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Securities Code: 4611

June 7, 2017

To our shareholders:

Toshijiro Iwasa  
President  
**Dai Nippon Toryo Co., Ltd.**  
1-124, Nishikujo 6-chome, Konohana-ku, Osaka

## NOTICE OF THE 134TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 134th Ordinary General Meeting of Shareholders of Dai Nippon Toryo Co., Ltd. (the "Company"), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or by the Internet. In this case, after reviewing the attached Reference Documents for the General Meeting of Shareholders, please indicate your approval or disapproval of the proposals on the enclosed voting form and return it by postal mail to reach us no later than 5:00 p.m., Wednesday, June 28, 2017 (Japan Standard Time), or enter your approval or disapproval of the proposals on the voting website designated by the Company (<http://www.evotep.jp/>) no later than the above-mentioned deadline.

**1. Date and Time:** Thursday, June 29, 2017 at 10:00 a.m. (Japan Standard Time) (Reception scheduled to open at 9:00 a.m.)

**2. Venue:** The Company's Head Office, 4th Floor Conference Room  
1-124, Nishikujo 6-chome, Konohana-ku, Osaka

### 3. Purposes:

#### Items to be reported:

1. Business Report and Consolidated Financial Statements for the 134th Term (from April 1, 2016 to March 31, 2017), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors.
2. Non-Consolidated Financial Statements for the 134th Term (from April 1, 2016 to March 31, 2017)

#### Items to be resolved:

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Consolidation of Shares  
**Proposal 3:** Election of Eight (8) Directors  
**Proposal 4:** Election of One (1) Corporate Auditor  
**Proposal 5:** Election of One (1) Substitute Corporate Auditor  
**Proposal 6:** Continuation of the Measures to Respond to a Large-Scale Purchase of the Company's Shares, etc. (Takeover Defense Measures)

- If you attend the meeting in person, please submit the enclosed voting form at the reception.
- Of documents to be attached to this notice, the Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are not included in the attached documents of this notice because they are posted on the Company's website (<http://www.dnt.co.jp/>) on the Internet in accordance with laws and regulations and Article 14 of the Articles of Incorporation. The Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are a portion of the Consolidated Financial Statements and Non-Consolidated Financial Statements that were audited by Corporate Auditors or the Accounting Auditor, in producing the audit reports.
- In case any changes are made to the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements, the Company will post such changes on the Company's website (<http://www.dnt.co.jp/>).

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Matters

**Proposal 1:** Appropriation of Surplus

Returning profits stably to our shareholders is one of the important management issues, and the Company aims to maintain consistent and stable payment of dividends as our basic policy, while striving to strengthen corporate structure and maintaining financial soundness of the Company.

Based on the business performance for the current fiscal year and future business development of the Company, we plan to pay a year-end dividend of ¥4 per share, an increase of ¥0.5 per share.

1. Type of dividend property  
Cash
2. Allocation of dividend property to shareholders and total amount thereof  
¥4 per common share of the Company  
Total amount of dividends: ¥582,000,252
3. Effective date of distribution of dividends of surplus  
June 30, 2017

**Proposal 2:** Consolidation of Shares

1. Reasons for consolidation of shares

All Japanese stock exchanges have announced the “Action Plan for Consolidating Trading Units” with the aim of unifying the trading units for common shares of Japanese companies listed on Japanese stock exchanges to 100 shares by October 1, 2018.

As a company listed on the Tokyo Stock Exchange, the Company respected this intention and in accordance with Article 195, paragraph 1 of the Companies Act, decided to change the number of shares in a trading unit from 1,000 shares to 100 shares at a Board of Directors Meeting held on May 12, 2017. This change shall have an effective date of October 1, 2017. This change is contingent upon this proposal being approved in its original form. Along with this, the Company proposes to execute a consolidation of shares to consolidate five (5) shares into one (1) share with the goal of maintaining the level of trading units preferred by Japanese stock exchanges (more than ¥50,000, less than ¥500,000) even after the change in the number of shares constituting one trading unit.

2. Ratio of consolidation

The Company proposes to consolidate each five (5) of the Company’s common shares into one (1) share.

The total number of issued shares after consolidation of shares shall be 29,710,678.\*

\* The “total number of issued shares after consolidation of shares” is a theoretical number calculated based on the total number of issued shares before consolidation and the ratio of consolidation.

If any fractional shares arise as a result of share consolidation, according to the Companies Act, the Company shall sell fractional shares in bulk and distribute the proceeds to the shareholders having fractional shares in proportion to their respective fractions.

3. Effective date of the consolidation of shares

October 1, 2017

4. Total number of shares authorized to be issued as of the effective date:

93,280,000 (current number is 466,406,000)

(Reference) Partial Amendments to Articles of Incorporation

If this proposal is approved in its original form, the Articles of Incorporation shall be partially amended as follows on October 1, 2017.

(Amendments are underlined)

(Current Articles of Incorporation)	(Proposed amendments)
(Total Number of Shares Authorized to Be Issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>466,406,000</u> .	(Total Number of Shares Authorized to Be Issued) Article 6. The total number of authorized shares: number of shares authorized to be issued by the Company shall be <u>93,280,000</u> .
(Number of Shares per Share Unit) Article 8. The number of shares constituting one share unit shall be <u>1,000</u> .	(Number of Shares per Share Unit) Article 8. The number of shares constituting one share unit shall be <u>100</u> .

**Proposal 3:** Election of Eight (8) Directors

The term of office of all eight (8) current Directors will expire at the conclusion of this meeting. Therefore, we propose the election of eight (8) Directors (of whom two (2) are Outside Directors). The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities [significant concurrent positions outside the Company]	Number of the Company's shares owned
1	Toshijiro Iwasa (September 27, 1947) Reelection	Apr. 1971    Joined the Company Apr. 2002    General Manager, Planning Department, Corporate Planning Department of the Company June 2004    Executive Officer, General Manager, Corporate Planning Department, Administrative Division of the Company Apr. 2005    Deputy General Manager, Administrative Division of the Company Apr. 2006    Deputy General Manager, Production Division of the Company June 2006    Director of the Company Apr. 2007    Managing Executive Officer of the Company Apr. 2010    Senior Managing Executive Officer in charge of Sales & Marketing of the Company June 2010    Representative Director and President of the Company (present position)	174,000 shares
[Reasons for nomination as candidate for Director] Having long been involved in corporate planning, production, and sales & marketing of the Company, he has extensive business expertise in the Company's overall business as an executive who has been in charge of management of the Company over the years. As such, the Company requests his election as a Director in the belief that he will be able to contribute to strengthening the decision-making and supervisory functions of the Board of Directors by leveraging his ample experience and achievements.			

No.	Name (Date of birth)	Career summary, position and responsibilities [significant concurrent positions outside the Company]	Number of the Company's shares owned
2	Yoshinori Seko (May 3, 1952) Reelection	<p>Apr. 1975      Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Apr. 2002      General Manager, Shinjuku-Chuo Branch, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>June 2004      Joined the Company as Executive Officer, Deputy General Manager, Administrative Division and General Manager, General Affairs Department</p> <p>Apr. 2005      Managing Executive Officer, General Manager, Administrative Division of the Company (present position)</p> <p>June 2005      Director of the Company (present position)</p> <p>Apr. 2010      Senior Managing Executive Officer in charge of Production of the Company (present position)</p> <p>June 2010      Assistant to the President of the Company (present position)</p> <p>[Responsibilities] Administrative Division, Internal Audit Division, Production Division</p>	33,000 shares
<p>[Reasons for nomination as candidate for Director] He has extensive knowledge and experience nurtured in financial institutions, and currently has responsibility as the Assistant to the President and for the Administrative Division of the Company. As such, the Company requests his election as a Director in the belief that he will be able to contribute to strengthen the decision-making and supervisory functions of the Board of Directors by leveraging his ample experience and achievements.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities [significant concurrent positions outside the Company]	Number of the Company's shares owned
3	Takayuki Sato (January 15, 1961) Reelection	<p>Apr. 1984    Joined the Company</p> <p>Apr. 2009    Deputy General Manager, Protective Coating Department, General Coating Business Division of the Company</p> <p>Apr. 2010    General Manager, Development Department, Technical Development Division of the Company</p> <p>Apr. 2011    Executive Officer, Deputy General Manager, General Coating Business Division (Head of Technology), and Deputy General Manager, Industrial Coating Business Division (Head of Technology) of the Company</p> <p>Apr. 2012    General Manager, Technical Development Division and Deputy General Manager, Coating Business Division (Head of Technology) of the Company</p> <p>June 2012    Director of the Company (present position)</p> <p>Apr. 2014    General Manager, Coating Business Division (present position), and General Manager, Marketing &amp; Sales Department of the Company</p> <p>Apr. 2016    Managing Executive Officer (present position), General Manager, Protective &amp; Decorative Coatings Department, Coating Business Division of the Company</p> <p>[Responsibilities] Coating Business Division</p> <p>[Significant concurrent position outside the Company] Representative Director and President, Dai Nippon Toryo Hokkaido Co., Ltd.</p>	29,000 shares
<p>[Reasons for nomination as candidate for Director] Having long served in the technical division of the Company, he has extensive experience and achievements in the Company, and currently is responsible for the Marketing &amp; Sales Department. As such, the Company requests his election as a Director in the belief that he will be able to contribute to strengthening the decision-making and supervisory functions of the Board of Directors.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities [significant concurrent positions outside the Company]	Number of the Company's shares owned
4	Hideyoshi Noda (September 28, 1962) Reelection	<p>Apr. 1985      Joined Nippon Paint Co., Ltd.</p> <p>Apr. 1991      Joined Nippon Steel Chemical Co., Ltd. (currently NIPPON STEEL &amp; SUMIKIN CHEMICAL CO., LTD.)</p> <p>Apr. 2007      Joined NITTO CHEMICAL CO., LTD.</p> <p>Apr. 2010      Joined the Company as Deputy General Manager, Production Engineering Department, Production Division</p> <p>Oct. 2010      General Manager, Production Engineering Department, Production Division of the Company</p> <p>Apr. 2013      Executive Officer of the Company (present position)</p> <p>May 2013      Deputy General Manager, Coating Business Division and General Manager, Coating Business Planning Department of the Company</p> <p>Apr. 2015      General Manager, Production Division of the Company (present position)</p> <p>June 2015      Director (present position), General Manager, Production Engineering Department, Production Division of the Company</p> <p>[Significant concurrent positions outside the Company] Representative Director and President, Nitto Sanwa Toryo Co., Ltd. Representative Director and President, Okayama Kako Co., Ltd.</p>	46,000 shares
<p>[Reasons for nomination as candidate for Director] He has extensive knowledge nurtured through his experience in the coating industry and, in addition to having experience in the Sales &amp; Marketing Group, is responsible for the Production Division at the Company. As such, the Company requests his election as a Director in the belief that he will be able to contribute to strengthening the decision-making and supervisory functions of the Board of Directors by leveraging his ample experience and achievements.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities [significant concurrent positions outside the Company]	Number of the Company's shares owned
5	Tetsuo Iwata (April 30, 1948) Reelection	<p>Apr. 1972      Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>June 2003      Managing Director, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>May 2005      Managing Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Jan. 2006      Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2007      Senior Corporate Auditor, Tokyu Corporation</p> <p>June 2008      Corporate Auditor, Tokyu Construction Co., Ltd.</p> <p>June 2015      Corporate Auditor, Seikitokyu Kogyo Co., Ltd.</p> <p>Corporate Auditor, Gekkeikan Sake Co., Ltd. (present position)</p> <p>Director of the Company (present position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Corporate Auditor, Gekkeikan Sake Co., Ltd.</p>	1,000 shares
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>The Company requests election of him as an Outside Director in the belief that he will be able to contribute to strengthening the corporate governance of the Company with suggestions and proposals concerning the Company's overall management by leveraging his ample business expertise gained through his many years of experience in financial institutions and as an Corporate Auditor at other companies.</p>			
6	Kyoichi Haizaki (December 22, 1948) Reelection	<p>Mar. 1971      Joined Nippon Yusoki Co., Ltd. (currently Mitsubishi Nichiyu Forklift Co., Ltd.)</p> <p>Sept. 2005      General Manager, Domestic Sales Planning Department, Domestic Sales Division, Nippon Yusoki Co., Ltd.</p> <p>June 2006      Executive Officer, Nippon Yusoki Co., Ltd.</p> <p>June 2007      Director, Nippon Yusoki Co., Ltd.</p> <p>June 2008      Managing Director, Nippon Yusoki Co., Ltd.</p> <p>Apr. 2009      Director, Nippon Yusoki Co., Ltd.</p> <p>Representative Director, Nichiyu MHI Forklift Co., Ltd.</p> <p>June 2010      Managing Director, Nippon Yusoki Co., Ltd.</p> <p>June 2011      Senior Managing Director, Nippon Yusoki Co., Ltd.</p> <p>Apr. 2013      Director, Senior Managing Executive Officer, Mitsubishi Nichiyu Forklift Co., Ltd.</p> <p>June 2015      Senior Advisor, Mitsubishi Nichiyu Forklift Co., Ltd.</p> <p>June 2016      Advisor, Mitsubishi Nichiyu Forklift Co., Ltd. (present position)</p> <p>Director of the Company (present position)</p>	0 shares
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>The Company requests election of him as an Outside Director in the belief that he will be able to contribute to strengthening the corporate governance of the Company by providing suggestions and proposals concerning the Company's overall management by leveraging his ample business expertise gained through his many years of experience at a listed company and his wealth of insight gained through his experience as a Director of the same company.</p>			



No.	Name (Date of birth)	Career summary, position and responsibilities [significant concurrent positions outside the Company]	Number of the Company's shares owned
7	Naoyuki Kimura (May 28, 1959) New candidate	<p>Apr. 1982      Joined Mitsubishi Corporation</p> <p>Mar. 2003      CEO of Miteni S.p.A (Italy)</p> <p>July 2006      Manager, Fine Chemicals Unit, Head Office, Mitsubishi Corporation</p> <p>Mar. 2010      President of PT.Kaltim Parna Industri (Indonesia)</p> <p>Apr. 2013      General Manager, Warsaw Branch, Mitsubishi Corporation</p> <p>Apr. 2016      Executive Officer of the Company (present position) Deputy General Manager, Overseas Operations Division; General Manager, Overseas Business Planning Department (present position); and Deputy General Manager, Procurement Division of the Company</p> <p>Apr. 2017      General Manager, Overseas Operations Division (present position) in charge of Procurement (present position) of the Company [Responsibilities] Overseas Operations Division, Procurement Division</p>	0 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>He has extensive knowledge and experience of business nurtured at a general trading company, and currently is responsible for the Overseas Operations Division and the Procurement Division of the Company. As such, the Company requests his election as a Director in the belief that he will be able to contribute to strengthening the decision-making and supervisory functions of the Board of Directors by leveraging his experience and achievements.</p>			
8	Motohiro Yamamoto (January 18, 1964) New candidate	<p>Apr. 1986      Joined the Company</p> <p>Apr. 2014      Deputy General Manager, Technical Development Division, General Manager, Development Department (present position), Head of First Technical Development Group (present position) and Deputy General Manager, Protective &amp; Decorative Coatings Department of the Company</p> <p>Apr. 2015      Executive Officer of the Company (present position)</p> <p>Apr. 2016      General Manager, Technical Development Division (present position) and Deputy General Manager, Coating Business Division (Head of Technology) (present position) of the Company [Responsibilities] Technical Development Division, Specialty Business Division</p>	12,000 shares
<p>Reasons for nomination as candidate for Director</p> <p>He has been serving long in the Technical Division of the Company. Considering his wealth of experience and achievements, the Company requests his election as a Director in the belief that he will be able to contribute to strengthening the decision-making and supervisory functions of the Board of Directors.</p>			

- Notes:
1. Takayuki Sato, a candidate for Director, serves concurrently as Representative Director and President of Dai Nippon Toryo Hokkaido Co., Ltd. The Company provides paints to Dai Nippon Toryo Hokkaido Co., Ltd. Hideyoshi Noda, a candidate for Director, serves concurrently as Representative Director and President of Nitto Sanwa Toryo Co., Ltd. and Okayama Kako Co., Ltd. The Company outsources the production of paints to Nitto Sanwa Toryo Co., Ltd. and Okayama Kako Co., Ltd.
  2. There are no special interests between the other candidates and the Company.
  3. Matters pertaining to candidates for Outside Director are as follows.
    - (1) Tetsuo Iwata and Kyoichi Haizaki are candidates for Outside Director.  
The Company has designated Tetsuo Iwata and Kyoichi Haizaki as Independent Officers and notified such designation to the Tokyo Stock Exchange in accordance with the rules of Tokyo Stock Exchange, Inc.
    - (2) At the conclusion of this meeting, Tetsuo Iwata will have been an Outside Director for two (2) years. Also, at the conclusion of this meeting, Kyoichi Haizaki will have been an Outside Director for one (1) year.

- (3) The Company has entered into limited liability agreements with Tetsuo Iwata and Kyoichi Haizaki under Article 423, paragraph 1 of the Companies Act. Limitation on liability of Outside Director to compensate damages under such agreements is set out to be the minimum amounts set forth in the relevant laws and regulations. If the reappointment of Tetsuo Iwata and Kyoichi Haizaki is approved, the Company intends to continue the above limited liability agreements.
- (4) There are business transactions such as providing coatings, etc. between the Company and Mitsubishi Nichiyu Forklift Co., Ltd., where Kyoichi Haizaki serves as an Advisor, but the amount of these transactions in the most recent fiscal year is negligible (less than 0.2%) for the consolidated net sales of the Company. Accordingly, the Company has determined that the independence of Kyoichi Haizaki is secured.
- (5) In case a candidate for Outside Director was in office as director, executive officer or auditor of another company/companies during the past five (5) years, the fact that a violation of any laws, regulations and/or the Articles of Incorporation, or of any improper execution of duties, was made during his/her tenure at such other company/companies  
Tetsuo Iwata served as an Outside Corporate Auditor at Seikitokyu Kogyo Co., Ltd., and Seikitokyu Kogyo Co., Ltd. received a cease and desist order from the Japan Fair Trade Commission in September 2016 and a suspension of business order from the Ministry of Land, Infrastructure, Transport and Tourism in November 2016, both after his retirement, for the violation of the Antimonopoly Law concerning bidding for the disaster restoration paving works for the Great East Japan Earthquake during his term of office. Although he was not aware of the violation until it came to light, he had constantly spoken about thorough compliance with the laws and regulations at the meetings of the Board of Directors, etc. Also, after the fact came to light, he had constantly spoken about elimination of violations and activities for preventing a recurrence.

**Proposal 4:** Election of One (1) Corporate Auditor

The term of office of Corporate Auditor Yasuyuki Fukuoka will expire at the conclusion of this meeting. Therefore, we propose the election of one (1) Corporate Auditor. The Board of Corporate Auditors has given its consent to this proposal. The candidate for Corporate Auditor is as follows:

Name (Date of birth)	Career summary, position and responsibilities [significant concurrent positions outside the Company]	Number of the Company's shares owned
Yasuyuki Fukuoka (November 2, 1959) Reelection	Apr. 1984	4,000 shares
	Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)	
	May 2003	
	Deputy General Manager of Umeda Branch, The Mitsubishi Trust and Banking Corporation	
	Feb. 2005	
	General Manager of Okayama Branch, The Mitsubishi Trust and Banking Corporation	
	Feb. 2007	
	Seconded to The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
	June 2007	
	Seconded to The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Financial Group, Inc.	
June 2009		
Deputy General Manager of Kyoto Branch and Kyoto Chuo Branch, Mitsubishi UFJ Trust and Banking Corporation		
Oct. 2011		
General Manager of Sendai Branch, Mitsubishi UFJ Trust and Banking Corporation		
Apr. 2013		
Associate Director, Mitsubishi UFJ Trust Banking Corporation		
June 2013		
Full-time Corporate Auditor of the Company (present position)		
June 2015		
Audit & supervisory board member, Mitsubishi Nichiyu Forklift Co., Ltd. (present position)		
[Significant concurrent positions outside the Company]		
Audit & supervisory board member, Mitsubishi Nichiyu Forklift Co., Ltd.		
<p>[Reasons for nomination as candidate for Outside Corporate Auditor] The Company requests election of Yasuyuki Fukuoka as Outside Corporate Auditor in the belief that he will be able to execute his duties as Corporate Auditor from his expert perspective by leveraging his many years of experience in financial institutions and his ample knowledge of finance and accounting.</p>		

- Notes:
1. There is no special interest between Yasuyuki Fukuoka, a candidate for Outside Corporate Auditor, and the Company.
  2. Yasuyuki Fukuoka is a candidate for Outside Corporate Auditor.  
The Company has designated Yasuyuki Fukuoka as an Independent Officer and notified such designation to the Tokyo Stock Exchange in accordance with the rules of Tokyo Stock Exchange, Inc.
  3. At the conclusion of this meeting, Yasuyuki Fukuoka will have been an Outside Corporate Auditor for four (4) years.
  4. Currently, Yasuyuki Fukuoka serves concurrently as corporate auditor of a subsidiary of the Company.
  5. The Company has entered into a limited liability agreement with Yasuyuki Fukuoka under Article 423, paragraph 1 of the Companies Act. Limitation on liability of Outside Corporate Auditor to compensate damages under such agreement is set out to be the minimum amounts set forth in the relevant laws and regulations. If the reappointment of Yasuyuki Fukuoka is approved, the Company intends to continue the above limited liability agreement.
  6. There are business transactions such as borrowings, etc. between the Company and Mitsubishi UFJ Trust and Banking Corporation, where Yasuyuki Fukuoka served as a business executive, but the amount of these borrowings at the end of the most recent fiscal year is small (1.66%) for the consolidated total assets of the Company. Accordingly, the Company has determined that the independence of Yasuyuki Fukuoka is secured.
  7. There are business transactions such as providing coatings, etc. between the Company and Mitsubishi Nichiyu Forklift Co., Ltd., where Yasuyuki Fukuoka serves as an Outside Corporate Auditor, but the amount of these transactions in the most recent fiscal year is negligible (less than 0.2%) for the consolidated net sales of the Company. Accordingly, the Company has determined that the independence of Yasuyuki Fukuoka is secured.

**Proposal 5:** Election of One (1) Substitute Corporate Auditor

The effect of assignment of substitute Corporate Auditor Hiroshi Maeshima will expire at the commencement of this meeting. Therefore, we propose the election of one (1) substitute Corporate Auditor, to prepare for a situation where the number of Corporate Auditor does not satisfy the number prescribed by laws and regulations.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for substitute Corporate Auditor is as follows:

Name (Date of birth)	Career summary [significant concurrent positions outside the Company]	Number of the Company's shares owned
Hiroshi Maeshima (November 25, 1951)	Mar. 1970    Joined Nippon Yusoki Co., Ltd. (currently Mitsubishi Nichiyu Forklift Co., Ltd.) June 2004    Deputy General Manager, Corporate Planning Department, Nippon Yusoki Co., Ltd. Sept. 2005    General Manager, Corporate Planning Department, Nippon Yusoki Co., Ltd. Jan. 2006    Deputy General Manager, Corporate Planning Office, Nippon Yusoki Co., Ltd. June 2010    General Manager, Internal Audit Office, Administrative Division, Nippon Yusoki Co., Ltd. Oct. 2010    Corporate Auditor, Nichiyu MHI Forklift Co., Ltd. June 2011    Senior Corporate Auditor, Nippon Yusoki Co., Ltd. (currently Mitsubishi Nichiyu Forklift Co., Ltd.) (present position) [Significant concurrent positions outside the Company] Statutory Senior Corporate Auditor, Mitsubishi Nichiyu Forklift Co., Ltd.	0 shares
[Reasons for nomination as candidate for substitute Outside Corporate Auditor] The Company requests election of Hiroshi Maeshima as a substitute Outside Corporate Auditor in the belief that he will be able to execute his duties as Corporate Auditor from his expert perspective by leveraging his ample knowledge of the corporate planning office and internal control, etc. gained through his many years of experience including his current position as a Corporate Auditor at a listed company.		

- Notes:
1. There is no special interest between Hiroshi Maeshima, a candidate for substitute Corporate Auditor, and the Company.
  2. Hiroshi Maeshima is a candidate for substitute Outside Corporate Auditor.
  3. If he is appointed Corporate Auditor, the Company intends to enter into a liability limitation agreement with Hiroshi Maeshima per Article 423, paragraph 1 of the Companies Act. Based on this agreement, the limitation of liability for compensation for damages is set to be the minimum amount specified in the relevant laws and regulations.
  4. There are business transactions such as providing coatings, etc. between the Company and Mitsubishi Nichiyu Forklift Co., Ltd., where Hiroshi Maeshima serves as a statutory Corporate Auditor, but the amount of these transactions in the most recent fiscal year is negligible (less than 0.2%) for the consolidated net sales of the Company. Accordingly, the Company has determined that the independence of Hiroshi Maeshima is secured.

**Proposal 6:** Continuation of the Measures to Respond to a Large-Scale Purchase of the Company's Shares, etc. (Takeover Defense Measures)

The Company has passed a resolution approving the continuation of the "Measures to Respond to a Large-Scale Purchase of the Company's Shares, etc." (hereinafter the "Existing Plan") at a meeting of its Board of Directors held on April 24, 2014, and it was also approved by the shareholders at the 131st Ordinary General Meeting of Shareholders of the Company held on June 27, 2014.

As the effective period of the Existing Plan will expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company has conducted further examination in consideration of factors such as the business environment surrounding the Company and changes in circumstances from the perspective of protecting and enhancing the common interest of shareholders and corporate value. As a result, it was resolved at the meeting of the Board of Directors of the Company held on April 26, 2017 to continue the "Measures to Respond to a Large-Scale Purchase of the Company's Shares, etc." with some revisions of the Existing Plan, subject to the approval of shareholders at this Ordinary General Meeting of Shareholders (hereinafter, the "Measures to Respond to a Large-Scale Purchase of the Company's Shares, etc." to be continued is referred to as "this Plan").

This proposal requests the approval of shareholders for this Plan based on the provisions of Article 46 of the Articles of Incorporation of the Company (Implementation of Takeover Defense Measures). If this proposal is approved, the effective period of this Plan is to expire at the conclusion of the Ordinary General Meeting of Shareholders of the Company to be held in June 2020.

The following is the content of this Plan.

I. Basic Policy on Persons Who Control Decisions on Financial and Business Policies of the Company (hereinafter the "Basic Policy")

The Company, as a party whose shares are listed on a financial instruments exchange, respects free trading of shares of the Company in the market and does not unconditionally deny a large-scale purchase of shares of the Company by a particular party as long as it contributes to the protection and enhancement of the corporate value of the Company and its group companies (the "Group") and eventually the common interest of shareholders. The Company also believes that whether to accept a proposal for a large-scale purchase of shares should ultimately be decided by its shareholders.

However, there may be a proposal for a large-scale purchase of shares that could undermine the corporate value of the Group and eventually the common interest of shareholders by, for example, potentially preventing the Company from maintaining a good relationship with its stakeholders, that does not sufficiently reflect the value of the Group, or that does not provide sufficient information that is necessary for shareholders to make a final decision.

The Board of Directors of the Company believes that when such a proposal is made, it is the responsibility of the board as a body mandated by its shareholders to secure necessary time and information and to negotiate with the party who engages in the large-scale purchase on behalf of its shareholders.

II. Special Measures to Help the Achievement of the Basic Policy

The Company was established in 1929 as a joint venture of Shimadzu, Mitsubishi and Okura, and has continued operations to date with manufacture of coatings as its core business.

Today, the main business sectors of the Company and the Group are the manufacture and sale of coatings, fluorescent materials and lighting fixtures. The Company believes that the main sources of the Group's corporate value are the power of its brands and relationships with customers based on trust, which were established by the quality and performance of various products and services the Group has been providing for many years under the founding spirit of "aiming at a company with potential to contribute to the prosperity of Japan and the society." In particular in the core coating business, the Company is proud of having widely contributed to the achievement of prosperity of society and affluent life with its original coating technologies that protect the global environment and resources, which includes Suboid, a rust prevention coating that triggered the establishment of the Company, and corrosion prevention coatings that have earned strong support from the market. The accumulation of efforts by the Company and the Group since the establishment underpin the corporate culture and the DNT brand and are at the nucleus of today's corporate value. The Company

believes that heightening its social profile through continuing and promoting this corporate culture will ultimately lead to the maximization of the corporate value and the common interest of shareholders.

The primary objective of the Group's management strategy is to establish a highly profitable business framework that is largely unaffected by changes in market conditions by aiming for consistent growth of the core coating business. However, it is not easy to protect and enhance the corporate value and the common interest of shareholders due to factors such as structural changes in the Japanese market and rapid changes in overseas markets, in addition to the impact of the surge in prices of raw materials for coatings caused by fluctuations in crude oil and naphtha prices and exchange rates among other reasons. Therefore, the Company needs to build a stronger corporation framework. Specifically, the Company has set following items as goals to achieve in order to maintain its management base while fulfilling its corporate social responsibilities such as global environment protection activities, proper information disclosure and social contribution activities.

1. High value-added in the Japan coatings business
2. Aggressive expansion of the overseas coatings business
3. Development and reinforcement of new revenue source business

The Company also understands that improvement and reinforcement of corporate governance is one of its highest management priorities in order to earn recognition from shareholders, customers, employees and the entire society as a corporation with existence value. To this end, the Company established the "Basic Policy on Corporate Governance," pursuant to the principles of Japan's Corporate Governance Code, which was set as the guidelines for corporate governance of listed companies by the Financial Services Agency and the Tokyo Stock Exchange, and has been working to enhance and strengthen its corporate governance by setting the basic stance, framework and policy of operation for corporate governance aiming for sustainable growth and improvement of corporate value for the medium and long-term. The Company is also making efforts to keep its operations highly transparent by measures such as strengthening and enhancing management supervision function with outside director system and outside corporate auditor system and, timely and accurate disclosure of information such as financial data and management measures.

Under its management philosophy of "aiming at a company that can protect the global environment and resources and widely contribute to the society's prosperity and affluent life through the creation of new values," and in recognition that its mission is to provide products and services widely useful to the society and earn the satisfaction and trust from consumers and customers as a part of companies affiliated with Shimadzu and Mitsubishi, the two groups with history and traditions, the Company will continue group-wide efforts to protect and enhance the corporate value and common interest of shareholders by strengthening its management base through maintaining and reinforcing good relationships with various stakeholders.

### III. Measures to Prevent Decisions on Financial and Business Policies of the Company from Being Controlled by Inappropriate Parties in the Context of Its Basic Policy

#### 1. Outline and purpose of this Plan

The Board of Directors of the Company decided to continue this Plan for the purpose of clarifying the rules to be adhered to by a party intending to carry out a large-scale purchase of shares, etc. of the Company and securing information and time that are necessary and sufficient for shareholders to make an appropriate decision as well as the opportunity to negotiate with the party intending to carry out such a large-scale purchase.

As outlined below, this Plan establishes rules to be adhered to by a party intending to carry out a large-scale purchase of shares, etc. of the Company, clarifies that in certain cases, the party intending to carry out a large-scale purchase may sustain a loss as the Company takes countermeasures, and warns the party intending to carry out a large-scale purchase of shares, etc. of the Company that will not contribute to the Company's corporate value and eventually the common interest of shareholders by appropriately disclosing such rules and clarifications.

In exercising countermeasures under this Plan and taking other similar actions, the Company will, in accordance with the Independent Committee Regulations (for the outline of the Regulations, see Appendix 1), respect the recommendations of an independent committee solely consisting of Outside Directors of the Company, Outside Corporate Auditors of the Company or outside experts (senior corporate executives with proven track record, ex-government officials, attorneys at law, certified public accountants, persons with academic experience or persons equivalent thereto) who are independent from

the senior executives in charge of business execution of the Company (hereinafter the “Independent Committee”) to the maximum extent in order to preclude any arbitrary decision by its Board of Directors, and ensure transparency through timely and appropriate information disclosure including the recommendations of the Independent Committee and the outline of countermeasures. The three individuals stated in Appendix 2 are to assume the positions as the Independent Committee members when this Plan continues.

The status of major shareholders of the Company as of March 31, 2017 is as shown in Appendix 3 “Status of Major Shareholders of the Company.” As of the date of this document, the Company has not received any proposal for a large-scale purchase of shares, etc. of the Company.

## 2. Content of this Plan

### (1) Procedures for this Plan

#### 1) Large-scale purchases subject to this Plan

This Plan applies to purchases of shares, etc. of the Company that fall under either (i) or (ii) below or acts similar thereto (excluding those that are approved by the Board of Directors of the Company; hereinafter such acts are referred to as “Large-Scale Purchases”). A party who carries out or intends to carry out a Large-Scale Purchase (hereinafter “Purchaser”) shall be required to follow the procedures preliminarily prescribed in this Plan.

- (i) A purchase as a result of which the ownership ratio of shares, etc. <sup>(1)</sup> of the holder <sup>(2)</sup> would become 20% or more with regard to the shares, etc. issued by the Company <sup>(3)</sup>.
- (ii) A tender offer <sup>(4)</sup> as a result of which the aggregate sum of the ownership ratio of shares, etc. <sup>(5)</sup> pertaining to the tender offer and the ownership ratio of shares, etc. of their specially related parties <sup>(6)</sup> would become 20% or more with regard to the shares, etc. issued by the Company <sup>(7)</sup>.

#### 2) Prior submission of a Letter of Intent to the Company

A Purchaser is required to submit to the Board of Directors of the Company a document containing, among others, a written pledge to the effect that the Purchaser will comply with the procedures prescribed in this Plan in relation to the proposed Large-Scale Purchase (hereinafter “Letter of Intent”) in a form prescribed by the Company before the execution of the Large-Scale Purchase. The language to be used in the Letter of Intent must be Japanese. More specifically, the Purchaser is required to state the following matters in the “Letter of Intent.”

- (i) Summary description of the Purchaser
  - (a) Name and address or location
  - (b) Title and name of the representative
  - (c) Purpose and business description of the company, etc.
  - (d) Summary description of major shareholders or equity holders (10 largest holders in terms of ownership ratio of shares or equity holding ratio)
  - (e) Contact address in Japan
  - (f) Law governing the incorporation
- (ii) The number of shares, etc. of the Company currently held by the Purchaser and the trading status of the Purchaser regarding the shares, etc. of the Company during the period of 60 days immediately preceding the date of submission of the Letter of Intent
- (iii) The outline of the Large-Scale Purchase proposed by the Purchaser (including the classes and the number of shares, etc. of the Company planned to be purchased by the Purchaser through the Large-Scale Purchase and the purpose of the Large-Scale Purchase [if the Purchaser’s purposes include: the acquisition of control or the participation in management; pure investment or strategic investment, any transfer of shares, etc. of the Company to a third party after the completion of the Large-Scale Purchase; making a material proposal <sup>(8)</sup>; or other purposes, the Purchaser must describe

that fact and specific description of them; if there are more than one purposes, the Purchaser is required to state all of them])

3) Provision of the “Necessary Information”

In cases where the Purchaser has submitted the “Letter of Intent” referred to in 2) above, the Purchaser is required to submit to the Company information that is necessary and sufficient for shareholders to make a decision and for the evaluation, examination, etc., by the Board of Directors of the Company regarding the Large-Scale Purchase (hereinafter the “Necessary Information”) in accordance with the following procedure:

First, the Company will send to the Purchaser at the contact address in Japan specified in 2)

(i) (e) above an “information list” specifying information to be initially submitted within 10 business days <sup>(9)</sup> (the first day not included) from the date of submission of the “Letter of Intent.” The Purchaser is required to submit sufficient information to the Company in accordance with the “information list.”

If the information provided by the Purchaser in accordance with the “information list” mentioned above is reasonably determined by the Board of Directors of the Company to be insufficient for shareholders to make a decision and for the evaluation, examination, etc., by the board in view of the details and the form of the Large-Scale Purchase, the Company will set out a reasonable period for additional information and requires the Purchaser to provide additional information that is separately requested by the board.

Regardless of the details and the form of the Large-Scale Purchase, the information listed in the following items shall, in principle, be included as part of the “information list.”

In addition, the language to be used for the provision of Necessary Information and other notices and communications with the Company must be Japanese.

- (i) Details (including history, specific name, capital structure, business description, description of financial conditions, and names and career summary of officers) of the Purchaser and its group (including joint holders <sup>(10)</sup>, specially related parties and, in the case of a fund, partners and other members)
- (ii) The purpose of the Large-Scale Purchase (details of the purpose disclosed in the “Letter of Intent”), the method and other details of the Large-Scale Purchase (including whether the Purchaser intends to participate in management of the Company, types and amounts of consideration for the Large-Scale Purchase, the timing of the Large-Scale Purchase, the structure of any related transactions, the number of shares, etc. planned to be purchased, the ownership ratio of shares, etc. after the execution of the purchase, and the legality of the method of the Large-Scale Purchase. The Purchaser is also required to provide a written opinion from an attorney concerning the legality of the method of the Large-Scale Purchase.)
- (iii) The basis of calculation of the consideration for the Large-Scale Purchase (including the assumptions and facts of the calculation; the method of calculation; numerical information used in the calculation; the details of the synergy expected to arise from a series of transactions related to the Large-Scale Purchase; the name of a third party, if any, from whom an opinion is obtained in performing the calculation; the outline of such an opinion and; the process through which the amount is determined based on such an opinion)
- (iv) Supporting documents explaining the source of funds for the Large-Scale Purchase (including the specific name of the provider of the funds [including substantial providers of funds], funding methods and the details of any related transactions)
- (v) Presence or absence of communication with a third party in conducting the Large-Scale Purchase and the details of the communication and the outline of the third party if such communication exists
- (vi) If, with regard to shares, etc. of the Company already held by the Purchaser, there are any lending agreement, hypothecation agreement, sell-back agreement, sales reservation agreement or other important contracts or arrangements (hereinafter “Hypothecation Agreements, etc.”), the type of the agreement, the other party to the agreement, and the



specific terms and conditions of the Hypothecation Agreements, etc. such as the quantity, etc. of the shares, etc. that are the subject of the agreement

- (vii) If the Purchaser plans to enter into a Hypothecation Agreement, etc. or any other agreements with a third party with regard to the shares, etc. of the Company planned to be purchased by the Purchaser through the Large-Scale Purchase, the type of the agreement planned to be concluded, the other party to the agreement, and the specific terms and conditions of the agreement such as the quantity, etc. of the shares, etc. that are the subject of the agreement
- (viii) The management policy, business plan, capital policy, and dividend policy of the Company and the Group after the Large-Scale Purchase
- (ix) The policy on the treatment, etc. of the Company and the Group's employees, labor union, business partners, customers, local communities, and other stakeholders of the Company and the Group after the Large-Scale Purchase
- (x) Specific measures to avoid any conflict of interest with other shareholders of the Company
- (xi) Information regarding any relationship with an anti-social force
- (xii) Any other information that the Independent Committee reasonably considers necessary.

When a Purchaser has proposed a Large-Scale Purchase, the Board of Directors of the Company promptly discloses that fact. The board also discloses the outline of the proposal, the outline of the Necessary Information, and any other information that is deemed necessary for shareholders to make a decision, when it is considered appropriate.

The Board of Directors of the Company promptly submits all information received from the Purchaser to the Independent Committee. If the Independent Committee determines that the provided information is insufficient as the Necessary Information, the Independent Committee, through the Board of Directors, may request the Purchaser an additional submission of the Necessary Information.

When the Board of Directors and the Independent Committee of the Company determine that the Necessary Information has been sufficiently provided by the Purchaser, they notify the Purchaser to that effect (hereinafter "Information Provision Completion Notice") and promptly disclose that fact.

#### 4) Establishment of the Board of Directors' Evaluation Period

After giving the Information Provision Completion Notice, the Board of Directors of the Company sets either of the periods listed in (i) or (ii) below (in either cases, the first day not included) starting on the day immediately following the date of the Information Provision Completion Notice, depending on such factors as the difficulty of evaluation of the Large-Scale Purchase, as a period for evaluation, examination, negotiation, opinion formation, and development of an alternative proposal by the board (hereinafter the "Board of Directors' Evaluation Period") and promptly disclose it.

- (i) In the case of a tender offer of all shares, etc. of the Company, the consideration for which consists only of cash (in Japanese yen): a period of up to 60 days; or
- (ii) in the case of other Large-Scale Purchases: a period of up to 90 days.

However, in either of the above cases (i) and (ii), the Board of Directors' Evaluation Period may be extended if the Board of Directors finds it necessary. In such a case, the Company notifies the Purchaser of the specific length of the extension and the reasons for the necessity of the extension and promptly discloses that fact. The extension may be up to 30 days.

During the Board of Directors' Evaluation Period, the Board of Directors of the Company shall sufficiently evaluate and examine the Necessary Information provided by the Purchaser while obtaining the advice of external experts from time to time as necessary and shall thereby examine the details of the Large-Scale Purchase proposed by the Purchaser from the perspective of protecting and enhancing the corporate value of the Company and the common interest of shareholders. The Board of Directors of the Company will carefully form its opinion on the proposed Large-Scale Purchase through these examinations, etc., and notify the Purchaser of it. It will also disclose its opinion in a timely and appropriate manner. The

Board of Directors of the Company will also negotiate the terms and conditions and the method of the Large-Scale Purchase with the Purchaser as necessary and may present an alternative proposal to its shareholders.

- 5) Recommendations of the Independent Committee concerning the exercise of countermeasures  
During the Board of Directors' Evaluation Period, the Independent Committee shall, in parallel with the evaluation, examination, negotiation, opinion formation and development of an alternative proposal by the Board of Directors of the Company outlined in 4) above, make recommendations to the board on whether any countermeasures should be exercised, in accordance with the procedure outlined below. In doing so, the Independent Committee may, at the cost of the Company, obtain advice of third parties that are independent from the senior executives in charge of business execution of the Company (including investment banks, securities companies, financial advisors, certified public accountants, attorneys at law, consultants, and other experts) in order to ensure that the judgment of the Independent Committee is made in a manner to contribute to the protection and enhancement of the corporate value of the Company and the common interest of shareholders. When the Independent Committee has made the following recommendations listed in (i) or (ii) below to the Board of Directors of the Company, the board promptly discloses the fact that such recommendations have been made and the outline of the recommendations together with information about any other matters deemed appropriate by the board.
- (i) In cases where the Purchaser has not complied with the procedures prescribed in this Plan  
In cases where the Purchaser has not complied with the procedures prescribed in 2) through 4) above, the Independent Committee will, in principle, recommend the exercise of countermeasures to the Board of Directors of the Company.
- (ii) In cases where the Purchaser has complied with the procedures prescribed in this Plan  
In cases where the Purchaser has complied with the procedures prescribed in this Plan, the Independent Committee will recommend the non-exercise of countermeasures to the Board of Directors of the Company.  
However, even in cases where the Purchaser has complied with the procedures prescribed in this Plan, the Independent Committee may still exceptionally recommend the exercise of countermeasures to the Board of Directors of the Company if the Independent Committee has concluded that the proposed Large-Scale Purchase is one that would significantly undermine the corporate value of the Company and the common interest of shareholders and the exercise of countermeasures is appropriate. In cases where the proposed Large-Scale Purchase is found to fall under any of types of proposals listed in Appendix 4, in principle, the Large-Scale Purchase will be deemed to be one that would significantly undermine the corporate value of the Company and the common interest of shareholders.
- 6) Resolution of the Board of Directors  
The Board of Directors of the Company shall respect the recommendations of the Independent Committee prescribed in 5) above to the maximum extent and, taking into account the recommendation, promptly pass a resolution approving the exercise or non-exercise of countermeasures from the perspective of protecting and enhancing the corporate value of the Company and the common interest of shareholders.  
When the Board of Directors of the Company has passed such a resolution, whether the content of the resolution is exercise or non-exercise of countermeasures, it shall promptly disclose the outline of the resolution together with information about any other matters deemed appropriate by the board and the Independent Committee.
- 7) Discontinuation of countermeasures or revocation of the decision to exercise countermeasures  
Even after the Board of Directors of the Company has passed a resolution approving the exercise of countermeasures in accordance with the procedure prescribed in 6) above or has

started exercising countermeasures, if (i) the Purchaser has withdrawn the proposal for a Large-Scale Purchase or (ii) there have been changes in the facts on which the judgment as to whether countermeasures should be exercised and it is no longer deemed appropriate to maintain the countermeasures that have been exercised from the perspective of protecting and enhancing the corporate value of the Company and the common interest of shareholders, the board shall discontinue countermeasures or revoke the decision to exercise countermeasures. When the Board of Directors of the Company has passed such a resolution, it shall promptly disclose the outline of the resolution together with information about any other matters deemed appropriate by the board.

8) Commencement of a Large-Scale Purchase

The Purchaser shall comply with the procedures prescribed in 1) through 6) above and cannot commence the Large-Scale Purchase unless the Board of Directors passes a resolution approving the non-exercise of countermeasures.

(2) Specific countermeasures to be exercised under this Plan

The countermeasures to be exercised by the Board of Directors of the Company based on its resolution as described in (1) 6) above shall be the allotment of share acquisition rights (hereinafter the “Share Acquisition Rights”) without contribution.

The outline of the allotment of the Share Acquisition Rights without contribution shall be as prescribed in Appendix 5 “Outline of the Allotment of the Share Acquisition Rights Without Contribution.”

As described in (1) 7) above, the Board of Directors of the Company may discontinue countermeasures or revoke the decision to exercise countermeasures even after it has passed a resolution approving the exercise of countermeasures or has started exercising countermeasures. For example, in the case where the Board of Directors of the Company had passed a resolution approving the allotment of the Share Acquisition Rights without contribution as countermeasures, if the Purchaser has discontinued the Large-Scale Purchase and the board has passed a resolution described in (1) 7) above, the board may revoke the decision to exercise countermeasures by such way as aborting the allotment of the Share Acquisition Rights without contribution during the period until the day immediately preceding the ex-rights date pertaining to the record date set for the allotment of the Share Acquisition Rights without contribution and as the Company’s acquiring the Share Acquisition Rights without contribution during the period from the effective date of the allotment of the Share Acquisition Rights without contribution to the day immediately preceding the start date of the exercise period of the Share Acquisition Rights.

(3) Effective period, abolition, and change of this Plan

The effective period of this Plan shall be three years until the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held in June 2020 subject to the approval of this Ordinary General Meeting of Shareholders scheduled to be held June 29, 2017.

However, if a resolution approving the change or abolition of this Plan is passed at a General Meeting of Shareholders of the Company anytime before the expiration of the said effective period, this Plan shall be changed or abolished at that time pursuant to the resolution. In addition, if a resolution approving the abolition of this Plan is passed by the Board of Directors consisting of Directors elected at a General Meeting of Shareholders of the Company, this Plan shall be abolished at that time.

The Board of Directors of the Company may, upon approval of the Independent Committee, revise or change this Plan in a range that is judged reasonably necessary due to: a change in the Companies Act, Financial Instruments and Exchange Act, other laws or regulations or rules of the financial instruments exchange; a change in the interpretation or operation thereof; or a change in the taxation system, judicial precedents, etc.

In cases where this Plan is abolished or changed, the Company shall disclose such a fact of abolition or change and (in the case of a change) the detail of the change together with information about any other matters deemed appropriate by the Board of Directors of the Company.

### 3. Rationale of this Plan

- (1) This Plan satisfies all the requirements of the guidelines on takeover defense measures.

This Plan satisfies all three principles (principle of protecting and enhancing corporate value and shareholders' common interests, principle of prior disclosure and shareholders' will and principle of ensuring the necessity and reasonableness of defensive measures) prescribed in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interest" jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 and is also based on the "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group on June 30, 2008.

- (2) This Plan is being continued for the purpose of protecting and enhancing corporate value of the Company and the common interest of shareholders.

As noted in the 1. above, the continuation of this Plan is proposed for the purpose of protecting and enhancing the corporate value of the Company and the common interest of shareholders in the case where a Large-Scale Purchase of shares, etc. of the Company is proposed by securing information and time necessary for the shareholders to decide whether to accept the proposal for the Large-Scale Purchase or for the Board of Directors of the Company to present an alternative proposal, as well as by enabling the Company to negotiate with the Purchaser on behalf of its shareholders or to take similar actions.

- (3) This Plan respects shareholders' intention.

This Plan is to be continued subject to the consent of shareholders at this Ordinary General Meeting of Shareholders. As stated in 2. (3) above, if a resolution approving the change or abolition of this Plan is passed at a General Meeting of Shareholders of the Company anytime after it is approved at this Ordinary General Meeting of Shareholders, this Plan will be changed or abolished pursuant to that resolution. Therefore, the intention of shareholders will adequately be reflected on this Plan's continuation, change and abolition through the procedure mentioned above.

- (4) This Plan respects the judgment of highly independent outside parties and discloses information.

In order to eliminate any arbitrary decision by the Board of Directors of the Company, the Company has established the Independent Committee under this Plan as an advisory body to the board that is in charge of making objective decisions and recommendations concerning the operation of this Plan including the exercise of countermeasures.

The Independent Committee consists of three or more members who are to be appointed from among Outside Directors of the Company, Outside Corporate Auditors of the Company, or outside experts (senior corporate executives with proven track record, ex-government officials, attorneys at law, certified public accountants, persons with academic experience, or the like) who are independent from the senior executives in charge of business execution of the Company.

The Company will appropriately disclose information about the outline of the judgment made by the Independent Committee as necessary and has put in place a mechanism to ensure the transparent administration of this Plan in a manner to contribute to the corporate value of the Company and the common interest of shareholders.

- (5) Reasonable and objective requirements for the exercise of this Plan

As stated in 2. (1) above, the Company has structured this Plan in a manner that it will not be exercised unless reasonable and objective requirements for exercise are satisfied and has put in place a mechanism to prevent the Board of Directors of the Company from arbitrarily exercising it.

- (6) This Plan is not a dead-hand type or slow-hand type takeover defense plan.

As stated in 2. (3) above, this Plan may be abolished anytime by the Board of Directors consisting of Directors who are elected at the General Meeting of Shareholders of the Company. Therefore, this Plan is not a dead-hand type takeover defense plan (a takeover defense plan whose exercise cannot be prevented even after replacing a majority of the members of the Board of Directors). The term of office of Directors of the Company is one year and the Company does not use staggered terms. Consequently, this Plan is not a slow-hand type takeover defense plan (a takeover defense plan that requires time to prevent exercise of the plan because the members of the Board of Directors cannot be replaced at once).

#### 4. Impact on shareholders and investors

- (1) Impact of the continuation of this Plan on shareholders and investors upon its taking effect

When the continuation of this Plan takes effect, none of the Share Acquisition Rights will be issued. Therefore, upon its taking effect, this Plan will not directly have any specific impact on the legal rights and economic benefits pertaining to shares of the Company held by shareholders. As stated in 2. (1) above, depending on whether the Purchaser complies with this Plan, the response policy of the Company to the proposed Large-Scale Purchase will be different. Therefore, shareholders and investors are advised to pay attention to any action that the Purchaser may or may not take.

- (2) Impact on shareholders and investors at the time of allotment of the Share Acquisition Rights without contribution

In the case where the Board of Directors of the Company decides to exercise countermeasures and carry out allotment of the Share Acquisition Rights without contribution, the Share Acquisition Rights will be allotted without contribution to shareholders whose names are recorded in the shareholder register as of the allotment date to be specified separately at the rate of up to two Share Acquisition Rights per share held. Due to the nature of such a structure, while the allotment of the Share Acquisition Rights without contribution causes dilution of the value per share of the Company held by each shareholder, it does not cause dilution of the total value of the shares of the Company held by each shareholder. As such, the allotment of the Share Acquisition Rights without contribution is not expected to directly have a specific impact on the legal rights and economic benefits pertaining to shares of the Company held by shareholders.

However, as a result of the exercise of these countermeasures, the Purchaser may eventually be subject to certain impact on its legal rights and economic benefits.

In cases where the Board of Directors passes a resolution approving the allotment of the Share Acquisition Rights without contribution, but subsequently decides to discontinue countermeasures that it has exercised or revoke the decision to exercise countermeasures in accordance with the procedure described in 2. (1) 7) above, the price of shares of the Company may fluctuate accordingly. For example, in cases where the Company revokes the exercise of countermeasures after the shareholders to receive the allotment of the Share Acquisition Rights without contribution are determined and thereby it acquires the Share Acquisition Rights without contribution and does not deliver new shares, no dilution of economic value per share of the Company held by each shareholder occurs. Accordingly, shareholders and investors who have traded shares of the

Company based on the assumption that dilution of economic value per share of the Company would occur may be exposed to a loss due to share price fluctuation.

In cases where discriminatory conditions are attached in relation to the exercise or acquisition of the Share Acquisition Rights, while the legal rights and economic benefits of the Purchaser are expected to be affected with regard to the said exercise or acquisition, such conditions are not expected to directly have a specific impact on the legal rights and economic benefits pertaining to shares of the Company held by shareholders other than the Purchaser.

(3) Procedures to be followed by shareholders in conjunction with the allotment of the Share Acquisition Rights without contribution

As those shareholders whose names are recorded in the last shareholder register as of the date of the allotment of the Share Acquisition Rights without contribution would naturally become holders of share options as of the effective date of the allotment of the Share Acquisition Rights without contribution, no application procedure needs to be followed by these shareholders.

Shareholders may need to exercise the Share Acquisition Rights within a prescribed period for the acquisition of new shares. (In such cases, shareholders are required to pay a certain amount of money.)

In addition to the above, after the Board of Directors passes a resolution approving the allotment of the Share Acquisition Rights without contribution, the allotment method, the exercise method, the method of acquisition by the Company and other details of the required procedures will be, based on the applicable laws and regulations and rules of the financial instruments exchange, disclosed or notified by the Company to shareholders in a timely and appropriate manner for their confirmation.

1. This term is as defined in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter. In the case of an amendment to any of the laws and regulations, etc. referred to in this Plan (including changes in the names of laws and regulations and the establishment of new laws and regulations, etc. that succeed old laws and regulations, etc.), any reference to the provisions of such laws and regulations, etc. in this Plan shall be deemed to be replaced with a reference to the provisions of amended laws and regulations, etc. that substantively succeed the old provisions unless otherwise prescribed by the Board of Directors of the Company.
2. This term means holders as defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act and includes parties who are included in the category of holders pursuant to the provisions of paragraph 3 of that Article.
3. This term is as defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter unless otherwise prescribed.
4. This term is as defined in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.
5. This term is as defined in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.
6. This term means specially related parties as defined in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act (including any party who is deemed to fall under the above by the Company's Board of Directors.) However, the parties set forth in item (i) of that paragraph shall exclude those who are prescribed in Article 3, paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer. The same shall apply hereinafter.
7. This term is as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter in (ii).
8. This term means material proposal as defined in Article 27-26, paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Ordinance on Disclosure of the Status of Large Volume Holding of Share Certificates, etc. The same shall apply hereinafter unless otherwise prescribed.
9. A business day means a day other than the days set forth in the items of Article 1, paragraph 1 of the Act on Holidays of Administrative Organs. The same shall apply hereinafter.
10. This term means joint holder as defined in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Act and includes parties who are deemed as joint holder pursuant to the provisions of paragraph 6 of that Article (including any party who is deemed to fall under the above by the Board of Directors of the Company). The same shall apply hereinafter.

Outline of the Independent Committee Regulations

1. The Independent Committee is established by a resolution of the Board of Directors of the Company as an advisory body to the board for the purpose of precluding any arbitrary decision of the board concerning, among others, the exercise of countermeasures against a Large-Scale Purchase and securing the objectivity and reasonableness of the decisions and responses of the board.
2. The Independent Committee shall consist of three or more members. The Independent Committee members shall be appointed by resolution of the Board of Directors of the Company from among persons who are either of (1) Outside Directors of the Company, (2) Outside Corporate Auditors of the Company, and (3) outside experts (senior corporate executives with proven track record, ex-government officials, attorneys at law, certified public accountants, persons with academic experience or persons equivalent thereto) and who are independent from the senior executives in charge of business execution of the Company. The Company shall enter into an agreement concerning the duty of due care of a prudent manager and confidentiality obligations with the Independent Committee members.
3. The term of office of an Independent Committee member shall be the period from the day on which he or she is appointed to the day of the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year that ends within three years or another day separately agreed between the Company and the said member, unless otherwise prescribed by a resolution of the Board of Directors of the Company.
4. The Independent Committee shall be convened by a Representative Director of the Company or any of the Independent Committee members.
5. The chairperson of the Independent Committee shall be elected among the Independent Committee member by a vote of the members.
6. In principle, a resolution of the Independent Committee shall be passed by a majority of the votes of the Independent Committee members present at the meeting (including attendance by TV or telephone conference or a similar method), provided that all Independent Committee members are present. However, in the case of an accident or any other special circumstances that prevent an Independent Committee member from voting on a resolution, a resolution of the Independent Committee shall be passed by a majority of the votes of the Independent Committee members present at meetings at which a majority of the Independent Committee members are present.
7. The Independent Committee shall deliberate and pass resolutions on the matters listed in the following items and recommend its decisions to the Board of Directors of the Company clarifying the basis of the decisions:
  - (1) whether countermeasures under this Plan should be exercised;
  - (2) whether countermeasures under this Plan should be discontinued or the decision to exercise the countermeasures should be revoked;
  - (3) whether this Plan should be abolished and changed; and
  - (4) any other matters on which the Board of Directors of the Company from time to time seeks advice from the Independent Committee in relation to this Plan.In deliberating and passing resolutions at the Independent Committee, each Independent Committee member shall do so solely from the perspective of whether the matter in question contributes to the corporate value of the Company and the common interest of shareholders and shall not do so for the purpose of seeking personal benefits for themselves or senior executives of the Company.
8. The Independent Committee may have a Director, Corporate Auditor and employee of the Company or any other persons deemed necessary attend its meeting and request their opinion or explanation about matters specified by the Independent Committee as necessary.

9. In performing its duties, the Independent Committee may, at the cost of the Company, obtain advice of external experts that are independent from the senior executives who are in charge of business execution of the Company (including investment banks, securities companies, financial advisors, certified public accountants, attorneys at law, consultants, and other experts).



Career Summary of the Candidates for the Independent Committee Members

Yasuyuki Fukuoka

Apr. 1984	Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)
Feb. 2005	General Manager of Okayama Branch of The Mitsubishi Trust and Banking Corporation
Feb. 2007	Seconded to The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2009	Deputy General Manager of Kyoto Branch and Kyoto Chuo Branch of Mitsubishi UFJ Trust and Banking Corporation
Oct. 2011	General Manager of Sendai Branch of Mitsubishi UFJ Trust and Banking Corporation
June 2013	Full-time Corporate Auditor of the Company (present position)

He will assume the position as Outside Corporate Auditor, conditioned on the election at this Ordinary General Meeting of Shareholders.

The Company has designated Yasuyuki Fukuoka as an Independent Officer and notified such designation to the Tokyo Stock Exchange in accordance with the rules of Tokyo Stock Exchange, Inc.

Hisao Tatsuno

Apr. 1980	Registered as a member of the Osaka Bar Association
Apr. 1991	Established Tatsuno, Ozaki & Fujii Law Office (present position)
Apr. 2005	Vice President of the Osaka Bar Association
Apr. 2009	Member of 2nd Research Ethics Committee, Kobe branch of RIKEN, Japan
Apr. 2013	Executive Governor of Japan Federation of Bar Associations
Nov. 2013	A member of the Ethics Committee of Osaka City University, Center for Health Science Innovation

Yasuo Himeiwa

Aug. 1983	Joined the accounting firm of Peat Marwick Mitchell & Co. (currently KPMG)
Aug. 1990	Registered as a certified public accountant of Japan
Sept. 2003	Partner at KPMG AZSA & Co.
July 2009	Head of Global Japanese Practice Osaka Office of KPMG AZSA & Co.
May 2015	Chairman of National Employee Association of KPMG AZSA LLC
June 2016	Resigned from KPMG AZSA LLC Himeiwa Certified Public Accountant Office (present position)

There are no special interests between above candidates and the Company.

Status of Major Shareholders of the Company

As of March 31, 2017

Rank	Shareholder name	Contribution in the Company	
		Number of shares held (Thousands of shares)	Ownership (%)
1	Meiji Yasuda Life Insurance Company	7,000	4.71
2	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,141	4.13
3	DNT Business Connectors' Stockhold	6,102	4.10
4	Mitsubishi Corporation	5,942	4.00
5	Tokio Marine & Nichido Fire Insurance Co., Ltd.	5,068	3.41
6	Fukoku Mutual Life Insurance Company	5,002	3.36
7	Shimadzu Corporation	5,001	3.36
8	Japan Trustee Services Bank, Ltd. (Trust Account)	4,899	3.29
9	Yasuhide Tanabe	4,441	2.98
10	The Master Trust Bank of Japan, Ltd. (Trust Account)	4,112	2.76

- Notes:
1. Number of shares less than one thousand has been omitted.
  2. The ownership ratio is the percentage of number of shares held to the total number of outstanding shares (148,553,393 shares).

Types of Large-Scale Purchase Proposals That Are Considered to Significantly Undermine the Corporate Value of the Company and the Common Interest of Shareholders

1. Cases where the Purchaser is found to be a party who does not have any intention to participate in corporate management and is acquiring or intends to acquire shares, etc. of the Company only for the purpose of selling the shares, etc. of the Company to the Company or a related party of the Company at a high price after driving the share price higher (so-called greenmailer)
2. Cases where the Purchaser is found to be acquiring shares, etc. of the Company for the purpose of transferring such assets of the Company or the Group companies as intellectual property rights, know-how, corporate secrets, major business partners or customers that are necessary for the business operation of the Company or the Group companies to the Purchaser or its group companies, etc. by temporarily acquiring control over the corporate management of the Company
3. Cases where the Purchaser is found to be acquiring shares, etc. of the Company for the purpose of using the assets of the Company or the Group companies as collateral for or the source of funds to repay, debts of the Purchaser or its group companies, etc. after acquiring the control over the corporate management of the Company
4. Cases where the Purchaser is found to be acquiring shares, etc. of the Company for the purpose of temporarily acquiring the control over the corporate management of the Company and disposing high-value assets, etc. such as real estate, securities, etc., that are not currently related to the business of the Company or the Group companies by sale, etc. and temporarily paying higher dividends from the disposition proceeds or deliberately selling the shares, etc. of the Company at a high price as the share price surges during the period of the said temporarily higher dividends
5. Cases where the method of purchase of shares, etc. of the Company proposed by the Purchaser is found to impose restrictions on the opportunity or freedom of shareholders to make a decision by way of so-called coercive two-tier tender offer (the method of carrying out a tender offer in two steps where the Purchaser does not solicit the sale of all shares, etc. of the Company in the first stage while specifying unfavorable terms and conditions for purchase in the second stage or not clarifying the terms and conditions for purchase in the second stage) and shareholders could be effectively forced to sell the shares, etc. of the Company
6. Cases where the terms and conditions for purchasing the Company's shares, etc. (including but not limited to class of shares, amount of the consideration, basis of calculation of the consideration, other specific terms and conditions [including the timing and method for the acquisition], whether there is any illegality and the feasibility) proposed by the Purchaser are found significantly inadequate or unsuitable with respect to the Company's corporate value
7. Cases where the acquisition of control of the Company by the Purchaser is found to cause a significant impediment to the protection and enhancement of the Company's corporate value and the common interest of shareholders as it is expected that, among other case, such control would spoil the relationship with the Company's shareholders as well as relationships with customers, employees and other stakeholders of the Group, which are the source of the Company's corporate value, and significantly damage the Company's corporate value and the common interest of shareholders
8. Cases where the Company's corporate value when the Purchaser acquires the control is found to be significantly less than, in comparison of medium- to long-term future corporate value, that when the Purchaser does not acquire control of the Company

Outline of the Allotment of the Share Acquisition Rights Without Contribution

1. Total number of the Share Acquisition Rights to be allotted  
The total number of the Share Acquisition Rights to be allotted shall be the number separately specified by the Board of Directors of the Company in the resolution approving the allotment of the Share Acquisition Rights without contribution (hereinafter “Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution”) and this number shall not exceed the number equivalent to two times the final total number of issued shares of the Company as of a certain day separately specified by the board in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution (hereinafter “Allotment Date”) (excluding the number of shares of the Company held by the Company as of the said date).
2. Shareholders eligible for allotment  
The Share Acquisition Rights shall be allotted without contribution to shareholders whose names are recorded in the last shareholder register as of the Allotment Date at the rate of up to two Share Acquisition Rights per common share of the Company held by the said shareholders (excluding shares of the Company held by the Company as of the said date) that is separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.
3. Effective date of the allotment of the Share Acquisition Rights without contribution  
The effective date shall be the day separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.
4. Class and number of shares that are the subject of the Share Acquisition Rights  
The class of the shares that are the subject of the Share Acquisition Rights shall be common shares of the Company and the number of shares that are the subject of a Share Acquisition Right (hereinafter “Number of Subject Shares”) shall be the number separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution provided that the Number of Subject Shares shall not exceed one. However, in cases where the Company carries out a share split or share consolidation, the Number of Subject Shares shall be subject to required adjustment.
5. Type and amount of assets to be contributed upon exercise of the Share Acquisition Rights  
The type of assets to be contributed upon exercise of the Share Acquisition Rights shall be money and the amount of assets to be contributed upon exercise of the Share Acquisition Rights per common share of the Company shall be the amount separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution provided that this amount shall not be less than ¥1.
6. Restrictions on the transfer of the Share Acquisition Rights  
Any transfer of the Share Acquisition Rights shall be subject to the approval of the Board of Directors of the Company.
7. Exercise conditions of the Share Acquisition Rights  
A party falling under any of the following categories (hereinafter collectively referred to as “non-qualified parties”) are not entitled to exercise the Share Acquisition Rights: (1) specified large volume holder <sup>(11)</sup>, (2) joint holder of a specified large volume holder, (3) specified large volume purchaser <sup>(12)</sup>, (4) specially related party of a specified large volume purchaser, (5) party who has received or succeeded the Share Acquisition Rights from any of the parties listed in (1) through (4) without obtaining the approval of the Board of Directors of the Company <sup>(13)</sup>, or (6) related party of any of the parties falling under (1) through (5).

8. Acquisition of the Share Acquisition Rights by the Company  
The Company may acquire the Share Acquisition Rights held by parties other than non-qualified parties and deliver common shares of the Company in the Number of Subject Shares per Share Acquisition Right in exchange for them on the day separately specified by the Board of Directors of the Company. The details of the acquisition conditions of the Share Acquisition Rights shall be separately specified in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.
9. Acquisition without contribution in the case of revocation, etc. of the decision to exercise countermeasures  
In cases where the Board of Directors of the Company has revoked the exercise of countermeasures or other cases separately specified by the board in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution, the Company may acquire all of the Share Acquisition Rights without contribution.
10. Exercise period, etc. of the Share Acquisition Rights  
The exercise period of the Share Acquisition Rights and other necessary matters shall be separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.
11. Specified large volume holder refers to a holder of shares, etc. issued by the Company whose ownership ratio of shares, etc. pertaining to the said shares, etc. is 20% or more or a party who falls under the category of specified large volume holder as determined by the Board of Directors of the Company. However, such a party shall not fall under the category of specified large volume purchaser if the board has determined that said party's acquiring or holding shares, etc. of the Company is not against the corporate value of the Company and the common interest of shareholders or if the said party is a party separately specified as such by the board in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.
12. Specified large volume purchaser refers to a party who has given a public notice to the effect that it will carry out a purchase, etc. (meaning purchase, etc. as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter in this note) of shares, etc. (meaning share certificates, etc. as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter in this note) issued by the Company through a tender offer and the aggregate sum of whose ownership ratio of shares, etc. pertaining to its ownership after the said purchase, etc. (including those prescribed by Article 7, paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act as to be equivalent thereto) as combined with the ownership ratio of shares, etc. of its specially related parties is 20% or more, or a party who falls under the category of specified large volume purchaser as determined by the Board of Directors of the Company. However, such a party shall not fall under the category of specified large volume purchaser if the board has determined that said party's acquiring or holding shares, etc. of the Company is not against the corporate value of the Company and the common interest of shareholders or if the said party is a party separately specified as such by the board in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.
13. "Related party" of a given party means a party who substantively controls or is controlled by or is under the common control with the other party (including those who are determined by the Board of Directors of the Company to fall under the said definition) or a party who is determined by the board to act in cooperation with the other party. "Control" means the "cases where a party controls decisions on financial and business policies" of other companies, etc. (meaning the cases defined in Article 3, paragraph 3 of the Ordinance for Enforcement of the Companies Act).