annual Meeting for Business Year Involving Shortfall" in this (4)) to and including the day on which the accumulated amount is distributed to the Class A Shareholders/Pledgees, the amount so deferred plus interest thereon compounded annually for each of the business years following the Business Year Involving Shortfall (however, the first year shall be from and including the day following the Annual Meeting for Business Year Involving Shortfall to and including the last day of the business year following the Business Year Involving Shortfall), calculated (i) at the interest rate of 4.5% per annum, if the relevant business year is a business year ending on or before March 31, 2018; (ii) at the interest rate of 5.5% per annum, if the relevant business year is a business year starting on or after April 1, 2018 and ending on or before March 31, 2020; and (iii) at the interest rate of 6.5% per annum if the relevant business year is a business year starting on or after April 1, 2020. Such calculation shall be made on a daily prorated basis based on a 365-day year (or a 366-day year if the relevant business year has a leap day). In such a calculation, the division shall be performed at the end of the computation and the amount shall be calculated to the hundredth of one (1) yen and rounded off to the nearest tenth of one (1) yen. The amount accumulated pursuant to this item (the "Amount Equivalent to Class A Cumulative Accrued Dividends") shall be distributed to the Class A Shareholders/Pledgees in accordance with the order of priority of payment set forth in 16-(1) below.

9. Distribution of Residual Assets

(1) Distribution of Residual Assets

If the Company distributes its residual assets, the Company shall pay to each Class A

Shareholder/Pledgee the sum of the Amount Equivalent to Paid-in Amount, the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount as specified in (3) below per Class A Share (the "Class A Residual Assets Distribution Amount") in cash in accordance with the order of priority of payment set forth in 16-(2) below. Provided, however, that in this (1), if the date on which the residual assets are distributed (the "Distribution Date") is within the period from and including the day following a Dividend Record Date to the date of payment of the dividend of surplus whose record date is the relevant Dividend Record Date, the Amount Equivalent to Class A Cumulative Accrued Dividends shall be calculated by deeming that there occurs no distribution of dividend of surplus whose record date is the relevant Dividend Record Date. If the amount obtained by multiplying the Class A Residual Assets Distribution Amount by the number of the Class A Shares to which each Class A Shareholder/Pledgee is entitled includes any fraction less than one (1) yen, such fraction shall be rounded down.

(2) Non-participation Clause

The Company shall not make distribution of residual assets to the Class A Shareholders/Pledgees other than as provided for in (1) above.

(3) Daily Prorated Accrued Preferred Dividend Amount

The daily prorated accrued preferred dividend amount per Class A Share shall be the amount equivalent to the Class A Preferred Dividend calculated in accordance with 8-(2) above assuming that the Class A Preferred Dividends are paid in the business year to which the Distribution Date belongs, with the record date being the Distribution Date (hereinafter the daily prorated accrued preferred dividend amount per Class A Share shall be referred to as the "Daily Prorated Accrued Preferred Dividend Amount").

10. Voting Rights

Unless otherwise provided for by law, the Class A Shareholders shall not be entitled to vote at general meetings of shareholders.

11. Request for Acquisition in Exchange for Common Shares

(1) Request for Acquisition in Exchange for Common Shares

On or after April 1, 2017, each Class A Shareholder may at any time request the Company to acquire, in exchange for the delivery of such number of common shares as specified in (2) below (the "Common Shares subject to Request"), all or part of the Class A Shares held by that Class A Shareholder (the "Request for Acquisition in Exchange for Common Shares"), and the Company shall deliver the Common Shares subject to Request to the relevant Class A Shareholder in exchange for the acquisition of the Class A Shares to which the relevant Request for Acquisition in Exchange for

Common Shares is related, to the extent permitted by law.

(2) Number of Common Shares Delivered in Exchange for Acquisition of Class A Shares

The number of common shares delivered in exchange for the acquisition of the Class A Shares shall be the number obtained by dividing (i) the amount obtained by multiplying (a) the Amount Equivalent to Paid-in Amount per Class A Share by (b) the Premium for Acquisition in Exchange for Common Shares as specified below and by (c) the number of the Class A Shares to which the Request for Acquisition in Exchange for Common Shares is related, by (ii) the acquisition price set forth in (3) and (4) below. If the total number of common shares delivered in exchange for the acquisition of the Class A Shares to which the Request for Acquisition in Exchange for Common Shares is related includes any fraction less than one (1) share, such fraction shall be rounded down. In such case, the Company shall not make the delivery of money as provided for in Article 167, Paragraph 3 of the Companies Act.

“Premium for Acquisition in Exchange for Common Shares” means the rate corresponding to the relevant category set forth in the following items according to whether the effective date of the Request for Acquisition in Exchange for Common Shares falls within any of the periods listed below:

i.	From April 1, 2017 to June 30, 2017	: 1.05
ii.	From July 1, 2017 to June 30, 2018	: 1.08
iii.	From July 1, 2018 to June 30, 2019	: 1.15
iv.	From July 1, 2019 to June 30, 2020	: 1.22
v.	From July 1, 2020 to June 30, 2021	: 1.29
vi.	From July 1, 2021 to June 30, 2022	: 1.36
vii.	From July 1, 2022	: 1.43

(3) Initial Acquisition Price

846.5 yen

(4) Adjustment of Acquisition Price

(a) Upon the occurrence of any of the events listed below, the acquisition price shall be adjusted as follows:

(i) If the Company is to implement a share split of its common shares or gratis allotment of its common shares, the acquisition price shall be adjusted in accordance with the formula below. In the case of a gratis allotment of shares, “Number of issued common shares before split” and “Number of issued common shares after split” in the formula below shall be respectively deemed to be replaced with “Number of issued common shares before gratis allotment (excluding the common shares then held by the Company)” and “Number of

issued common shares after gratis allotment (excluding the common shares then held by the Company).”

$$\text{Acquisition price after adjustment} = \text{Acquisition price before adjustment} \times \frac{\text{Number of issued common shares before split}}{\text{Number of issued common shares after split}}$$

The acquisition price after adjustment shall apply as from the day following the record date for the share split or as from the effective date of the gratis allotment of shares (or if the record date for the gratis allotment has been set, as from the day following such record date), as the case may be.

- (ii) If the Company consolidates its common shares, the acquisition price shall be adjusted in accordance with the formula below.

$$\text{Acquisition price after adjustment} = \text{Acquisition price before adjustment} \times \frac{\text{Number of issued common shares before consolidation}}{\text{Number of issued common shares after consolidation}}$$

The acquisition price after adjustment shall apply as from the effective date of the consolidation of shares.

- (iii) If the Company issues common shares or disposes of any of the common shares held by the Company at a paying-in amount below the market value per common share as specified in (d) below (excluding by way of gratis allotment of shares, acquisition of shares or stock acquisition rights (including those attached to bonds with stock acquisition rights; hereafter the same in this (4)) in exchange for the delivery of common shares, exercise of stock acquisition rights to acquire common shares, or delivery of common shares by virtue of merger, share exchange (*kabushiki kokan*) or demerger), the acquisition price shall be adjusted in accordance with the formula below (the “Acquisition Price Adjustment Formula”). If any property other than money is contributed, “Paying-in amount per share” in the Acquisition Price Adjustment Formula shall be the appropriately appraised value of such property. The acquisition price after adjustment shall apply as from the day following the payment date (or if a payment period has been set, the last day of such payment period), or if a record date for the allotment to shareholders has been set, as from the day following such record date (the “Shareholder Allotment Date”), as the case may be. If the Company is to dispose of any of the common shares held by it, “Number of newly issued common shares” and “Number of common shares

held by the Company” in the formula below shall be respectively deemed to be replaced with “The number of common shares held by the Company to be disposed of” and “The number of common shares held by the Company before the disposition.”

$$\begin{array}{r}
 \text{Acquisition price} \\
 \text{after adjustment}
 \end{array}
 =
 \begin{array}{r}
 \text{Acquisition price} \\
 \text{before adjustment}
 \end{array}
 \times
 \frac{
 \begin{array}{r}
 \text{(Number of issued} \\
 \text{common shares} \\
 - \text{ Number of common} \\
 \text{shares held by the} \\
 \text{Company)} \\
 + \frac{
 \begin{array}{r}
 \text{Number of newly} \\
 \text{issued common} \\
 \text{shares}
 \end{array}
 \times
 \begin{array}{r}
 \text{Paying-in} \\
 \text{amount} \\
 \text{per share}
 \end{array}
 }{
 \text{Market value per common share}
 }
 \end{array}
 }{
 \begin{array}{r}
 \text{(Number of issued common shares} \\
 - \text{ Number of common shares held by the Company)} \\
 + \text{ Number of newly issued common shares}
 \end{array}
 }
 \end{array}$$

- (iv) If the Company makes an issuance or disposal of shares (including gratis allotment of shares) which entitles the holders thereof to receive, by having or letting the Company acquire such shares, the delivery of common shares at an acquisition price per common share below the market value per common share as set forth in (d) below, the acquisition price after adjustment shall be the amount calculated by causing “Paying-in amount per share” in the Acquisition Price Adjustment Formula to be substituted by the amount determined by deeming that all of the shares issued or disposed of have been acquired in accordance with the initial terms and conditions and common shares have been delivered on the payment date for such shares (if a payment period has been set, on the last day of such payment period; hereafter the same in this (iv)), or on the effective date of gratis allotment of shares (or if a record date for gratis allotment of shares has been set, on such record date; hereafter the same in this (iv)), or on the Shareholder Allotment Date, if any, as the case may be. The acquisition price after adjustment shall apply as from the day following the payment date, or as from the day following the effective date of gratis allotment of shares, or as from the day following the Shareholder Allotment Date, if any, as the case may be. Notwithstanding the foregoing, if the consideration for the common shares delivered upon the acquisition has not been determined at the above-mentioned time point, the acquisition price after adjustment shall be calculated by deeming that at the time of determination of such consideration, all of the shares issued or disposed of will have been acquired in accordance with the terms and conditions as of the time of determination of such consideration and common shares will have been delivered, and such acquisition price after adjustment shall apply as from the day following the date on which such consideration has been determined.

- (v) If the Company makes an issuance of stock acquisition rights (including gratis allotment of stock acquisition rights) which entitles the holders thereof to receive, by exercising or having the Company acquire such stock acquisition rights, to receive the delivery of common shares at a price wherein the sum of the paying-in amount of such stock acquisition right per common share and the amount per common share of the property contributed upon the exercise of such stock acquisition rights (if any property other than money is contributed, the appropriately appraised value of such property; hereafter the same in this (v)) is less than the market value per common share as set forth in (d) below, the acquisition price after adjustment shall be the amount calculated by causing "Paying-in amount per share" in the Acquisition Price Adjustment Formula to be substituted by the sum of the paying-in amount of stock acquisition right per common share and the amount per common share of the property contributed upon the exercise of stock acquisition rights, deeming that all of the stock acquisition rights issued have been exercised or acquired in accordance with the initial terms and conditions and common shares have been delivered on the allotment date of such stock acquisition rights, on the effective date of gratis allotment of stock acquisition rights (or if a record date for gratis allotment of stock acquisition rights has been set, on such record date; hereafter the same in this (v)), or on the Shareholder Allotment Date, if any, as the case may be. The acquisition price after adjustment shall apply as from the day following the allotment date of such stock acquisition rights, as from the day following the effective date of the gratis allotment of stock acquisition rights, or as from the day following the Shareholder Allotment Date, if any, as the case may be. Notwithstanding the foregoing, if the consideration for the common shares delivered upon the acquisition or exercise has not been determined at the above-mentioned time point, the acquisition price after adjustment shall be calculated by deeming that at the time of determination of such consideration, all of the stock acquisition rights issued will have been exercised or acquired in accordance with the terms and conditions as of the time of determination of such consideration and common shares will have been delivered, and such acquisition price after adjustment shall apply as from the day following the date on which such consideration has been determined. Provided, however, that the adjustment of the acquisition price under this (v) shall not apply to any stock acquisition rights to acquire common shares that are issued for the purpose of granting stock options to any of the directors,

statutory auditors (*kansayaku*), executive officers (*shikkoyaku*) or other officers or employees of the Company or any subsidiary of the Company.

- (b) In addition to the events set forth in (a) above, if there is any circumstance falling under any of (i) through (iii) below, the Company shall submit to the Class A Shareholders/Pledgees a prior written notification to that effect, stating the acquisition price after adjustment, the date of application and any other necessary matters, and shall appropriately adjust the acquisition price.
 - (i) If an adjustment of the acquisition price is required for a merger, share exchange (*kabushiki kokan*), acquisition of all issued shares in another stock company (*kabushiki kaisha*) by way of share exchange (*kabushiki kokan*), share transfer (*kabushiki iten*), absorption-type demerger (*kyushu bunkatsu*), succession of all or part of the rights and obligations held by another company in relation to its business by way of absorption-type demerger (*kyushu bunkatsu*) or incorporation-type demerger (*shinsetsu bunkatsu*);
 - (ii) Where two (2) or more events requiring adjustment of the acquisition price have occurred in succession, if the determination of the market value to be used in the calculation of the acquisition price after adjustment for one of the events needs to take into consideration the effects of the other event(s); or
 - (iii) If an adjustment of the acquisition price is otherwise required owing to a change in the number of issued common shares (excluding the number of common shares held by the Company) or the occurrence of any event which may result in such a change.
- (c) In the calculations needed for an adjustment of the acquisition price, the price shall be calculated to the hundredth of one (1) yen and rounded off to the nearest tenth of one (1) yen.
- (d) The market value per common share as used in the Acquisition Price Adjustment Formula shall be the average of the volume weighted average prices (the "VWAPs") of the Company's common shares in regular trading published by Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") over the 30 consecutive Trading Days preceding the day from which the acquisition price after adjustment applies (or if any event requiring an adjustment of the acquisition price is published through the company announcements disclosure service provided by the Tokyo Stock Exchange, the date of such publication) (calculated to the hundredth of one (1) yen and rounded off to the nearest tenth of one (1) yen; hereinafter the same). For the purpose of this (d), "Trading Day" means any day on which regular trading of common shares in the Company is conducted on the Tokyo Stock Exchange, and

shall not include any day on which the VWAP is not published.

- (e) If the difference between the acquisition price after adjustment and the acquisition price before adjustment as calculated for the purpose of adjustment of the acquisition price is less than 0.1 yen, the acquisition price shall not be adjusted. Provided, however, that any adjustment deemed unnecessary under this (e) shall be carried over and taken into account in the subsequent calculations for the adjustment.

(5) Place for Acceptance of Request for Acquisition in Exchange for Common Shares

The shareholders register administrator's office for handling of related affairs:

4-1 Marunouchi 1-chome, Chiyoda-Ku, Tokyo

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Department

(6) Effectuation of Request for Acquisition in Exchange for Common Shares

A Request for Acquisition in Exchange for Common Shares shall come into effect at the later of (i) the time when the documents necessary for the Request for Acquisition in Exchange for Common Shares reach the place for acceptance of the Request for Acquisition in Exchange for Common Shares as specified in (5) above or (ii) the intended effective date as stated in the above-mentioned documents.

(7) Method of Delivery of Common Shares

After the effectuation of the Request for Acquisition in Exchange for Common Shares, the Company shall deliver common shares to each Class A Shareholder which has made the Request for Acquisition in Exchange for Common Shares by recording an increase in the number of the book-entry transfer shares in the "Shares Held" section of the transfer account book managed by Japan Securities Depository Center, Incorporated or of any account management institution designated by the relevant Class A Shareholder.

12. Call Option for Money

At any time on or after April 1, 2018, upon the arrival of the date separately specified by the board of directors of the Company (the "Date of Redemption for Money"), the Company may acquire all or part of the Class A Shares in exchange for money by giving written notice (which shall be irrevocable) to the Class A Shareholders/Pledgees at least 14 days prior to the Date of Redemption for Money, to the extent permitted by law (provided, however, that partial acquisitions may be made only in increments of 1,000 shares and to the extent that the total number of the Class A Shares held by the Class A Shareholders after such acquisition is to be 4,000 or more) (the "Redemption for Money"), and the Company shall, in exchange for the acquisition of the Class A Shares subject to the relevant Redemption for Money, deliver to the Class A Shareholders such amount of money as is

obtained by multiplying (i) the sum of (a) the Amount Equivalent to Paid-in Amount per Class A Shares multiplied by the Redemption Factor set forth below and (b) the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount, by (ii) the number of the Class A Shares subject to the relevant Redemption for Money. In this 12, the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount shall be calculated by deeming that "date on which the residual assets are distributed" and "Distribution Date" in the calculation of the Amount Equivalent to Class A Cumulative Accrued Dividends and the calculation of the Daily Prorated Accrued Preferred Dividend Amount has been replaced with "Date of Redemption for Money." If the money delivered in exchange for the acquisition of the Class A Shares subject to the Redemption for Money includes any fraction less than one (1) yen, such fraction shall be rounded down.

In the case of a partial acquisition of the Class A Shares, the number of Class A Shares to be acquired from each Class A Shareholder shall be determined on a pro rata basis or by any other reasonable method specified by the board of directors of the Company.

"Redemption Factor" means the rate corresponding to the relevant category set forth in the following items according to whether the Date of Redemption for Money falls within any of the periods listed below:

i.	From April 1, 2018 to June 30, 2018	: 1.08
ii.	From July 1, 2018 to June 30, 2019	: 1.15
iii.	From July 1, 2019 to June 30, 2020	: 1.22
iv.	From July 1, 2020 to June 30, 2021	: 1.29
v.	From July 1, 2021 to June 30, 2022	: 1.36
vi.	From July 1, 2022	: 1.43

13. Restriction on Transfer

The acquisition of the Class A Shares by transfer shall be subject to the approval of the board of directors of the Company.

14. Exclusion of Claim for Being an Additional Seller in relation to Acquisition of Treasury Shares

The provisions of Paragraphs 2 and 3 of Article 160 of the Companies Act shall not apply in the case where the Company resolves at a general meeting of shareholders to acquire all or part of the Class A Shares held by certain Class A Shareholders by agreement with such Class A Shareholders.

15. Consolidation or Split of Shares; Allotment of Shares for Subscription

- (1) The Company shall not split or consolidate the Class A Shares.
- (2) The Company shall not grant the Class A Shareholders rights for allotment of shares for

subscription or rights for allotment of stock acquisition rights for subscription.

- (3) The Company shall not make a gratis allotment of shares or gratis allotment of stock acquisition rights to the Class A Shareholders.

16. Priority

- (1) The order of priority of payment of the Class A Preferred Dividend, the Amount Equivalent to Class A Cumulative Accrued Dividends and the dividends of surplus to the holders of common shares and the registered pledgees of common shares (collectively, the "Common Shareholders/Pledgees") shall be as follows: (i) the Amount Equivalent to Class A Cumulative Accrued Dividends; (ii) the Class A Preferred Dividends; and (iii) the dividends of surplus to the Common Shareholders/Pledgees.
- (2) The order of priority of payment of distribution of residual assets to the Class A Shares and the common shares shall be as follows: (i) distribution of residual assets for the Class A Shares; and (ii) distribution of residual assets for common shares.
- (3) If the amount available for the dividends of surplus or distribution of residual assets by the Company falls short of the total amount necessary to pay the dividends of surplus or to make the distribution of residual assets for a certain priority rank, the payment of dividends of surplus or distribution of residual assets shall be made on a pro rata basis according to the amount necessary to make the payment of dividends of surplus or distribution of residual assets with respect to that rank.

END

Appendix II

Contents of Amendments to the Articles of Incorporation
(Amendments are underlined.)

Current Articles of Incorporation	Proposed amendment
<p>CHAPTER 1 GENERAL PROVISIONS</p> <p style="padding-left: 40px;">Article 1</p> <p style="padding-left: 40px;">through</p> <p style="padding-left: 40px;">Article 5</p> <p style="padding-left: 40px;">(Omitted)</p> <p>CHAPTER 2 COMPANY SHARES</p> <p>Article 6 Total number of shares authorized to be issued</p> <p>The total number of shares of the Company authorized to be issued shall be 177,500,000 shares.</p> <p>Article7 Number of Shares Comprising One (1) Unit</p> <p>The <u>Number</u> of shares comprising one (1) unit (hereinafter referred to as</p>	<p>CHAPTER 1 GENERAL PROVISIONS</p> <p style="padding-left: 40px;">Article 1</p> <p style="padding-left: 40px;">through</p> <p style="padding-left: 40px;">Article 5</p> <p style="padding-left: 40px;">(Same as Current Version)</p> <p>CHAPTER 2 COMPANY SHARES</p> <p>Article 6 Total number of shares authorized to be issued <u>and total number of shares authorized to be issued by class</u></p> <p>The total number of shares of the Company authorized to be issued shall be 177,500,000 shares.</p> <p><u>The total number of shares of the Company authorized to be issued by class shall be as follows:</u></p> <p><u>Common shares 177,500,000 shares</u></p> <p><u>Class A Shares 40,000 shares</u></p> <p>Article7 Number of Shares Comprising One (1) Unit</p> <p>The <u>number</u> of shares comprising one (1) unit (hereinafter referred to as "Unit") <u>of</u></p>

"Unit") shall be 100.

Article 8

through

Article 10

(Omitted)

(New)

(New)

common shares shall be 100 and one Unit of Class A Shares shall be one (1).

Article 8

through

Article 10

(Same as Current Version)

CHAPTER 2-2 CLASS A SHARES

Article 10-2 Class A Preferred Dividends

1. If the Company is to distribute dividends out of surplus setting a certain day belonging to a business year as the record date, the Company shall make, in accordance with the order of priority of payment set forth in Article 10-10, Paragraph 1, pecuniary distribution of surplus to the holders of the Class A Shares (the "Class A Shareholders") or the registered pledgees of the Class A Shares (together with the Class A Shareholders, the "Class A Shareholders/Pledgees") entered or recorded in the latest shareholders' register as at the record date for the distribution of the relevant dividends (the "Dividend Record Date") in the amount per Class A Share as set forth in Paragraph 2 (hereinafter such amount of money paid per Class A Share as a dividend shall be referred to as the "Class A Preferred Dividend"). If the amount obtained by multiplying the Class A Preferred Dividend by the number of Class A Shares to

which each Class A Shareholder/Pledgee is entitled includes any fraction less than one (1) yen, such fraction shall be rounded down.

2. The amount of the Class A Preferred Dividend shall be calculated (i) for the amount of money calculated by multiplying 1,000,000 yen (the "Amount Equivalent to Paid-in Amount") by 4.5%, if the Dividend Record Date belongs to a business year ending on or before 31 March 2018; (ii) for the amount of money calculated by multiplying the Amount Equivalent to Paid-in Amount by 5.5%, if the Dividend Record Date belongs to any business year starting on or after 1 April 2018 and ending on or before 31 March 2020; and (iii) for the amount of money calculated by multiplying the Amount Equivalent to Paid-in Amount by 6.5%, if the Dividend Record Date belongs to any business year starting on or after 1 April 2020, on a daily prorated basis based on a 365-day year (or a 366-day year if the relevant business year has a leap day) by reference to the actual number of days from and including the first day of the business year to which the relevant Dividend Record Date belongs (or 31 March 2017, if the relevant Dividend Record Date belongs to the business year ending on 31 March 2017) to and including the relevant Dividend Record Date (provided, however, that if the relevant Dividend Record Date belongs to the business year ending on 31 March

2017, such actual number of days shall be reduced by one (1) day) (the division shall be performed at the end of the computation and the amount shall be calculated to the hundredth of one (1) yen and rounded off to the nearest tenth of one (1) yen). Provided, however, that if dividends of surplus have been paid to the Class A Shareholders/Pledgees with the record date being any day preceding the relevant Dividend Record Date within the business year to which the relevant Dividend Record Date belongs, the amount of the Class A Preferred Dividend with respect to the relevant Dividend Record Date shall be the amount after the deduction of the total amount of the Class A Preferred Dividends for such preceding dividends.

3. The Company shall not pay dividends of surplus to the Class A Shareholders/Pledgees in excess of the sum of the amount of the Class A Preferred Dividend and the Amount Equivalent to Class A Cumulative Accrued Dividends (as specified in Paragraph 4). Provided, however, that the foregoing shall not apply to any dividends of surplus as stipulated in Article 758, item 8-(b) or Article 760, item 7-(b) of the Companies Act which are paid in any absorption-type demerger procedures conducted by the Company or any dividends of surplus as stipulated in Article 763, Paragraph 1, item 12-(b) or Article 765, Paragraph 1, item

8-(b) of the Companies Act which are paid in any incorporation-type demerger procedures conducted by the Company.

4. If the total amount of dividends of surplus per share paid to the Class A Shareholders/Pledgees with each record date being a certain day belonging to a business year (excluding the dividend of the Amount Equivalent to Class A Cumulative Accrued Dividends (as defined below) accumulated in accordance with this Paragraph with respect to the Class A Preferred Dividends for each of the business years preceding the relevant business year) falls short of the amount of the Class A Preferred Dividends for the relevant business year (which means the amount of the Class A Preferred Dividend calculated in accordance with Paragraph 2 assuming that a dividend of surplus is paid with the record date being the last day of the relevant business year and without applying the proviso of Paragraph 2 to such calculation), the amount of such shortfall shall be accumulated for the business years following that business year (the "Business Year Involving Shortfall" in this Paragraph). In such case, the accumulated amount shall be, from and including the day following the

annual shareholders meeting for the Business Year Involving Shortfall (the "Annual Meeting for Business Year Involving Shortfall" in this Paragraph) to and including the day on which the accumulated amount is distributed to the Class A Shareholders/Pledgees, the amount so deferred plus interest thereon compounded annually for each of the business years following the Business Year Involving Shortfall (however, the first year shall be from and including the day following the Annual Meeting for Business Year Involving Shortfall to and including the last day of the business year following the Business Year Involving Shortfall), calculated (i) at the interest rate of 4.5% per annum, if the relevant business year is a business year ending on or before 31 March 2018; (ii) at the interest rate of 5.5% per annum, if the relevant business year is a business year starting on or after 1 April 2018 and ending on or before 31 March 2020; and (iii) at the interest rate of 6.5% per annum if the relevant business year is a business year starting on or after 1 April 2020. Such calculation shall be made on a daily prorated basis based on a 365-day year (or a 366-day year if the relevant business year has a leap day). In such a calculation,

the division shall be performed at the end of the computation and the amount shall be calculated to the hundredth of one (1) yen and rounded off to the nearest tenth of one (1) yen. The amount accumulated pursuant to this Paragraph (the "Amount Equivalent to Class A Cumulative Accrued Dividends") shall be distributed to the Class A Shareholders/Pledgees in accordance with the order of priority of payment set forth in Article 10-10, Paragraph 1.

(New)

Article 10-3 Distribution of Residual Assets

1. If the Company distributes its residual assets, the Company shall pay to each Class A Shareholder/Pledgee the sum of the Amount Equivalent to Paid-in Amount, the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount as specified in Paragraph 3 per Class A Share (the "Class A Residual Assets Distribution Amount") in cash in accordance with the order of priority of payment set forth in Article 10-10, Paragraph 2. Provided, however, that in this Paragraph, if the date on which the residual assets are distributed (the "Distribution Date") is within the period from and including the day following a Dividend Record Date to the date of payment of the dividend of surplus whose record date is the relevant Dividend Record Date, the

Amount Equivalent to Class A Cumulative Accrued Dividends shall be calculated by deeming that there occurs no distribution of dividend of surplus whose record date is the relevant Dividend Record Date. If the amount obtained by multiplying the Class A Residual Assets Distribution Amount by the number of the Class A Shares to which each Class A Shareholder/Pledgee is entitled includes any fraction less than one (1) yen, such fraction shall be rounded down.

2. The Company shall not make distribution of residual assets to the Class A Shareholders/Pledgees other than as provided for in the preceding Paragraph.

3. The daily prorated accrued preferred dividend amount per Class A Share shall be the amount equivalent to the Class A Preferred Dividend calculated in accordance with Article 10-2, Paragraph 2 above assuming that the Class A Preferred Dividends are paid in the business year to which the Distribution Date belongs, with the record date being the Distribution Date (hereinafter the daily prorated accrued preferred dividend amount per Class A Share shall be referred to as the "Daily Prorated Accrued Preferred Dividend Amount").

(New)

Article 10-4 Voting Rights

Unless otherwise provided for by law, the Class A Shareholders shall not be entitled to vote at General Meetings of Shareholders.

(New)

Article 10-5 Request for Acquisition in

Exchange for Common Shares

1. On or after 1 April 2017, each Class A Shareholder may at any time request the Company to acquire, in exchange for the delivery of such number of common shares as specified in Paragraph 2 (the "Common Shares subject to Request"), all or part of the Class A Shares held by that Class A Shareholder (the "Request for Acquisition in Exchange for Common Shares"), and the Company shall deliver the Common Shares subject to Request to the relevant Class A Shareholder in exchange for the acquisition of the Class A Shares to which the relevant Request for Acquisition in Exchange for Common Shares is related, to the extent permitted by law.
2. The number of common shares delivered in exchange for the acquisition of the Class A Shares shall be the number obtained by dividing (i) the amount obtained by multiplying (a) the Amount Equivalent to Paid-in Amount per Class A Share by (b) the Premium for Acquisition in Exchange for Common Shares as specified below and by (c) the number of the Class A Shares to which the Request for Acquisition in Exchange for Common Shares is related, by (ii) the acquisition price set forth in Paragraph 3 and Paragraph 4. If the total number of common shares delivered in exchange for the acquisition of the Class A Shares to which the Request for Acquisition in Exchange for

Common Shares is related includes any fraction less than one (1) share, such fraction shall be rounded down. In such case, the Company shall not make the delivery of money as provided for in Article 167, Paragraph 3 of the Companies Act.

"Premium for Acquisition in Exchange for Common Shares" means the rate corresponding to the relevant category set forth in the following items according to whether the effective date of the Request for Acquisition in Exchange for Common Shares falls within any of the periods listed below:

(i) From 1 April 2017 to 30 June 2017:

1.05

(ii) From 1 July 2017 to 30 June 2018:

1.08

(iii) From 1 July 2018 to 30 June 2019:

1.15

(iv) From 1 July 2019 to 30 June 2020:

1.22

(v) From 1 July 2020 to 30 June 2021:

1.29

(vi) From 1 July 2021 to 30 June 2022:

1.36

(vii) From 1 July 2022 : 1.43

3. Initial Acquisition Price will be 846.5 yen.

4. Adjustment of Acquisition Price

(a) Upon the occurrence of any of the events listed below, the acquisition price shall be adjusted as follows:

(i) If the Company is to implement a share split of its common shares or gratis

allotment of its common shares, the acquisition price shall be adjusted in accordance with the formula below. In the case of a gratis allotment of shares, "Number of issued common shares before split" and "Number of issued common shares after split" in the formula below shall be respectively deemed to be replaced with "Number of issued common shares before gratis allotment (excluding the common shares then held by the Company)" and "Number of issued common shares after gratis allotment (excluding the common shares then held by the Company)."

[Formula]

Acquisition price after adjustment = A × B ÷ C

A = Acquisition price before adjustment

B = Number of issued common shares before split

C = Number of issued common shares after split

The acquisition price after adjustment shall apply as from the day following the record date for the share split or as from the effective date of the gratis allotment of shares (or if the record date for the gratis allotment has been set, as from the day following such record

date), as the case may be.

(ii) If the Company consolidates its common shares, the acquisition price shall be adjusted in accordance with the formula below.

[Formula]

Acquisition price after adjustment = $A \times B \div C$

A = Acquisition price before adjustment

B = Number of issued common shares before consolidation

C = Number of issued common shares after consolidation

The acquisition price after adjustment shall apply as from the effective date of the consolidation of shares.

(iii) If the Company issues common shares or disposes of any of the common shares held by the Company at a paying-in amount below the market value per common share as specified in (d) below (excluding by way of gratis allotment of shares, acquisition of shares or stock acquisition rights (including those attached to bonds with stock acquisition rights; hereafter the same in this Paragraph) in exchange for the delivery of common shares, exercise of stock acquisition rights to acquire common shares, or delivery of common shares by virtue of merger, share exchange

(kabushiki kokan) or demerger), the acquisition price shall be adjusted in accordance with the formula below (the "Acquisition Price Adjustment Formula"). If any property other than money is contributed, "Paying-in amount per share" in the Acquisition Price Adjustment Formula shall be the appropriately appraised value of such property. The acquisition price after adjustment shall apply as from the day following the payment date (or if a payment period has been set, the last day of such payment period), or if a record date for the allotment to shareholders has been set, as from the day following such record date (the "Shareholder Allotment Date"), as the case may be. If the Company is to dispose of any of the common shares held by it, "Number of newly issued common shares" and "Number of common shares held by the Company" in the formula below shall be respectively deemed to be replaced with "The number of common shares held by the Company to be disposed of" and "The number of common shares held by the Company before the disposition."

Acquisition price after

$$\text{adjustment} = \frac{A \times (B - C + D \times E \div F)}{B - C + D}$$

A = Acquisition price before adjustment

B = Number of issued common shares

C = Number of common shares held by the Company

D = Number of newly issued common shares

E = Paying-in amount per share

F = Market value per common share

(iv) If the Company makes an issuance or disposal of shares (including gratis allotment of shares) which entitles the holders thereof to receive, by having or letting the Company acquire such shares, the delivery of common shares at an acquisition price per common share below the market value per common share as set forth in (d) below, the acquisition price after adjustment shall be the amount calculated by causing "Paying-in amount per share" in the Acquisition Price Adjustment Formula to be substituted by the amount determined by deeming that all of the shares issued or disposed of have been acquired in accordance with the initial terms and conditions and common shares have been delivered on the payment date for

such shares (if a payment period has been set, on the last day of such payment period; hereafter the same in this (iv)), or on the effective date of gratis allotment of shares (or if a record date for gratis allotment of shares has been set, on such record date; hereafter the same in this (iv)), or on the Shareholder Allotment Date, if any, as the case may be. The acquisition price after adjustment shall apply as from the day following the payment date, or as from the day following the effective date of gratis allotment of shares, or as from the day following the Shareholder Allotment Date, if any, as the case may be. Notwithstanding the foregoing, if the consideration for the common shares delivered upon the acquisition has not been determined at the above-mentioned time point, the acquisition price after adjustment shall be calculated by deeming that at the time of determination of such consideration, all of the shares issued or disposed of will have been acquired in accordance with the terms and conditions as of the time of determination of such consideration and common shares will have

been delivered, and such acquisition price after adjustment shall apply as from the day following the date on which such consideration has been determined.

- (v) If the Company makes an issuance of stock acquisition rights (including gratis allotment of stock acquisition rights) which entitles the holders thereof to receive, by exercising or having the Company acquire such stock acquisition rights, to receive the delivery of common shares at a price wherein the sum of the paying-in amount of such stock acquisition right per common share and the amount per common share of the property contributed upon the exercise of such stock acquisition rights (if any property other than money is contributed, the appropriately appraised value of such property; hereafter the same in this (v)) is less than the market value per common share as set forth in (d) below, the acquisition price after adjustment shall be the amount calculated by causing "Paying-in amount per share" in the Acquisition Price Adjustment Formula to be substituted by the sum of the paying-in amount of stock acquisition right per

common share and the amount per common share of the property contributed upon the exercise of stock acquisition rights, deeming that all of the stock acquisition rights issued have been exercised or acquired in accordance with the initial terms and conditions and common shares have been delivered on the allotment date of such stock acquisition rights, on the effective date of gratis allotment of stock acquisition rights (or if a record date for gratis allotment of stock acquisition rights has been set, on such record date; hereafter the same in this (v)), or on the Shareholder Allotment Date, if any, as the case may be. The acquisition price after adjustment shall apply as from the day following the allotment date of such stock acquisition rights, as from the day following the effective date of the gratis allotment of stock acquisition rights, or as from the day following the Shareholder Allotment Date, if any, as the case may be. Notwithstanding the foregoing, if the consideration for the common shares delivered upon the acquisition or exercise has not been determined at the above-mentioned time

point, the acquisition price after adjustment shall be calculated by deeming that at the time of determination of such consideration, all of the stock acquisition rights issued will have been exercised or acquired in accordance with the terms and conditions as of the time of determination of such consideration and common shares will have been delivered, and such acquisition price after adjustment shall apply as from the day following the date on which such consideration has been determined. Provided, however, that the adjustment of the acquisition price under this (v) shall not apply to any stock acquisition rights to acquire common shares that are issued for the purpose of granting stock options to any of the directors, statutory auditors (*kansayaku*), Executive Officers (*shikkoyaku*) or other officers or employees of the Company or any subsidiary of the Company.

(b) In addition to the events set forth in (a) above, if there is any circumstance falling under any of (i) through (iii) below, the Company shall submit to the Class A Shareholders/Pledgees a prior written notification to that effect, stating the acquisition

price after adjustment, the date of application and any other necessary matters, and shall appropriately adjust the acquisition price.

- (i) If an adjustment of the acquisition price is required for a merger, share exchange (*kabushiki kokan*), acquisition of all issued shares in another stock company (*kabushiki kaisha*) by way of share exchange (*kabushiki kokan*), share transfer (*kabushiki iten*), absorption-type demerger (*kyushu bunkatsu*), succession of all or part of the rights and obligations held by another company in relation to its business by way of absorption-type demerger (*kyushu bunkatsu*) or incorporation-type demerger (*shinsetsu bunkatsu*);
- (ii) Where two (2) or more events requiring adjustment of the acquisition price have occurred in succession, if the determination of the market value to be used in the calculation of the acquisition price after adjustment for one of the events needs to take into consideration the effects of the other event(s); or
- (iii) If an adjustment of the acquisition price is otherwise required owing

to a change in the number of issued common shares (excluding the number of common shares held by the Company) or the occurrence of any event which may result in such a change.

(c) In the calculations needed for an adjustment of the acquisition price, the price shall be calculated to the hundredth of one (1) yen and rounded off to the nearest tenth of one (1) yen.

(d) The market value per common share as used in the Acquisition Price Adjustment Formula shall be the average of the volume weighted average prices (the "VWAP") of the Company's common shares in regular trading published by Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") over the 30 consecutive Trading Days preceding the day from which the acquisition price after adjustment applies (or if any event requiring an adjustment of the acquisition price is published through the company announcements disclosure service provided by the Tokyo Stock Exchange, the date of such publication) (calculated to the hundredth of one (1) yen and rounded off to the nearest tenth of one (1) yen; hereinafter the same). For the purpose of this (d), "Trading Day" means any day on which regular trading of common shares in the

Company is conducted on the Tokyo Stock Exchange, and shall not include any day on which the VWAP is not published.

- (e) If the difference between the acquisition price after adjustment and the acquisition price before adjustment as calculated for the purpose of adjustment of the acquisition price is less than 0.1 yen, the acquisition price shall not be adjusted. Provided, however, that any adjustment deemed unnecessary under this (e) shall be carried over and taken into account in the subsequent calculations for the adjustment.

(New)

Article 10-6 Call Option for Money

At any time on or after 1 April 2018, upon the arrival of the date separately specified by the Board of Directors of the Company (the "Date of Redemption for Money"), the Company may acquire all or part of the Class A Shares in exchange for money by giving written notice (which shall be irrevocable) to the Class A Shareholders/Pledgees at least 14 days prior to the Date of Redemption for Money, to the extent permitted by law (provided, however, that partial acquisitions may be made only in increments of 1,000 shares and to the extent that the total number of the Class A Shares held by the Class A Shareholders after such acquisition is to be 4,000 or more) (the "Redemption for Money"), and the Company shall, in exchange for the acquisition of the Class A Shares subject to the relevant Redemption for Money, deliver to the Class A Shareholders such amount of money as is obtained by

multiplying (i) the sum of (a) the Amount Equivalent to Paid-in Amount per Class A Shares multiplied by the Redemption Factor set forth below and (b) the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount, by (ii) the number of the Class A Shares subject to the relevant Redemption for Money. In this Article, the Amount Equivalent to Class A Cumulative Accrued Dividends and the Daily Prorated Accrued Preferred Dividend Amount shall be calculated by deeming that "date on which the residual assets are distributed" and "Distribution Date" in the calculation of the Amount Equivalent to Class A Cumulative Accrued Dividends and the calculation of the Daily Prorated Accrued Preferred Dividend Amount has been replaced with "Date of Redemption for Money." If the money delivered in exchange for the acquisition of the Class A Shares subject to the Redemption for Money includes any fraction less than one (1) yen, such fraction shall be rounded down.

In the case of a partial acquisition of the Class A Shares, the number of Class A Shares to be acquired from each Class A Shareholder shall be determined on a pro rata basis or by any other reasonable method specified by the Board of Directors of the Company.

"Redemption Factor" means the rate corresponding to the relevant category set forth in the following items according to whether the Date of Redemption for Money falls within any of the periods listed below:

- (i) From 1 April 2018 to 30 June 2018
_____ : 1.08
- (ii) From 1 July 2018 to 30 June 2019
_____ : 1.15
- (iii) From 1 July 2019 to 30 June 2020

	<p><u>Cumulative Accrued Dividends and the dividends of surplus to the holders of common shares and the registered pledgees of common shares (collectively, the "Common Shareholders/Pledgees") shall be as follows: (i) the Amount Equivalent to Class A Cumulative Accrued Dividends; (ii) the Class A Preferred Dividends; and (iii) the dividends of surplus to the Common Shareholders/Pledgees.</u></p> <p><u>2. The order of priority of payment of distribution of residual assets to the Class A Shares and the common shares shall be as follows: (i) distribution of residual assets for the Class A Shares; and (ii) distribution of residual assets for common shares.</u></p> <p><u>3. If the amount available for the dividends of surplus or distribution of residual assets by the Company falls short of the total amount necessary to pay the dividends of surplus or to make the distribution of residual assets for a certain priority rank, the payment of dividends of surplus or distribution of residual assets shall be made on a pro rata basis according to the amount necessary to make the payment of dividends of surplus or distribution of residual assets with respect to that rank.</u></p>
<p>CHAPTER 3 GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 11</p> <p>through</p> <p>Article 16</p>	<p>CHAPTER 3 GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 11</p> <p>through</p> <p>Article 16</p>

(Omitted)	(Same as Current Version)
(New)	<p><u>Article 16-2 Meeting of class shareholders</u></p> <p><u>The provisions of Article 12 apply with the necessary changes to Meetings of Class Shareholders which will be held on the same date as General Meetings of Shareholders.</u></p> <p><u>The provisions of Article 13, Article 14, and Article 16 apply with the necessary changes to Meetings of Class Shareholders.</u></p> <p><u>The provisions of Article 15, Paragraph 1 apply with the necessary changes to the resolutions of Meetings of Class Shareholders in accordance with the provisions of Article 324, Paragraph 1 of the Companies Act.</u></p> <p><u>The provisions of Article 15, Paragraph 2 apply with the necessary changes to the resolutions of Meetings of Class Shareholders in accordance with the provisions of Article 324, Paragraph 2 of the Companies Act.</u></p>
CHAPTER 4 DIRECTORS, BOARD OF DIRECTORS AND COMMITTEES	CHAPTER 4 DIRECTORS, BOARD OF DIRECTORS AND COMMITTEES
Article 17	Article 17
through	through
Article 24	Article 24
(Omitted)	(Same as Current Version)
CHAPTER 5 EXECUTIVE OFFICER	CHAPTER 5 EXECUTIVE OFFICER

<p>("SHIKKOYAKU")</p> <p>Article 25</p> <p>through</p> <p>Article 28</p> <p>(Omitted)</p> <p>CHAPTER 6 ACCOUNTS</p> <p>Article 29</p> <p>through</p> <p>Article 31</p> <p>(Omitted)</p> <p>Supplementary Provision</p> <p>(Omitted)</p>	<p>("SHIKKOYAKU")</p> <p>Article 25</p> <p>through</p> <p>Article 28</p> <p>(Same as Current Version)</p> <p>CHAPTER 6 ACCOUNTS</p> <p>Article 29</p> <p>through</p> <p>Article 31</p> <p>(Same as Current Version)</p> <p>Supplementary Provision</p> <p>(Same as Current Version)</p>
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