

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Stock Exchange Code 3104)
June 7, 2017

To Shareholders with Voting Rights:

Mitsuo Nakano
Representative Director & President
Fujibo Holdings, Inc.
1-18-12 Ningyocyo, Nihonbashi, Chuo-ku,
Tokyo, Japan

**NOTICE OF CONVOCATION OF
THE 197TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 197th Annual General Meeting of Shareholders of Fujibo Holdings, Inc. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it, or enter your vote for or against the proposals via the Internet, by 5:30 p.m. on Wednesday, June 28, 2017, Japan time.

- 1. Date and Time:** Thursday, June 29, 2017 at 10:00 a.m. Japan time
- 2. Place:** 10F, Kokusai Fashion Center Building (KFC Room 101 to 103)
1-6-1 Yokoami, Sumida-ku, Tokyo
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company's 197th Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 197th Fiscal Year (April 1, 2016 - March 31, 2017)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Eight Directors
 - Proposal 3:** Continuation of the Policy against Large-scale Purchases of Shares in the Company (Anti-takeover Measures)

4. Matters regarding the Convocation

- (1) If voting rights are exercised both in writing and via the Internet, the voting rights exercised via the Internet shall be deemed valid.
 - (2) If voting rights are exercised multiple times via the Internet, the most recent voting rights exercised shall be deemed valid.
-

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Pursuant to laws and regulations and Article 15 of the Company's Articles of Incorporation, the following items are posted on the Company's website (<http://www.fujibo.co.jp/>) and are not provided in the Appendix to this Notice.

- 1) Notes to Consolidated Financial Statements
- 2) Notes to Non-consolidated Financial Statements

Additionally, the Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements are part of the Consolidated Financial Statements and Non-consolidated Financial Statements that were used by the Auditors and the Accounting Auditor for the preparation of the Auditor's Report and the Accounting Auditor's Report, respectively.

- Should the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<http://www.fujibo.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company considers the return of profits to shareholders its most important management issue, and in comprehensive consideration of factors such as the management environment and business results, strives to distribute stable dividends over the long term.

Based on the above policy, the Company proposes the following as a year-end dividend for the fiscal year under review.

Items Related to the Year-end Dividend

- (1) Type of dividend property
Cash
- (2) Items related to the allocation of dividend property to shareholders and its total amount
90 yen per common share
Total of 1,029,541,140 yen
- (3) Effective date of the distribution of surplus
June 30, 2017

Proposal 2: Election of Eight Directors

The terms of office of all seven Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, with the intent of strengthening management supervision functions, the number of Outside Directors will be increased by one person, thereby propose the election of eight Directors, including three Outside Directors.

The candidates for Director are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Mitsuo Nakano (February 23, 1951)	<p>April 1973 Joined the Company</p> <p>November 1998 General Manager, Functional Materials Department</p> <p>June 2002 General Manager, Functional Products Business Department and General Manager, Function Products Department</p> <p>February 2004 General Manager, Functional Products Business Department</p> <p>June 2004 Director and General Manager, Functional Products Business Department</p> <p>May 2005 Director; Representative Director & President, Yanai Chemical Industry Co., Ltd.</p> <p>June 2005 Director and Executive Officer, the Company; Representative Director & President, Yanai Chemical Industry Co., Ltd.</p> <p>May 2006 Representative Director & President, Executive President, the Company To the present</p>	18,300
<p>[Reason for nomination as candidate for Director] Subsequent to serving as Representative Director & President at a business subsidiary, Mr. Mitsuo Nakano has served as Representative Director & President of the Company since May 2006. As he possesses a wealth of experience and broad insight regarding the Group's business and corporate management, the Company has judged that he is suited for the position of the Company's Director, and has thus designated him as a candidate.</p>			
2	Takao Aoki (January 2, 1956)	<p>April 1980 Joined the Company</p> <p>May 2007 Representative Director & President, Fujibo Ehime Co., Ltd.</p> <p>June 2007 Executive Officer, the Company; Representative Director & President, Fujibo Ehime Co., Ltd.</p> <p>June 2010 Director and Executive Officer, the Company; Representative Director & President, Fujibo Ehime Co., Ltd.</p> <p>June 2011 Director and Senior Executive Officer, the Company; Representative Director & President, Fujibo Ehime Co., Ltd.</p> <p>June 2013 Director and Managing Executive Officer, the Company; Representative Director & President, Fujibo Ehime Co., Ltd.</p> <p>June 2014 Representative Director and Senior Managing Executive Officer, the Company; Representative Director & President, Fujibo Ehime Co., Ltd.</p> <p>October 2015 Representative Director and Senior Managing Executive Officer, the Company; Representative Director & President, Yanai Chemical Industry Co., Ltd.</p> <p>January 2017 Representative Director and Senior Managing Executive Officer, the Company To the present</p> <p>(Current responsibilities) Polishing Pad Business and Chemical Industrial Product Business Control</p>	7,300
<p>[Reason for nomination as candidate for Director] Mr. Takao Aoki has successively held posts as Representative Director & President at a business subsidiary, and has served as Representative Director of the Company since June 2014. As he possesses a wealth of experience and broad insight regarding the Group's business and corporate management, the Company has judged that he is suited for the position of the Company's Director, and has thus designated him as a candidate.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Kazushi Yoshida (April 1, 1957)	<p>April 1979 Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>May 2003 General Manager, Asakusabashi Branch, The Bank of Tokyo-Mitsubishi, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>May 2005 General Manager, Jinbocho Branch</p> <p>January 2006 General Manager, Jinbocho Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2007 General Manager, Yanagibashi Branch</p> <p>June 2009 Representative Director and Managing Director, Mitsubishi UFJ Capital Co., Ltd.</p> <p>April 2012 Representative Director, Managing Director, and Managing Executive Officer</p> <p>July 2012 Advisor, the Company</p> <p>October 2012 Executive Officer</p> <p>June 2013 Director and Senior Executive Officer</p> <p>June 2014 Director and Managing Executive Officer</p> <p>June 2016 Director and Senior Managing Executive Officer</p> <p>To the present</p> <p>(Current responsibilities) Responsible for Corporate Planning, Finance and Accounting, IR, and Risk Management</p>	2,500
<p>[Reason for nomination as candidate for Director] After serving in important positions at financial institutions, Mr. Kazushi Yoshida has served as Director of the Company since June 2013. As he possesses a wealth of experience and broad insight regarding the Group's business and corporate management, the Company has judged that he is a person suited for the position of the Company's Director, and has thus designated him as a candidate.</p>			
4	*Katsushi Kihara (March 6, 1958)	<p>April 1980 Joined the Company</p> <p>May 2011 Director and Executive Vice President, Fujibo Ehime Co., Ltd.</p> <p>June 2011 Executive Officer, the Company; Director and Executive Vice President, Fujibo Ehime Co., Ltd.</p> <p>June 2013 Senior Executive Officer, the Company; Director and Executive Vice President, Fujibo Ehime Co., Ltd.</p> <p>October 2015 Senior Executive Officer, the Company; Representative Director & President, Fujibo Ehime Co., Ltd.</p> <p>To the present</p> <p>(Current responsibilities) Responsible for Intellectual Property and Facilities Administration</p> <p>(Significant concurrent positions) Representative Director & President, Fujibo Ehime Co., Ltd.</p>	4,600
<p>[Reason for nomination as candidate for Director] While serving as Representative Director & President of a business subsidiary, Mr. Katsushi Kihara has served as Senior Executive Officer of the Company since June 2013. As he possesses a wealth of experience and broad insight regarding the Group's business and corporate management, the Company has judged that he is a person suited for the position of the Company's Director, and has thus designated him as a candidate.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	*Toshifumi Fujioka (January 8, 1958)	<p>April 1982 Joined the Company</p> <p>June 2009 Executive Officer, the Company; Representative Director & President, Fujibo Kozakai, Inc.</p> <p>October 2009 Executive Officer, the Company; Representative Director & President, Fujibo Textile, Inc.</p> <p>May 2014 Executive Officer, the Company; Representative Director & President, Yanai Chemical Industry Co., Ltd.</p> <p>June 2014 Senior Executive Officer, the Company; Representative Director & President, Yanai Chemical Industry Co., Ltd.</p> <p>October 2015 Senior Executive Officer, the Company; Representative Director & President, Fujibo Textile, Inc.</p> <p>April 2016 Senior Executive Officer, the Company; Representative Director & President, Fujibo Textile, Inc.; Representative Director & President, Angle Co., Ltd.</p> <p>January 2017 Senior Executive Officer, the Company; Representative Director & President, Angle Co., Ltd.; Representative Director & President, Yanai Chemical Industry Co., Ltd.</p> <p>May 2017 Senior Executive Officer, the Company; Representative Director & President, Yanai Chemical Industry Co., Ltd.</p> <p>To the present</p> <p>(Current responsibilities)</p> <p>Responsible for Safety Promotion</p> <p>(Significant concurrent positions)</p> <p>Representative Director & President, Yanai Chemical Industry Co., Ltd.</p>	4,800
<p>[Reason for nomination as candidate for Director]</p> <p>While serving as Representative Director & President of a business subsidiary, Mr. Toshifumi Fujioka has served as Senior Executive Officer of the Company since June 2014. As he possesses a wealth of experience and broad insight regarding the Group's business and corporate management, the Company has judged that he is a person suited for the position of the Company's Director, and has thus designated him as a candidate.</p>			
6	Masao Nakano (December 19, 1946) <u>Outside</u>	<p>July 1970 Joined ALL NIPPON AIRWAYS CO., LTD</p> <p>June 1999 General Manager, Beijing Sales Office, General Manager, Tianjin Sales Office, and China Representative</p> <p>April 2001 Corporate Executive Officer and Company President, West Japan Sales Company</p> <p>January 2002 Corporate Executive Officer and Deputy General Manager, Marketing & Sales</p> <p>April 2003 Executive Vice President and General Manager, Marketing & Sales</p> <p>June 2003 Executive Vice President (jomu torishimariyaku), Corporate Executive Officer, and General Manager, Marketing & Sales</p> <p>April 2005 Executive Vice President (senmu torishimariyaku), Corporate Executive Officer, and General Manager, Marketing & Sales</p> <p>April 2006 Full-time Advisor, ALL NIPPON AIRWAYS TRADING CO., LTD.</p> <p>June 2006 CEO and President</p> <p>April 2012 Part-time Advisor</p> <p>June 2013 Outside Director, the Company</p> <p>To the present</p>	1,600
<p>[Reason for nomination as candidate for Outside Director]</p> <p>Mr. Masao Nakao has long been involved in management, and to receive his supervision of the Company's management from a standpoint independent of the Company's management based on his wealth of experience and broad insight as a corporate manager, the Company has designated him as a candidate.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Taizo Kayata (May 2, 1949) <u>Outside</u>	<p>April 1972 Joined Komatsu Ltd.</p> <p>April 1985 General Manager, Beijing Office</p> <p>June 2001 President, Komatsu (China) Ltd.</p> <p>June 2002 Executive Officer and President, Overseas Marketing, Construction & Mining Equipment Marketing Division, Komatsu Ltd.</p> <p>April 2007 Senior Executive Officer and President, Overseas Marketing, Construction & Mining Equipment Marketing Division</p> <p>October 2009 Senior Executive Officer and Representative of All China Operations; President, Komatsu (China) Ltd.</p> <p>April 2010 Senior Executive Officer and Representative of All China Operations; President, Komatsu (China) Ltd.</p> <p>June 2012 Advisor, Komatsu Ltd. To the present</p> <p>September 2012 Visiting Professor, Chuo Graduate School of Strategic Management To the present</p> <p>June 2015 Outside Director, the Company To the present</p> <p>(Significant concurrent positions) Advisor, Komatsu Ltd. Visiting Professor, Chuo Graduate School of Strategic Management</p>	300
<p>[Reason for nomination as candidate for Outside Director] Mr. Taizo Kayata has long been involved in management, and to receive his supervision of the Company's management from a standpoint independent of the Company's management based on his wealth of experience and broad insight as a corporate manager, the Company has designated him as a candidate.</p>			
8	*Nobuya Hideshima (January 9, 1954) <u>Outside</u>	<p>April 1978 Joined Yamaha Motor Co., Ltd.</p> <p>May 1999 General Manager, Production Control Department, Production Control Division, MC Operations</p> <p>April 2003 Director and President, Yamaha Motor Manufacturing Corporation of America</p> <p>January 2009 Executive General Manager, Procurement Center, Yamaha Motor Co., Ltd.</p> <p>March 2009 Executive Officer and Executive General Manager, Procurement Center</p> <p>March 2010 Senior Executive Officer and Executive General Manager, Procurement Center</p> <p>March 2011 Director, Senior Executive Officer, and Executive General Manager, Procurement Center</p> <p>March 2013 Director, Managing Executive Officer, and Executive General Manager, Procurement Center</p> <p>January 2014 Director, Managing Executive Officer, Chief General Manager, Engine Unit, and Chief General Manager, CS Center</p> <p>January 2016 Director, Managing Executive Officer, and Chief General Manager, Engine Unit</p> <p>April 2017 Advisor To the present</p> <p>(Significant concurrent positions) Advisor, Yamaha Motor Co., Ltd. Director, The Graduate School for the Creation of New Photonics Industries</p>	0
<p>[Reason for nomination as candidate for Outside Director] Mr. Nobuya Hideshima has long been involved in management, and to receive his supervision of the Company's management from a standpoint independent of the Company's management based on his wealth of experience and broad insight as a corporate manager, the Company has designated him as a candidate.</p>			

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. Asterisks (*) indicate new candidates.

3. Messrs. Masao Nakano, Taizo Kayata, and Nobuya Hideshima are candidates for Outside Directors.
4. The Company has designated both Messrs. Masao Nakano and Taizo Kayata as Independent Directors as defined by the rules of the Tokyo Stock Exchange, and has made a submission to said Exchange. Additionally, the Company plans to designate Mr. Nobuya Hideshima as an Independent Director as defined by the Tokyo Stock Exchange, and make a submission to said Exchange.
5. Both Messrs. Masao Nakano and Taizo Kayata are currently Outside Directors of the Company, and at the conclusion of this General Meeting, their respective terms of office as Outside Directors will be four years for Mr. Masao Nakano, and two years for Mr. Taizo Kayata.
6. In its Articles of Incorporation, the Company defines that it may conclude agreements with Outside Directors to limit their liability for damages due to negligence of duties, and such liability limitation agreements have been concluded with both Messrs. Masao Nakano and Taizo Kayata, with the limit set as the amount stipulated by laws and regulations. In the event that both Messrs. Masao Nakano and Taizo Kayata are reelected, the Company plans to continue said liability limitation agreements with both of them. Additionally, if the election of Mr. Nobuya Hideshima is approved, the Company plans to conclude a liability limitation agreement with him, with the limit set as the amount stipulated by laws and regulations.

Proposal 3: Continuation of the Policy against Large-scale Purchases of Shares in the Company (Anti-takeover Measures)

At a meeting of the Board of Directors held on November 30, 2007, the Company decided to establish a basic policy regarding persons controlling decisions about the Company's financial and business policies (hereinafter the "Basic Policy"), and to introduce a policy against large-scale purchases of shares in the Company (anti-takeover measures), as a measure to prevent decisions about the Company's financial and business policies being controlled by inappropriate persons in light of this Basic Policy, in order to protect and enhance the corporate value of the Company and shareholders' common interests, and made a public announcement to that effect on the same day (hereinafter, the content of the policy presently introduced, including subsequent amendments, shall be referred to as the "Current Plan"). The effective period of the Current Plan is until the conclusion of this Annual General Meeting of Shareholders.

Following the introduction of the Current Plan, the Company has considered the merits of continuing the Current Plan and its content as a measure for continuously and sustainably protecting and enhancing the corporate value of the Company and shareholders' common interests, in light of trends in the social environment surrounding anti-takeover measures and other factors. As a result of these considerations, at a meeting held on May 12, 2017, the Board of Directors resolved by the approval of all seven Directors, including two Outside Directors, to continue the "Policy against Large-scale Purchases of Shares in the Company (Anti-takeover Measures)" (hereinafter, the policy after the continuation shall be referred to as the "Plan") subject to partial amendments and receiving the approval of shareholders at this Annual General Meeting of Shareholders as follows, and made a public announcement to that effect.

Furthermore, all four Auditors of the Company (including three Outside Auditors) attended the meeting of the Board of Directors at which the Plan was decided, and unanimously consented to the Plan, subject to the specific implementation of the Plan being appropriately conducted.

In addition, the status of shareholders as of March 31, 2017 is as shown in Attachment 1, and as of the date of this notice, the Company has not received any approach or proposal, etc. regarding a large-scale purchase of the Company's shares.

Please refer to the below "Reference" for changes relating to the governance of the Company at the time of the continuation of the Plan, and the major changes between the Plan and the Current Plan.

<Reference> Changes Relating to the Governance of the Company and Changes to the Anti-takeover Measures

1) Changes Relating to Governance

Item	Current	After change
Number and proportion of Independent Outside Directors	Two of seven Directors (29%)	Three of eight Directors (38%)

2) Changes to the Anti-takeover Measures

Change	Related item	Current	After change
Composition of the Independent Committee	Attachment 4	Three or more Independent Outside Directors, Outside Auditors, or external experts	Three or more Independent Outside Directors or Outside Auditors
Body to determine the implementation of countermeasures (if the Large-scale Purchaser complies with the procedures of the Plan)	4.(4)	The Board of Directors, in principle	The General Meeting of Shareholders (the Board of Directors if the Independent Committee recognizes that it clearly meets any of the items (a) to (c) in the below “Conditions for Implementation of Countermeasures”)
Conditions for implementation of countermeasures (if the Large-scale Purchaser complies with the procedures of the Plan)	5.(2)	(a) The “four Tokyo High Court patterns” (b) Coercive two-stage purchases (c) Large-scale Purchases conducted without giving a period of time reasonably considered necessary to present alternative proposals (d) Large-scale Purchases conducted without sufficiently providing information reasonably considered necessary (e) Large-scale Purchases with insufficient or inappropriate terms in view of the intrinsic value of the Company (f) Large-scale Purchases that will harm the brand value of the Company or relations with the Company’s employees, etc., and for which there is a significant risk of violation to the corporate value of the Company or shareholders’ common interests	(a) The “four Tokyo High Court patterns” (b) Coercive two-stage purchases (c) Large-scale Purchases whereby the Large-scale Purchaser will take temporary control of management, and thereby fundamentally harm relationships with the Company’s stakeholders, and for which there is a significant risk of violation to the corporate value of the Company or shareholders’ common interests
Period for requesting additional information from the Large-scale Purchaser	4.(2)	None specified	Up to 60 days from the day the Company first receives information from the Large-scale Purchaser that is in accordance with the Necessary Information List
Period for consideration by the Independent Committee	4.(3)	1) 60 days (for purchases of all of the Company’s shares by tender offer where the consideration is only cash (Japanese yen)) 2) 90 days (other Large-scale Purchases) • Extensions in either case shall be up to a maximum of 30 days, in principle • If the Independent Committee requests an opinion, etc. from the Board of Directors, a maximum of 30 days shall be allowed, in principle, after which the Independent Committee Consideration Period mentioned in the above items 1) and 2) shall begin	1) 60 days (for purchases of all of the Company’s shares by tender offer where the consideration is only cash (Japanese yen)) 2) 90 days (other Large-scale Purchases) • Extensions in either case shall be up to a maximum of 30 days • If the Independent Committee requests an opinion, etc. from the Board of Directors, the Board of Directors shall provide an opinion, etc. during the Independent Committee Consideration Period mentioned in the above items 1) and 2), by the appropriately determined deadline

* The “four Tokyo High Court patterns” refers to the types of purchase listed in items (a) 1) to 4) of Article 5.(2) “Conditions for Countermeasures” of the Plan, and a “coercive two-stage purchase” refers to the type of Large-scale Purchase described in item (b) of the same.

1. Basic Policy Regarding Persons Controlling Decisions about the Company's Financial and Business Policies (Overview)

As a stock company publicly traded on capital markets, the Company believes that judgments regarding purchase proposals accompanying a change in control of the Company should ultimately be based on the will of the Company's shareholders as a whole. In addition, large-scale purchases of the Company's shares shall not be rejected by the Company if they will contribute to the corporate value of the Company and shareholders' common interests.

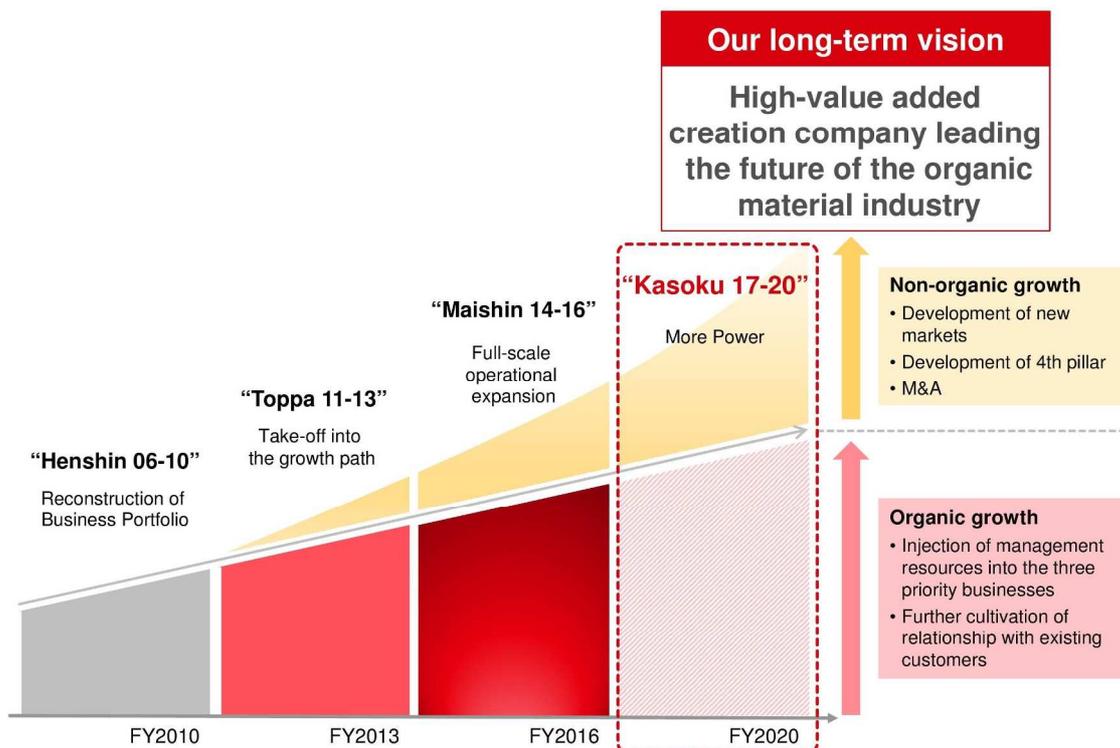
However, among large-scale purchases of shares, there are many that do not contribute to the corporate value of the target company or shareholders' common interests. In addition, if a purchaser who is an external party conducts a large-scale purchase, in order that shareholders make the optimal choice, information about the purchaser must be obtained, and an assessment subsequently made of the effect of the large-scale purchase on the corporate value of the Company and shareholders' common interests, and if a large-scale purchase is forcibly conducted without this information being made clear, there is a possibility that the corporate value of the Company and shareholders' common interests may be harmed.

The Company believes that persons who conduct large-scale purchases that do not contribute to the corporate value of the Company and the common interests of shareholders are inappropriate as persons to control decisions about the Company's financial and business policies, and that it is necessary to protect the corporate value of the Company and shareholders' common interests by taking the necessary and appropriate countermeasures against large-scale purchases by such persons.

2. Initiatives Contributing to the Realization of the Basic Policy

(1) Initiatives to Enhance the Corporate Value of the Company

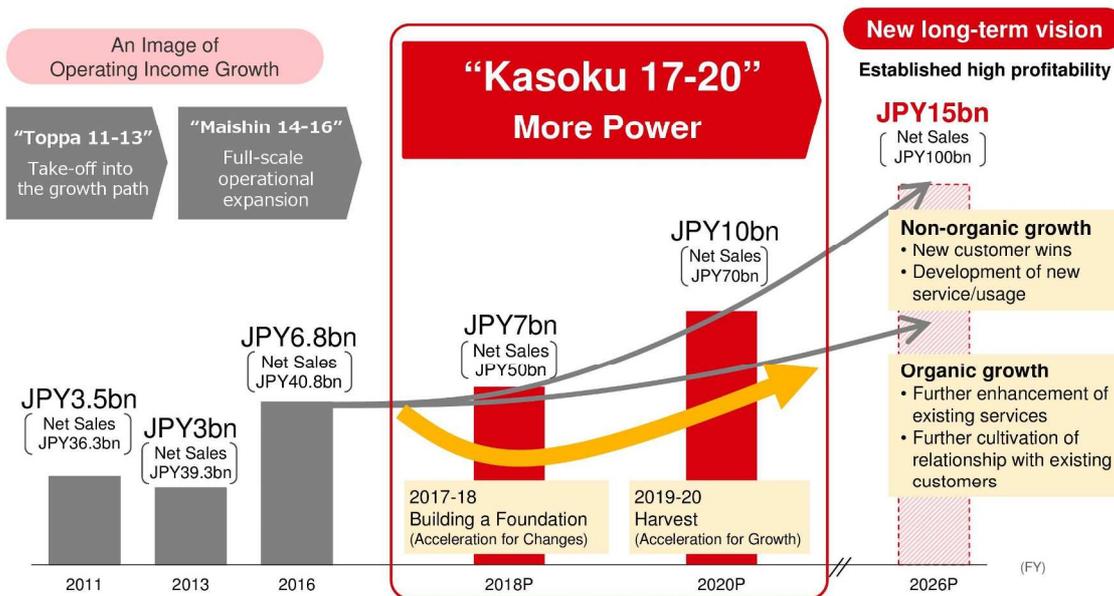
As an initiative for increasing corporate value, the Company has described its long-term vision for the Group as a "high-value added creation company leading the future of the organic material industry," and as steps toward realizing this vision, has established and implemented the following mid-term management plans from FY2006: "Henshin 06-10" mid-term management plan (reconstruction of business portfolio), "Toppa 11-13" (take-off into growth path), and "Maishin 14-16" (full-scale operational expansion).



In the previous mid-term management plan, “Maishin 14-16,” the Company increased earnings from the polishing pad business and chemical industrial product business, made the textile business and other businesses streamlined and lean, and thus enhanced “earning power,” and was able to achieve the consolidated operating income target for the final year of the plan (FY2016) of 6.0 billion yen, its highest operating income ever. The Company also steadily increased corporate value, with ROE of 15.4%, exceeding the target for FY2016 of 11%, and an average of 12.7% for the past five years. In addition, the Company returned profits to shareholders, for example, by increasing the dividend in accordance with the level of profit and conducting share buybacks. The Company’s share price has also outperformed the TOPIX since the introduction of the anti-takeover measures until the present.

	FY2013 Actual	FY2016 Actual	FY2016 Target
Net Sales (billions of yen)	39.3	40.8	60.0
Operating Income (billions of yen)	3.0	6.8	6.0
EBITDA (billions of yen)	4.6	8.8	8.1
Net Income (billions of yen)	1.7	4.3	3.5
ROA (Ordinary Income) (%)	6.8	14.8	10.5
ROE (%)	8.2	15.4	11.0
Capital Ratio (%)	49.3	60.2	55.0

Continuing from “Maishin 14-16,” the Company formulated “Kasoku 17-20,” a mid-term management plan covering the period from FY2017 to FY2020, and has been implementing it since April 2017. In this mid-term management plan, the Company positions the first two years of the plan as the “Acceleration for Changes” stage, when the Company will accelerate the building of a foundation for further expansion, and the latter two years of the plan as the “Acceleration for Growth” stage, when the Company will accelerate the expansion of corporate value, and as consolidated management targets for FY2020, the final year of the plan, the Company is aiming for 10.0 billion yen in operating income and ROE of 15% or more. As the Company looks to achieve these targets, and furthermore achieve the targets for the new long-term vision in FY2026 (targeting operating income of 15.0 billion yen), it will speedily implement three basic strategies: 1) aggressive expansion of the highly profitable polishing pad & chemical industrial products businesses, 2) improvement in profitability and shift to aggressive growth in the textile business through structural reforms, and 3) strengthening of holding company functions for growth acceleration, with the basic policy of “acceleration of profit-oriented growth of the three priority businesses.”



In the polishing pad business, which continues to grow as the Company’s core business, in the “Acceleration for Changes” stage, the Company will continue to build a foundation for aggressive development into new polishing processes, applications, and business categories through CAPEX, including overseas, then promote sustainable business expansion in the “Acceleration for Growth” stage. In addition, the Company will “accelerate” the expansion of the corporate value of the Group through further expansion of the chemical industrial product business, which has grown net sales to the level of 10.0 billion yen, and improving profitability in the textile business, where the Company has built a structure for a shift to aggressive growth.

(2) Corporate Governance

With regard to the structure of the management bodies of the Company, the Company has the Board of Directors, as a supervisory body and body for decision-making with regard to management policy and other important matters, and a Board of Auditors as a body for auditing. At this Annual General Meeting of Shareholders, the Company intends to increase the number of Outside Directors by one, such that of the eight Directors, three will be Outside Directors. Each of the three Outside Directors fulfill the independence criteria set forth by the Company (hereinafter, an Outside Director who fulfills the Company’s independence criteria shall be referred to as an “Independent Outside Director”), and the Company has designated them as Independent Directors as defined by the Tokyo Stock Exchange and has made or plan to make a submission to said Exchange. As a result, Independent Outside Directors will make up one third or more of the total number of Directors, and the structure is such that the management supervisory function is demonstrated by a highly independent Board of Directors.

In addition, in order to clarify the management responsibilities of each Director, the term of office of the Company’s Directors is one year.

In order to increase the fairness, soundness, and transparency of management, the Board of Auditors comprises four Auditors, of which three are Outside Auditors, who conduct audits from the standpoint of an expert, objective third party.

3. Purpose of the Continuation of the Plan

The Company is focused on the sustainable growth of the Group and expansion of corporate value, but in the Company’s business categories and at the current corporate scale, there is a risk of purchases that aim to take short-term profits, and we believe it is necessary to ensure some minimum rules against large-scale purchases that may harm the corporate value of the Company or shareholders’ common interests.

In the event of a large-scale purchase of the Company’s shares, the first consideration of the Board of Directors of the Company in acting shall be that shareholders provide an appropriate judgment regarding such matters as whether to accept the large-scale purchase, and how to respond to it. Therefore, the Board of Directors of the Company recognizes the importance of consulting and negotiating, etc. with the large-scale purchaser and offering alternative proposals, in accordance with certain rules, and has judged that a framework for this purpose continues to be indispensable, and has decided to continue the Plan.

Furthermore, under the Plan, in order to eliminate arbitrary judgments by the Board of Directors of the Company when implementing countermeasures etc., the Board of Directors shall give the maximum respect to the recommendation of an independent committee (hereinafter the “Independent Committee”) comprising three or more members selected by the Board of Directors from among the Company’s Outside Directors and Outside Auditors who fulfill the independence criteria set forth by the Company, in accordance with the Independent Committee Regulations (see Attachment 4 for an overview of the regulations). On this occasion of the continuation of the Plan, the Company plans to appoint the three persons listed in Attachment 5 as members of the Independent Committee (the Company has designated each of the three persons as Independent Directors as defined by the rules of the Tokyo Stock Exchange and has made a submission to said Exchange).

4. Content of the Plan

Under the Plan, countermeasures based on the Plan may be implemented if actions falling under items 1) or 2) below or similar actions are taken or attempted (however, this excludes actions that the Board of Directors of the Company has previously approved; hereinafter such actions are referred to as a “Large-scale Purchase,” and a person conducting or attempting to conduct a Large-scale Purchase is referred to as the “Large-scale Purchaser”). Furthermore, under the Plan, the Large-scale Purchaser may not conduct the Large-scale Purchase until a final decision has been made regarding whether to implement or not implement countermeasures, etc.

- 1) Purchases whereby the ownership ratio of share certificates, etc. (Note 3) of the holder (Note 2) of share certificates, etc. (Note 1) issued by the Company will be 20% or more;
- 2) Purchases whereby the total of the ownership ratio of share certificates, etc. (Note 6) of persons conducting a tender offer (Note 5) and their specially related parties (Note 7) of share certificates, etc. (Note 4) issued by the Company will be 20% or more.

Note 1: Refers to share certificates, etc. as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act (hereinafter the “Act”).

Note 2: Refers to a holder as defined in Article 27-23, Paragraph 1 of the Act, and includes holders based on Paragraph 3 of the same.

Note 3: Refers to the ownership ratio of share certificates, etc. as defined in Article 27-23, Paragraph 4 of the Act.

Note 4: Refers to share certificates, etc. as defined in Article 27-2, Paragraph 1 of the Act.

Note 5: Refers to a tender offer as defined in Article 27-2, Paragraph 6 of the Act.

Note 6: Refers to the ownership ratio of share certificates, etc. as defined in Article 27-2, Paragraph 8 of the Act.

Note 7: Refers to a specially related party as defined in Article 27-2, Paragraph 7 of the Act. However, for persons set forth in Item 1 of the same, this excludes persons specified 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.

(1) Advance Submission of Letter of Intent to the Company

First, the Large-scale Purchaser shall submit a “Letter of Intent” to the President of the Company ahead of the Large-scale Purchase. The “Letter of Intent” shall contain, in Japanese, such items as: 1) an overview of the Large-scale Purchaser (name and address, position and name of representative, overview of major shareholders or large investors, contact details in Japan, governing laws of incorporation), 2) the number of the Company’s share certificates, etc. currently held, and the status of transactions in the Company’s share certificates, etc. by the Large-scale Purchaser during the 60 days prior to the submission of the Letter of Intent, 3) an overview of the Large-scale Purchase, and 4) a pledge, etc. to comply with the procedure set forth in the Plan.

Furthermore, when submitting the Letter of Intent, a certified copy of the commercial register, a copy of the Articles of Incorporation, and other documents certifying the existence of the Large-scale Purchaser shall be attached.

(2) Provision of Necessary Information

Subsequently, the Large-scale Purchaser shall provide to the Board of Directors of the Company information in Japanese that is both necessary and sufficient for shareholders’ assessment, and for the Board of Directors of the Company, and the Independent Committee to evaluate and consider, etc. the Large-scale Purchase, in accordance with the following procedure (hereinafter the “Necessary Information”). If the

Board of Directors of the Company receives the Necessary Information, they shall promptly provide it to the Independent Committee. Furthermore, the Necessary Information shall include, but shall not be limited to: 1) details of the Large-scale Purchaser and their group (including joint holders, specially related parties, and partners and other constituent members), 2) the objective, method, and details of the Large-scale Purchase, 3) calculation basis for the purchase consideration, 4) backing for the purchase funds, 5) management policy for the Company and the Group after the completion of the Large-scale Purchase, etc., 6) policies relating to the treatment of the Company's employees, business partners, customers, and other stakeholders after the Large-scale Purchase, 7) in the event that there has been a communication of intent with a third party concerning the Large-scale Purchase, the objective and details thereof, and an overview of the third party, and 8) specific measures to avoid conflicts of interest with other shareholders of the Company.

First, the Company shall dispatch to the Large-scale Purchaser at the contact address in Japan the "Necessary Information List," which will list the information that should initially be provided, within 10 business days (Note 8) from the day the Letter of Intent was submitted (not including the first day), and the Large-scale Purchaser shall thus provide sufficient information to the Company, in accordance with the Necessary Information List.

In addition, in the event the Board of Directors of the Company or the Independent Committee judges that the information provided by the Large-scale Purchaser in accordance with the above Necessary Information List is insufficient as the Necessary Information, a request for the submission of sufficient information for the Necessary Information may be made to the Large-scale Purchaser. However, the maximum length of the period for the Large-scale Purchaser to submit additional Necessary Information shall be limited to 60 days from the day the Company initially received the information in accordance with the Necessary Information List from the Large-scale Purchaser (not including the first day), and when 60 days have passed, the Company shall begin the procedure for consideration stipulated in item (3) below.

Note 8: Business day refers to days other than those listed in each item of Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs.

(3) Consideration of the Large-scale Purchase by the Independent Committee

In the case of a Large-scale Purchase that is a purchase of all of the Company's share certificates, etc. by tender offer where the consideration is only cash (Japanese yen), the Independent Committee shall establish a period for consideration of 60 days from the day following the date of the full completion of the submission of information and documents, etc. from the Large-scale Purchaser, and for other Large-scale Purchases, it shall establish a period for consideration of 90 days. However, the Independent Committee may extend this period for consideration within a necessary and reasonable range for the consideration of the information and documents, etc. provided by the Large-scale Purchaser or the Board of Directors of the Company as set forth below, for the consideration of the details of the Large-scale Purchase by the Large-scale Purchaser, or the consideration of any alternative proposal formulated by the Board of Directors of the Company, etc. (however, the maximum total limit for extensions shall be up to 30 days; hereinafter the period for consideration, including an extensions, shall be referred to as the "Independent Committee Consideration Period").

During the Independent Committee Consideration Period, the Independent Committee may request that the Board of Directors of the Company to promptly provide an opinion regarding the details of the purchase by the Large-scale Purchaser, documents forming the basis for that opinion, an alternative proposal, and any other information or documents, etc. that the Independent Committee reasonably deems necessary. The deadline for the response by the Board of Directors of the Company shall be within the Independent Committee Consideration Period, and a deadline that the Independent Committee reasonably defines.

During the Independent Committee Consideration Period, the Independent Committee shall conduct such actions as considering the details of the purchase by the Large-scale Purchaser and any alternative proposal formulated by the Board of Directors of the Company, and collecting information and comparing business plans, etc. from the Large-scale Purchaser and the Board of Directors of the Company, from the perspective of protecting and enhancing the corporate value of the Company and shareholders' common interests, and based on the information and documents, etc. provided by the Large-scale Purchaser and the Board of Directors of the Company.

Furthermore, in order to ensure that the judgment of the Independent Committee contributes to the corporate value of the Company and shareholders' common interests, the Independent Committee may obtain, at the Company's expense, the advice of third parties independent from the management team engaged in the business execution of the Company (including investment banks, securities firms, financial advisers, certified public accountants, attorneys, consultants, and other experts).

(4) Assessment by the Independent Committee and Procedure for Implementing Countermeasures

In accordance with the items set forth below, the Independent Committee shall issue a recommendation to the Board of Directors of the Company by the day the Independent Committee Consideration Period ends, and the Board of Directors of the Company shall take the necessary measures while respecting this recommendation to the maximum extent possible.

Furthermore, even after the Independent Committee has issued a recommendation, if changes arise to the facts that formed the basis for the recommendation, the Independent Committee may make an assessment different from the recommendation and recommend this to the Board of Directors of the Company. In this case, the Board of Directors of the Company shall take the necessary measures while respecting this recommendation to the maximum extent possible.

1) If the Large-scale Purchaser violates the procedure set forth in the Plan

In this case, if the violation is not rectified within five business days of the Independent Committee requesting rectification from the Large-scale Purchaser in writing either by themselves or through the Board of Directors of the Company, then the Independent Committee shall recommend that the Board of Directors of the Company take countermeasures, excluding cases when there are special circumstances. The Board of Directors of the Company shall promptly make a resolution regarding implementing or not implementing countermeasures, etc., as an organization under the Companies Act, while respecting this recommendation to the maximum extent possible.

2) If the Large-scale Purchaser complies with the procedures set forth in the Plan

In this case, the Independent Committee shall recommend that the Board of Directors of the Company shall not implement countermeasures. The Board of Directors of the Company shall promptly make a resolution regarding implementing or not implementing countermeasures, etc., as an organization under the Companies Act, while respecting this recommendation to the maximum extent possible (Note 9).

However, in either of the cases listed under the below items (i) or (ii), the Independent Committee and the Board of Directors shall follow the respective procedures set forth below.

Note 9: Notwithstanding a recommendation not to implement countermeasures by the Independent Committee, if the Board of Directors recognizes that the Large-scale Purchase by the Large-scale Purchaser falls under any of the conditions (a) to (c) set forth in the below item 5.(2) "Conditions for Countermeasures" and implements countermeasures, it shall promptly implement the procedure for convening a General Meeting to Confirm Shareholders' Will (referring to a General Meeting of Shareholders to confirm the will of shareholders' regarding whether or not to implement countermeasures), in accordance with the procedure set forth in item (i) below.

(i) Cases when the Independent Committee recognizes that the Large-scale Purchase by the Large-scale Purchaser fulfills any of the conditions (a) to (c) set forth in the below item 5.(2) "Conditions for Countermeasures."

In this case, the Independent Committee shall recommend that the Board of Directors of the Company implements countermeasures. The Board of Directors of the Company shall promptly make a judgment regarding whether to implement or not implement countermeasures, etc. while respecting this recommendation to the maximum extent possible, and if implementing countermeasures, shall promptly implement the procedure for convening a General Meeting to Confirm Shareholders' Will to confirm whether to implement or not to implement countermeasures.

Resolutions of the General Meeting to Confirm Shareholders' Will shall be made by a majority of the voting rights of the shareholders present.

If the General Meeting to Confirm Shareholders' Will resolves to approve the implementation of countermeasures, the Board of Directors of the Company shall promptly make a resolution regarding the implementation of countermeasures as an organization under the Companies Act, in accordance with this resolution. Conversely, if the General Meeting to Confirm Shareholders' Will rejects the implementation of countermeasures, the Board of Directors of the Company shall not implement countermeasures.

(ii) Cases when the Independent Committee recognizes that the Large-scale Purchase by the Large-scale Purchaser clearly fulfills any of the conditions (a) to (c) set forth in the below item 5.(2) "Conditions for Countermeasures."

In this case, the Independent Committee shall recommend that the Board of Directors of the Company implements countermeasures. The Board of Directors of the Company shall promptly make a resolution regarding implementing or not implementing countermeasures, etc., as an organization

under the Companies Act, while respecting this recommendation to the maximum extent possible.

(5) Information Disclosure to Shareholders

At a time judged to be appropriate, the Company shall make full or partial disclosure to shareholders of the fact that there was a proposal for a Large-scale Purchase, the fact that the Letter of Intent was submitted, the contents of the Letter of Intent and Necessary Information and other information provided by the Large-scale Purchaser, the fact that the Independent Committee Consideration Period commenced or ended, (if conducting a determination of extension of the consideration period, a statement thereof; includes the period of extension and a summary of the reason for extension) information provided by the Board of Directors of the Company to the Independent Committee, the opinion of the Board of Directors of the Company regarding the Letter of Intent, the fact that the Independent Committee made a recommendation and the content thereof, the fact that the Board of Directors made a resolution and the content thereof, the result of the General Meeting to Confirm Shareholders' Will, and any other matters judged to be appropriate by the Company or the Independent Committee.

5. Countermeasures

(1) Content of Countermeasures

As a countermeasure under the Plan, a gratis allotment of stock acquisition rights (hereinafter the "Stock Acquisition Rights") shall be made in accordance with the overview given in Attachment 3. However, the Company may implement other countermeasures if the implementation of those other countermeasures is judged to be appropriate.

(2) Conditions for Countermeasures

If the Large-scale Purchase by the Large-scale Purchaser fulfills any of the items (a) to (c) below, and if the implementation of countermeasures is recognized to be appropriate, the Company shall implement the countermeasures described in the above item (1).

- (a) Large-scale Purchases for which there is a clear risk of harm to the corporate value of the Company or shareholders' common interests as a result of the actions below or other similar actions:
 - 1) Actions whereby the Company's shares etc., are bought up and demands are made of the Company or related parties to purchase those shares etc. at a high price
 - 2) Actions such as those whereby a profit for the Large-scale Purchaser is realized by the sacrifice of the Company, for example those where the Large-scale Purchaser takes temporary control of the management of the Company and forces the transfer of the important assets, etc. of the Company to the Large-scale Purchaser or its group companies, etc.
 - 3) Actions whereby the assets of the Company will be used as repayment funds or pledged as collateral for the debts of the Large-scale Purchaser or its group companies, etc.
 - 4) Actions whereby the Large-scale Purchaser takes temporary control of the management of the Company, forces the disposal of high-value assets, etc. that have no current relevance to the Company's businesses, and uses the profits of the disposal to force temporary high dividends, or takes advantage of the opportunity afforded by the sudden rise in the share price created by the temporarily high dividends to sell the shares at a high price
- (b) Large-scale Purchases for which there is a risk that shareholders will be effectively forced to sell shares, such as coercive two-stage purchases (refers to cases when the Large-scale Purchaser conducts a tender offer or other share purchase without offering to purchase all shares in the initial purchase, and setting second-stage purchase terms unfavorable to shareholders or not making them clear)
- (c) Large-scale Purchases whereby the Large-scale Purchaser will take temporary control of management, and thereby fundamentally harm relationships that are indispensable for creating the corporate value of the Company and increasing long-term shareholder value with the Company's stakeholders, such as shareholders, employees, business partners, including customers, and creditors, and for which there is a significant risk of violation to the corporate value of the Company or shareholders' common interests

6. Commencement of the Plan, Effective Period, Continuation and Cancellation

The Plan shall take effect subject to approval by the majority of the voting rights of shareholders in attendance at this Annual General Meeting of Shareholders. The effective period of the Plan shall be three years, and shall commence from the conclusion of this Annual General Meeting of Shareholders to the conclusion of the Annual General Meeting of Shareholders scheduled to be held in June 2020. Subsequently, the continuation of the Plan shall be subject to receiving approval at an Annual General Meeting of Shareholders every three years (including continuations with partial amendments).

In addition, the Plan shall be abolished if there is a resolution to that effect by a General Meeting of Shareholders or the Board of Directors, even prior to the end of the effective period.

7. Impact on Shareholders and Investors, etc.

(1) Impact on Shareholders upon the Decision to Continue the Plan

Countermeasures will not be implemented when the decision to continue the Plan is made, so there will be no direct, specific impact on the rights or interests of shareholders or investors.

(2) Impact, etc. on Shareholders if a Gratis Allotment of Stock Acquisition Rights is Implemented as a Countermeasure.

If the Board of Directors of the Company makes a resolution regarding a gratis allotment of Stock Acquisition Rights (hereinafter the “Stock Acquisition Rights Gratis Allotment Resolution”), the Stock Acquisition Rights shall be allotted gratis to shareholders recorded in the final shareholder register on the date separately defined in the resolution (hereinafter the “Allotment Date”) (hereinafter the “Shareholders Eligible for Allotment”) at a ratio of one Stock Acquisition Right per share in the Company held.

Following the gratis allotment of the Stock Acquisition Rights, in principle, one share in the Company shall be issued per Stock Acquisition Right to Shareholders Eligible for Allotment, by payment of an amount equivalent to the exercise price set forth in the Stock Acquisition Rights Gratis Allotment Resolution during the exercise period of the Stock Acquisition Rights, but if shareholders do not exercise the Stock Acquisition Rights or make payment, the voting rights and economic value of shares held in the Company will be diluted through the exercise of the Stock Acquisition Rights by other Shareholders Eligible for Allotment.

However, if the Board of Directors of the Company decides to acquire the Stock Acquisition Rights, the Company may acquire the Stock Acquisition Rights on a date separately defined by the Board of Directors of the Company from Shareholders Eligible for Allotment other than Nonqualified Persons (referring to: 1) specified large-volume holders (Note 10); 2) joint holders of specified large-volume holders; 3) specified large-volume purchasers (Note 11); 4) specially related parties of the specified large-volume purchaser; or 5) any transferee or successor to the Stock Acquisition Rights of a person falling under any of the above categories 1) to 4) without the approval of the Board of Directors of the Company; and 6) any affiliated persons of persons falling under any of the above categories 1) to 5) (Note 12); however, this shall not apply to persons separately provided for by the Board of Directors of the Company in the Stock Acquisition Rights Gratis Allotment Resolution), and in exchange deliver shares in the Company to Shareholders Eligible for Allotment other than Nonqualified Persons. If the Company takes these procedures for acquisition, Shareholders Eligible for Allotment other than Nonqualified Persons shall receive shares in the Company without exercising the Stock Acquisition Rights or monetary payment of an amount equivalent to the exercise price, and, in principle, there shall be no dilution in the voting rights or economic value of shares in the Company held.

Furthermore, even after the Stock Acquisition Rights Gratis Allotment Resolution is passed, the Board of Directors of the Company may cancel the gratis allotment of the Stock Acquisition Rights prior to the effective date of the gratis allotment while respecting to the maximum extent possible the recommendation of the Independent Committee, or alternatively in accordance with the content of a resolution passed at a General Meeting to Confirm Shareholders’ Will, or alternatively, after the effective date of the gratis allotment of the Stock Acquisition Rights, the Company may acquire the Stock Acquisition Rights without consideration until the day before the first day of the exercise period of the Stock Acquisition Rights. In such cases, there will be no dilution to the economic value or voting rights per share in the Company held by shareholders or investors, so investors that have conducted transactions based on the assumption that there will be a dilution in per-share economic value or voting rights may incur losses owing to fluctuations in share prices.

Note 10: A “specified large-volume holder” refers to a holder of share certificates, etc. issued by the Company whose ownership ratio of share certificates, etc. relating to these share certificates, etc. is 20% or more, or persons deemed by the Board of Directors of the Company to fall under this category.

Note 11: A “specified large-volume purchaser” refers to a person that has made a public disclosure to the extent that he or she will conduct a purchase, etc. (refers to a purchase, etc. as defined in Article 27-2, Paragraph 1 of the Act) of share certificates, etc. issued by the Company by tender offer, and whose total ownership ratio of share certificates, etc. in relation to share certificates, etc. possessed by this person after the purchase, etc. (cases equivalent to possession include those set forth in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act) together with the ownership ratio of share certificates, etc. of specially related parties will be 20% or more, or persons deemed by the Board of

Directors of the Company to fall under this category.

Note 12: An “affiliated person” of a person refers to one who substantially controls that person or is controlled by that person, or one who is under the same control as that person (including persons deemed by the Board of Directors of the Company to fall under this category), or a person deemed by the Board of Directors of the Company to act in concert with that person. Furthermore, “control” means to “control decisions on the financial and business policies” of another company, etc. (as defined in Article 3, Paragraph 3 of the Ordinance for Enforcement of the Companies Act). In addition, when determining “affiliated persons” in regard to partnerships and other funds, persons substantially identical to the fund manager and various other circumstances shall be taken into account.

8. Regarding the Fact that the Plan is in Accordance with the Basic Policy in Relation to the Control of the Company, is Consistent with the Corporate Value of the Company and Shareholders’ Common Interests, and its Objective is not to Maintain the Positions of the Corporate Officers of the Company

(1) Fully Meets the Criteria of the Guidelines Regarding Takeover Defense

The Plan fully meets the three principles set forth in the “Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder’s Common Interests” announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (the principle of protecting and enhancing corporate value and the interests of shareholders as a whole, the principle of prior disclosure and shareholders’ will, and the principle of ensuring the necessity and reasonableness). In addition, the Plan is reasonable as its contents take into account the main points of the “Takeover Defense Measures in Light of Recent Environmental Changes” report announced on June 30, 2008 by the Corporate Value Study Group.

(2) Values Shareholders’ Will

The effectuation and continuation of the Plan shall be subject to obtaining the consent of shareholders.

In addition, under the Plan, in order to implement countermeasures in cases when a Large-scale Purchaser complies with the procedure set forth in the Plan, a General Meeting to Confirm Shareholders’ Will must be held regarding the implementation of countermeasures, excluding cases when the Independent Committee recognizes that the Large-scale Purchase by the Large-scale Purchaser clearly fulfills any of the conditions (a) to (c) set forth in the above item 5.(2) “Conditions for Countermeasures,” and thus the will of shareholders will be directly confirmed.

The Plan may be canceled by a resolution of the Board of Directors. The term of office of Directors of the Company is one year, and thus even during the effective period of the Plan, the will of the Company’s shareholders shall be reflected in judgments regarding the approval of the continuation, cancellation, or amendment of the Plan, through the election procedure for Directors conducted every year.

(3) Emphasizes the Judgment of Highly Independent Outside Persons and Information Disclosure

The Company will continue to have an Independent Committee as a body to remove arbitrary decisions by the Board of Directors of the Company, and make substantial judgments objectively on the operations of the Plan for the shareholders of the Company.

The Independent Committee shall strictly monitor to ensure the Board of Directors of the Company does not arbitrarily implement the Plan, and shall also disclose information regarding an overview of its judgments to shareholders, thus ensuring a system whereby the Plan is conducted in a transparent manner that is consistent with the corporate value of the Company and shareholders’ common interests.

(4) Sets Reasonable, Objective Implementation Conditions

The Plan is designed such that it will not be implemented unless predefined reasonable, detailed, and objective conditions are met, and thus it can be said that a system to prevent arbitrary implementation by the Board of Directors of the Company is ensured.

(5) Obtains Opinions from Third-Party Experts

The Independent Committee may obtain, at the Company’s expense, the advice of third parties independent from the management team engaged in the business execution of the Company (including investment banks, securities firms, financial advisers, certified public accountants, attorneys, consultants, and other experts). As a result, this system more strongly ensures the fairness and objectivity of judgments by the Independent Committee.

(6) Not Dead-Hand or Slow-Hand Type Anti-Takeover Measures

The Plan may be canceled by a resolution of the Board of Directors, and it is possible for a person that has purchased large amounts of the Company's share certificates, etc. to cancel the Plan by nominating Directors at the General Meeting of Shareholders of the Company and passing a resolution of the Board of Directors comprising these Directors.

Therefore, the Plan is not a dead-hand type anti-takeover measure (anti-takeover measures whose implementation cannot be prevented even if the majority of the members of the Board of Directors are replaced).

In addition, as the Company does not use a staggered term system, the Plan is not a slow-hand type anti-takeover measure (anti-takeover measures whose implementation requires time to prevent as the members of the Board of Directors cannot all be replaced at once).

END

(Attachment 1)

Status of Major Shareholders of the Company (as of March 31, 2017)

1. Total number of authorized shares 30,000,000 shares
2. Total number of issued shares 11,720,000 shares
3. Number of shareholders 7,160

4. Status of major shareholders

Name	Number of shares held (shares)	Percentage of shares held (%)
BBH (LUX) FOR FIDELITY FUNDS PACIFIC FUND	564,700	4.93
Meiji Yasuda Life Insurance Company	533,500	4.66
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	4.37
Japan Trustee Services Bank, Ltd. (Trust account)	362,000	3.16
Mitsubishi UFJ Trust and Banking Corporation	322,500	2.81
The Master Trust Bank of Japan, Ltd. (Trust account)	299,000	2.61
Fujibo Kyoueikai	290,100	2.53
THE BANK OF NEW YORK MELLON 140044	252,850	2.21
CBLDN RE FUND 107-CLIENT AC	250,000	2.18
CBNY-GOVERNMENT OF NORWAY	224,077	1.95

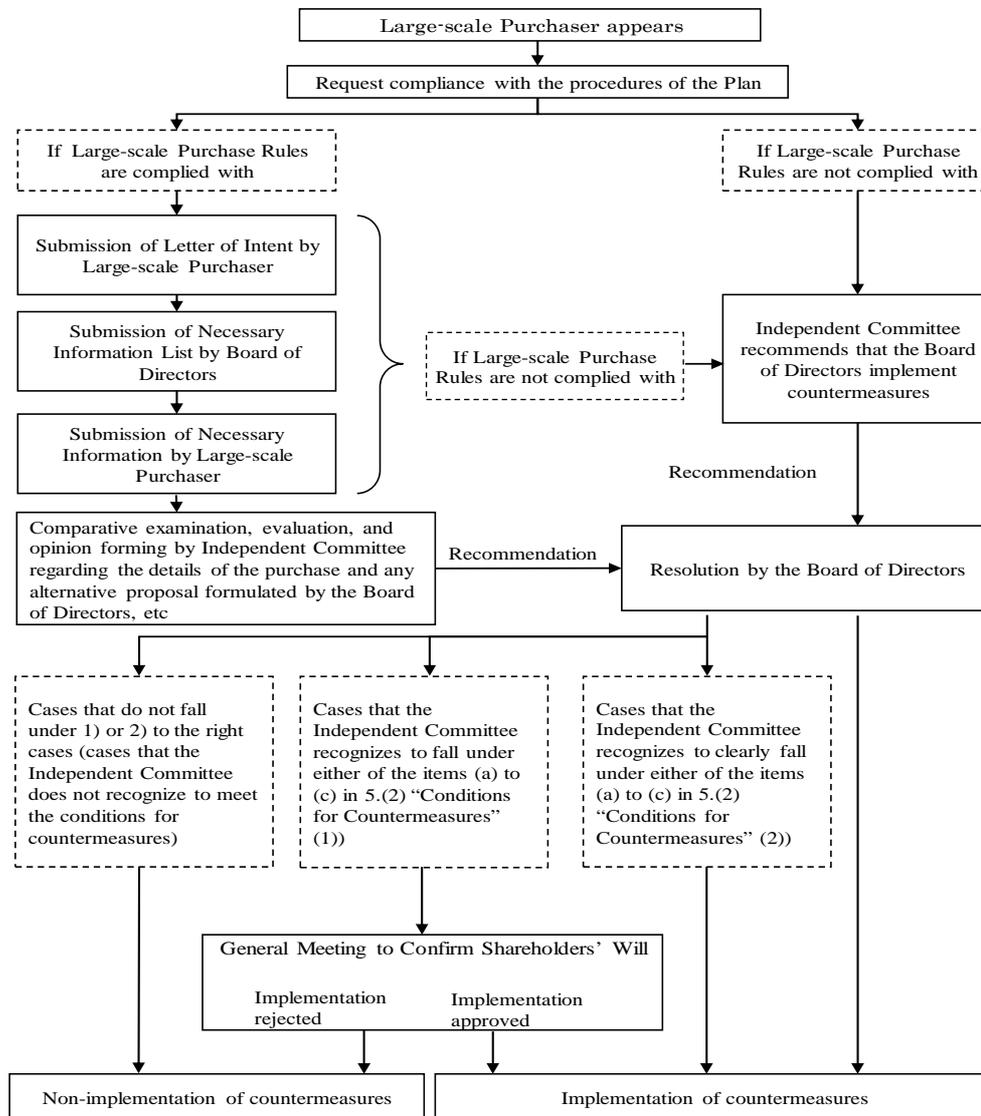
(Notes) 1. The Company holds 280,654 treasury shares, which are excluded from the major shareholders above.

2. The percentage of shares held is calculated after deduction of treasury shares.

END

(Attachment 2)

Content of the Plan (Flowchart in the Event of the Initiation of a Large-scale Purchase)



(Note) This chart is created only as reference material to aid understanding of the content of the Plan. Please see the text of this proposal for details of the Plan.

Overview of the Stock Acquisition Rights

1. Total Number of Stock Acquisition Rights to be Allotted

The total number of Stock Acquisition Rights to be allotted shall be a number separately determined by the Board of Directors of the Company that is equal to or greater than the final total number of common shares issued by the Company as of the Allotment Date determined in the Stock Acquisition Rights Gratis Allotment Resolution (however, this excludes the number of the Company's common shares held by the Company at that time).

2. Shareholders Eligible for Allotment

The Company shall make a gratis allotment of the Stock Acquisition Rights to shareholders recorded in the final shareholder register on the Allotment Date at a ratio separately determined by the Board of Directors of the Company of one per common share in the Company held or more (however, this excludes the number of the Company's common shares held by the Company at that time).

3. The effective date of the gratis allotment of the Stock Acquisition Rights shall be a date separately determined by the Board of Directors of the Company in the Stock Acquisition Rights Gratis Allotment Resolution.

4. Class and Number of Shares Underlying the Stock Acquisition Rights

The class of shares underlying the Stock Acquisition Rights shall be common shares in the Company, and the number of shares underlying each Stock Acquisition Right shall be one share (hereinafter the "applicable number of shares"). However, necessary adjustments shall be made if the Company conducts a share split or stock consolidation, etc.

5. Details and Amount of Assets to be Contributed when Exercising the Stock Acquisition Rights

Contributions upon the exercise of the Stock Acquisition Rights shall be in cash, and the amount of assets to be contributed per common share in the Company upon the exercise of the Stock Acquisition Rights shall be an amount determined by the Board of Directors of the Company in the Stock Acquisition Rights Gratis Allotment Resolution of one yen or more.

6. Any transfer of the Stock Acquisition Rights shall require the approval of the Board of Directors of the Company.

7. Conditions for Exercising the Stock Acquisition Rights

Nonqualified Persons may not exercise the Stock Acquisition Rights. Furthermore, details of the conditions for exercising the Stock Acquisition Rights shall be separately determined in the Stock Acquisition Rights Gratis Allotment Resolution.

8. Acquisition of the Stock Acquisition Rights by the Company

The Company may acquire the Stock Acquisition Rights held by parties other than Nonqualified Persons on a date determined by the Board of Directors of the Company, and, as consideration in exchange for the Stock Acquisition Rights, deliver the Applicable Number of Shares of common shares in the Company per Stock Acquisition Right on the acquisition date. Furthermore, details of the provisions for acquisition of the Stock Acquisition Rights shall be separately determined in the Stock Acquisition Rights Gratis Allotment Resolution.

9. Acquisition without Consideration in Case of Cancellation of the Implementation of Countermeasures, etc.

The Company may acquire all Stock Acquisition Rights without consideration in the event that the Board of Directors of the Company resolves to cancel or withdraw from the countermeasures or in other cases separately determined by the Board of Directors of the Company in the Stock Acquisition Rights Gratis Allotment Resolution.

10. The Company will not issue stock acquisition right certificates in relation to the Stock Acquisition Rights.

11. The exercise period of the Stock Acquisition Rights and other necessary matters shall be separately determined by the Board of Directors of the Company in the Stock Acquisition Rights Gratis Allotment Resolution.

END

(Attachment 4)

Overview of the Independent Committee Regulations

- Article 1 The Independent Committee shall be established by a resolution of the Board of Directors of the Company.
- Article 2 The Independent Committee shall comprise three or more members selected by the Board of Directors from among the Company's Outside Directors and the Company's Outside Auditors who fulfill the criteria for independence set forth by the Company. Furthermore, each member shall conclude a contract with the Company that includes a duty of care of prudent manager provision and other provisions separately stipulated by the Board of Directors of the Company.
- Article 3 The term of office of the members of the Independent Committee shall be until the conclusion of the effective period of the Plan. However, this shall not apply in cases separately provided for by a resolution of the Board of Directors of the Company.
- Article 4 The Independent Committee shall make decisions regarding the matters described in the below items, and shall make a recommendation to the Board of Directors of the Company regarding the content of these decisions together with the reasons for the decisions. The Board of Directors of the Company shall make a final decision, while respecting the recommendation of the Independent Committee to the maximum extent possible. Furthermore, each member of the Independent Committee and Director of the Company is required to make these decisions based on the perspective of whether or not it contributes to the corporate value of the Company and shareholders' common interests, and not with the objective of pursuing his or her own personal interests or those of the management team of the Company.
- (1) The implementation or non-implementation of countermeasures under the Plan, or the convening of a General Meeting to Confirm Shareholders' Will
 - (2) Cancellation or withdrawal from the implementation of countermeasures under the Plan
 - (3) Extension of the Independent Committee Consideration Period
 - (4) Cancellation of or changes to the Plan
 - (5) Approval of the introduction of anti-takeover measures other than those in the Plan
 - (6) Any other matters to be determined by the Board of Directors of the Company, on which the Board of Directors of the Company has consulted with the Independent Committee
- In addition to the matters set forth in the above items (1) to (6), the Independent Committee shall perform the roles described in each of the below items.
- (7) Deciding the information that should be submitted by the Large-scale Purchaser and the Board of Directors of the Company to the Independent Committee
 - (8) Examining and considering the content of the Large-scale Purchaser's purchase proposal
 - (9) Examining and considering any alternative proposal, in the event that such an alternative proposal was presented in opposition to the Large-scale Purchaser's purchase proposal
 - (10) Any other matters that it is stipulated that the Independent Committee can perform under the Plan.
- Article 5 The Independent Committee may obtain, at the Company's expense, the advice of third parties independent from the management team engaged in the business execution of the Company (including investment banks, securities firms, financial advisers, certified public accountants, attorneys, consultants, and other experts).
- Article 6 Any member of the Independent Committee or Representative Director may convene the Independent Committee at any time, in the event of a Large-scale Purchase, etc.
- Article 7 Resolutions of the Independent Committee shall, in principle, be adopted by a majority of votes at meetings of the Independent Committee when all members are in attendance. However, if there are unavoidable reasons, resolutions may be adopted by a majority of votes at meetings of the Independent Committee when a majority of members are in attendance.

END

(Attachment 5)

Past Experience of the Members of the Independent Committee

Masao Nakano (Past experience)	July 1970	Joined ALL NIPPON AIRWAYS CO., LTD
	June 1999	General Manager, Beijing Sales Office, General Manager, Tianjin Sales Office, and China Representative
	April 2001	Corporate Executive Officer and Company President, West Japan Sales Company
	January 2002	Corporate Executive Officer and Deputy General Manager, Marketing & Sales
	April 2003	Executive Vice President and General Manager, Marketing & Sales
	June 2003	Executive Vice President (jomu torishimariyaku), Corporate Executive Officer, and General Manager, Marketing & Sales
	April 2005	Executive Vice President (senmu torishimariyaku), Corporate Executive Officer, and General Manager, Marketing & Sales
	April 2006	Full-time Advisor, ALL NIPPON AIRWAYS TRADING CO., LTD.
	June 2006	CEO and President
	April 2012	Part-time Advisor
June 2013	Outside Director, the Company (current position)	
Taizo Kayata (Past experience)	April 1972	Joined Komatsu Ltd.
	April 1985	General Manager, Beijing Office
	June 2001	President, Komatsu (China) Ltd.
	June 2002	Executive Officer and President, Overseas Marketing, Construction & Mining Equipment Marketing Division, Komatsu Ltd.
	April 2007	Senior Executive Officer and President, Overseas Marketing, Construction & Mining Equipment Division
	October 2009	Senior Executive Officer and Representative of All China Operations; President, Komatsu (China) Ltd.
	April 2010	Senior Executive Officer and Representative of All China Operations; President, Komatsu (China) Ltd.
	June 2012	Advisor of Komatsu Ltd. (current position)
	September 2012	Visiting Professor, Chuo Graduate School of Strategic Management (current position)
	June 2015	Outside Director, the Company (current position)
Naoki Iida (Past experience)	April 1987	Joined Marui Company, Limited
	April 1999	Registered as attorney, joined Daiichi Tokyo Bar Association Joined SEIWA KYODO LAW OFFICE (currently SEIWA MEITETSU LAW OFFICE)
	February 2002	Outside Corporate Auditor, TRADERS SECURITIES CO., LTD. (currently TRADERS HOLDINGS CO., LTD.)
	August 2003	Partner, SEIWA KYODO LAW OFFICE (currently SEIWA MEITETSU LAW OFFICE) (to the present)
	August 2006	Outside Director, VarioSecure Networks Inc.
	October 2008	Corporate Auditor, YAMANO MUSIC CO., LTD. (current position)
	November 2009	Outside Director, Bunkyodo Group Holdings Co., Ltd. (current position)
	June 2011	Outside Auditor, the Company (current position)

END