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Ticker symbol 8830

June 5, 2019

Sumitomo Realty & Development Co., Ltd.

2-4-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

Kojun Nishima

Executive Managing Director and President

To Our Shareholders:

NOTICE OF CONVOCAION OF THE 86TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the 86th Ordinary General Meeting of Shareholders of Sumitomo Realty & Development Co., Ltd. (the “Company”) will be held as stated below. Your attendance is respectfully requested.

In the event that you are unable to attend, you can exercise your voting rights with the appropriate form. You are requested to review the attached Reference Documents for General Meeting of Shareholders and indicate your approval or disapproval on the enclosed Form for the Exercise of Voting Rights and return it to the Company by 5:40 p.m. of Wednesday, June 26, 2019.

Particulars

- 1. Date and Time:** 10:00 a.m. on Thursday, June 27, 2019
- 2. Place:** Bellesalle Shinjuku Central Park, Sumitomo Fudosan Shinjuku Central Park Building 1F
6-13-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

3. Purpose of the Meeting:

Matters to be reported:

1. Business Report, Consolidated Financial Statements and Audit Reports for Consolidated Financial Statements for the 86th fiscal year (from April 1, 2018 to March 31, 2019) by Accounting Auditor and the Board of Statutory Auditors
2. Financial Statements for the 86th fiscal year (from April 1, 2018 to March 31, 2019)

Matters to be resolved:

- | | |
|------------------|--|
| Agenda 1. | Appropriation of Retained Earnings |
| Agenda 2. | Election of Eleven Directors |
| Agenda 3. | Election of Three Statutory Auditors |
| Agenda 4. | Election of One Substitute Statutory Auditor |
| Agenda 5. | Renewal of the Policy on Large-Scale Purchase of Shares of the Company (Takeover Defense Measures) |

If attending the meeting, you are kindly requested to submit the enclosed Form for the Exercise of Voting Rights to a receptionist.

If any matter is found to be modified in this notice of the 86th Ordinary General Meeting of Shareholders and/or accompanying Reference Documents for General Meeting of Shareholders until the day before the meeting, it will be notified by mail or posted on the Company website. (<http://www.sumitomo-rd.co.jp/>)

REFERENCE DOCUMENTS FOR GENERAL MEETING OF SHAREHOLDERS

Agenda and References

Agenda 1. Appropriation of Retained Earnings

The Company's basic policy of profit distribution is to ensure prioritization of investment in rental buildings in order to enhance the long-term revenue base and a "sustainable increase on dividend payments" in line with profit growth. In the fiscal year under review, we planned to pay an annual dividend of 29 yen (interim dividend of 14 yen, year-end dividend of 15 yen). However, as the ordinary profit exceeded the 200 billion yen mark for the first time, reaching 204.2 billion yen, which is higher than the plan, we would like to propose to increase the year-end dividends for the 86th fiscal year by 1 yen to pay 16 yen per share.

Accordingly, the total dividends for this fiscal year, including the interim dividends of 14 yen per share, will be 30 yen per share, which is 3 yen higher than the amount of those paid in the previous fiscal year.

Matters concerning year-end dividends

- (1) Type of dividends
Cash
- (2) Matters concerning allocation of dividends to shareholders and the aggregate amount
Dividends of 16 yen per share of common stock of the Company
The aggregate amount: 7,583,042,384 yen
- (3) The effective date of the appropriation of retained earnings
June 28, 2019

Agenda 2. Election of Eleven Directors

The term of office of all directors will expire upon the conclusion of this meeting. The Company proposes the election of 11 directors, in conjunction with the replacement of two outside corporate directors retired during this fiscal year.

Candidates for director:

Candidate number	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
1	Junji Takashima (April 11, 1930)	Apr. 1954 Joined Sumitomo Coal Mining Co., Ltd. Sept. 1971 Joined the Company June 1979 Director June 1983 Managing Director June 1985 Senior Managing Director June 1986 Executive Managing Director (present) June 1991 Director - Deputy President June 1994 Director - President June 2007 Director - Chairman of the Board (present)	23,534
2	Kenichi Onodera (February 4, 1947)	Apr. 1970 Joined the Company June 1998 Director June 2001 Managing Director Apr. 2004 Director, Senior Executive Officer June 2005 Executive Managing Director June 2007 Director - President June 2013 Director - Deputy Chairman of the Board (present)	20,500
3	Kojun Nishima (March 6, 1961)	Apr. 1984 Joined the Company Apr. 2004 Executive Officer Apr. 2007 Managing Executive Officer Apr. 2009 Head of Residential Business Division June 2009 Director Sept. 2009 Head of Building Development Division June 2010 Executive Managing Director (present) June 2013 Director - President (present) May 2017 Head of Building Development Division (present)	8,700
4	Nobuaki Takemura (February 13, 1959)	Apr. 1981 Joined the Company Apr. 2004 Executive Officer Apr. 2007 Managing Executive Officer June 2008 Director Oct. 2008 Head of Finance and Accounting Division June 2010 Executive Managing Director (present) Oct. 2012 Head of Business Management Division June 2013 Director - Deputy President (present) Mar. 2016 Head of Management Division (present) (Significant concurrent positions outside the Company) Director of Sumitomo Real Estate Sales Co., Ltd.	18,900

Candidate number	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
5	Masato Kobayashi (June 14, 1960)	<p>Apr. 1983 Joined the Company</p> <p>Apr. 2004 Executive Officer</p> <p>Apr. 2007 Managing Executive Officer</p> <p>Apr. 2009 Head of Site Acquisition Division</p> <p>June 2009 Director</p> <p>June 2010 Executive Managing Director (present)</p> <p>Aug. 2010 Head of Residential Business Division</p> <p>June 2013 Director - Deputy President (present)</p> <p>Feb. 2014 Head of Site Acquisition Division in the Metropolitan Area</p> <p>Mar. 2016 Head of Building Development Division, Head of Urban Property Development Division</p> <p>Sept. 2016 Head of Building Development Division</p> <p>Nov. 2017 Head of Residential Business Division (present)</p>	13,000
6	Hiroshi Kato (August 1, 1961)	<p>Apr. 1984 Joined the Company</p> <p>Apr. 2000 General Manager of Related Businesses Department, Building Development Division</p> <p>Apr. 2007 Executive Officer, General Manager of Site Acquisition Department, Urban Property Development Division</p> <p>Apr. 2010 Deputy Head of Site Acquisition Division</p> <p>Aug. 2010 Deputy Head of Building Development Division</p> <p>Apr. 2012 Managing Executive Officer, Head of New Business Development Division</p> <p>Apr. 2013 Head of Assets Development Division</p> <p>June 2013 Director (present)</p> <p>Mar. 2016 Head of Residential Business Division of the Company</p> <p>Sept. 2016 Head of Shinchiku - Sokkurisan Business Division (present)</p>	6,600
7	Hisatoshi Katayama (July 11, 1961)	<p>Apr. 1985 Joined the Company</p> <p>Dec. 2004 Branch Manager of West Tokyo Branch, Urban Property Management Division</p> <p>May 2005 Executive Officer</p> <p>Dec. 2005 General Manager of Redevelopment, Tokyo Metropolitan Area Business Department, Urban Property Development Division</p> <p>Apr. 2010 Deputy Head of Building Development Division</p> <p>Feb. 2014 Deputy Head of Site Acquisition Division in the Metropolitan Area</p> <p>Apr. 2016 Deputy Head of Urban Property Development Division</p> <p>Sept. 2016 Head of Urban Property Development Division (present)</p> <p>June 2018 Director (present)</p>	7,500

Candidate number	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
8	Yoshiyuki Odai (June 9, 1961)	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2005 Executive Officer</p> <p>Apr. 2010 Head of Residential Business Division</p> <p>Nov. 2010 Head of Corporate Planning Division</p> <p>June 2011 Director (present)</p> <p>Nov. 2011 Head of Finance and Accounting Division</p> <p>Jan. 2014 Executive Managing Director</p> <p> Head of Overseas Business Division</p> <p>Mar. 2016 General Manager of Planning Department, Management Division</p> <p>Nov. 2016 General Manager of Finance and Accounting Department, Management Division (present)</p>	13,400
9	Koji Ito (December 13, 1959)	<p>Apr. 1984 Joined the Company</p> <p>Apr. 2000 General Manager of Jyosai Operation Department, Building Management Division</p> <p>Apr. 2004 Executive Officer, General Manager of Development and Planning Department, Urban Property Development Division</p> <p>Apr. 2009 Managing Executive Officer, Head of Construction Technology Division</p> <p>Apr. 2010 Head of Customer Division</p> <p>Oct. 2012 Head of Business Development Division</p> <p>Apr. 2013 Head of Residential Business Division</p> <p>June 2013 Director (present)</p> <p>Jan. 2014 General Manager of General Affairs Department</p> <p>Mar. 2016 Head of Housing Renovation Division of the Company</p> <p>Sept. 2016 General Manager of Human Resources Development Department, Management Division</p> <p>Apr. 2017 General Manager of General Affairs Department, Management Division</p> <p>Apr. 2019 Executive Managing Director - President of Sumitomo Real Estate Sales Co., Ltd. (present)</p> <p>(Significant concurrent positions outside the Company) Executive Managing Director - President of Sumitomo Real Estate Sales Co., Ltd.</p>	16,068

Candidate number	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
10	Yozo Izuhara (September 23, 1938)	Apr. 1962 Joined Nippon Sheet Glass Co., Ltd. June 1996 Managing Director June 1998 Representative Director, President June 2004 Representative Director, Chairman June 2008 Director, Chairman of the Board Oct. 2009 Director, Chairman of the Board - Chairman June 2010 Executive Advisor June 2012 Honorary Senior Advisor (present) June 2014 Statutory Auditor of the Company (present)	0
11	Nobumasa Kemori (April 12, 1951)	Sept. 1980 Sumitomo Metal Mining Co., Ltd. June 2006 Director, Managing Executive Officer June 2007 President, Representative Director June 2013 Chairman, Representative Director June 2016 Chairman June 2017 Executive Advisor (present) (Significant concurrent positions outside the Company) Executive Advisor of Sumitomo Metal Mining Co., Ltd. Outside Director of NAGASE & CO., LTD. Outside Director of JFE Holdings, Inc.	0

- Notes:
1. Mr. Yozo Izuhara and Mr. Nobumasa Kemori are candidates for outside corporate director. You are kindly requested to elect them based on the judgment that they are appropriate as outside corporate directors of the Company since they have rich experience and wide discernment as managers.
 2. Mr. Yozo Izuhara is currently an outside statutory auditor of the Company, and his tenure as an outside statutory auditor will have been five years at the conclusion of this meeting.
 3. The Company has registered Mr. Yozo Izuhara and Mr. Nobumasa Kemori as independent officers with Tokyo Stock Exchange, Inc.
 4. There is no special conflict of interest between each of the candidates for director and the Company.
 5. The Company has entered into a limited liability agreement with Mr. Yozo Izuhara as an outside statutory auditor in accordance with laws and regulations and the articles of incorporation. Under the agreement, his liability is limited to the minimum limit stipulated by laws and regulations. If his election as outside corporate director is approved, the Company plans to enter into a limited liability agreement of the same content as above with him as an outside corporate director. Furthermore, if the election of Mr. Nobumasa Kemori is approved, the Company plans to enter into a limited liability agreement of the same content as above with him.

Agenda 3. Election of Three Statutory Auditors

At the conclusion of this meeting, statutory auditors Tadashi Kitamura and Yozo Izuhara will retire and the term of office of statutory auditor Yoshifumi Nakamura will expire. Accordingly, we propose the election of three statutory auditors. The board of statutory auditors has consented to this agenda.

Candidates for statutory auditor:

Candidates number	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
1	Yoshifumi Nakamura (March 29, 1951)	Apr. 1973 July 1996 June 2002 Apr. 2004 May 2005 June 2005 June 2007 Aug. 2010 June 2011 Joined the Company General Manager of Building Management Department, Building Development Division Director Managing Executive Officer, Deputy Head of Urban Property Management Division Deputy Head of Urban Property Management Division Senior Executive Officer Executive Managing Director Controller of Residential Division Statutory Auditor (present)	10,000
2	Toshikazu Tanaka (April 8, 1960)	Apr. 1983 Apr. 2000 Apr. 2004 Apr. 2007 Oct. 2008 Apr. 2010 Sept. 2011 June 2013 Joined the Company General Manager of Central Operation Department, Building Development Division Executive Officer, Deputy Head of Housing Business Division Managing Executive Officer Head of General Affairs Division Head of Related Businesses Division Head of Housing Renovation Division Executive Managing Director - President of Sumitomo Real Estate Sales Co., Ltd. Director of the Company (present)	11,800
3	Yoshiyuki Norihisa (December 9, 1946)	Apr. 1969 June 1999 June 2000 June 2001 Jan. 2003 Apr. 2003 June 2005 Apr. 2007 Apr. 2008 Apr. 2010 Apr. 2015 June 2018 Joined Sumitomo Construction Co., Ltd. General Manager of PC Operation Department, Civil Engineering Division Director Executive Officer Managing Executive Officer Managing Director, Managing Executive Officer, Deputy Head of Civil Engineering Construction Division, General Manager of PC Operation Department of Sumitomo Mitsui Construction Co., Ltd. Senior Managing Director, Senior Managing Executive Officer Director, Executive Vice President Representative Director Representative Director, President & CEO Representative Director, Chairman Executive Advisor (present)	0

- Notes:
1. Mr. Yoshiyuki Norihisa is a candidate for outside statutory auditor. The Company proposes the election of him, based on the judgment that he is qualified for outside statutory auditor of the Company since he has rich experience and wide discernment as a manager.
 2. There is no special interest between each of the candidates and the Company.
 3. The Company has registered Mr. Yoshiyuki Norihisa as an independent officer with Tokyo Stock Exchange, Inc.

4. If the election of Mr. Yoshiyuki Norihisa is approved, the Company will enter into a limited liability agreement with him in accordance with laws and regulations and the articles of incorporation. Under the agreement, his liability is limited to the minimum limit stipulated by laws and regulations.

Agenda 4. Election of One Substitute Statutory Auditor

The number of outside statutory auditors of the Company is two upon the approval of Agenda 3. The Company requests approval for the election of one substitute statutory auditor to be ready to fill a vacant position should the number of outside statutory auditors fall below the number required by laws and regulations. The board of statutory auditors has consented to this agenda.

Candidate for substitute statutory auditor:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
Kozo Uno (July 3, 1933)	Aug. 1963 Registered as certified public accountant July 1969 Senior Partner of the auditing corporation Asahi & Co. (Currently KPMG AZSA LLC) Apr. 1974 Registered as certified tax accountant May 1974 Founded Uno Kozo Certified Public Accountant Office (present) Oct. 1993 Vice President of Asahi & Co (Currently KPMG AZSA LLC) May 1997 President of Asahi & Co May 1999 Chairman of Asahi & Co May 2001 Retired from Asahi & Co	0

- Notes:
1. Mr. Kozo Uno is a candidate for substitute outside statutory auditor. The Company proposes the election of him, based on the judgment that he is qualified for substitute outside statutory auditor of the Company since he has expertise, rich experience and wide discernment as certified public accountant and certified tax accountant.
 2. There is no special interest between the candidate and the Company.
 3. If this agenda is approved and he assumes office as an outside statutory auditor, the Company will register him as an independent officer with Tokyo Stock Exchange, Inc.
 4. If this agenda is approved and he assumes office as an outside statutory auditor, the Company will enter into a limited liability agreement with him in accordance with laws and regulations and the articles of incorporation. Under the agreement, his liability is limited to the minimum limit stipulated by laws and regulations.

Agenda 5. Renewal of the Policy on Large-Scale Purchase of Shares of the Company (Takeover Defense Measures)

Sumitomo Realty & Development Co., Ltd. (the “Company”) adopted a policy toward large-scale purchase of the Company shares based on the decision of the meeting of its Board of Directors dated May 17, 2007. The policy was continued based on the resolution of the shareholders’ meeting of the 74th fiscal year dated June 28, 2007, and was renewed with partial modifications based on the resolutions of the shareholders’ meetings of the 77th fiscal year dated June 29, 2010, the 80th fiscal year dated June 27, 2013 and the 83rd fiscal year dated June 29, 2016 (the policy after the renewal shall be hereinafter referred to as the “Current Policy”). The term of the Current Policy will expire upon the conclusion of this meeting. The Company has continued to consider the proper role of the Current Policy as one of its initiatives for increasing corporate value and common interests of shareholders since renewal of the Current Policy, in light of changes in social and economic circumstances, and trends and progress made in various discussions surrounding takeover defense measures.

After examining the issue, the Company made the decision, by resolution of the meeting of the Board of Directors held on May 16, 2019, to renew the Current Policy, subject to the approval of this meeting (the “Renewal.” The policy after the renewal shall be hereinafter referred to as the “Policy”). Views expressing objection to the Renewal were not raised by any of the Company’s statutory auditors, including the two outside statutory auditors, with respect to the resolution of the meeting of the Company’s Board of Directors where the decision on the Renewal was made. The Company has also gained approval with respect to the Renewal from all outside director candidates and outside statutory auditor candidates who are slated for election at this meeting.

The primary changes to the Policy in comparison with its content at the time of the previous renewal include: (i) the board assessment period has been shortened (changed to calendar days from business days; page 14), and (ii) limits have been placed on requirements for taking countermeasures (page 15).

Therefore, we would like to kindly ask you to approve the Renewal.

1. Initiatives to increase the Company’s corporate value and common interests of shareholders, and the necessity for the Policy

(1) Steadily achieving objectives of the medium-term management plans and maintaining the revenue and profit growth trajectory

With top priority placed on achieving objectives of the medium-term management plans it draws up every three years, the Company has increased its corporate value as a result of having steadily carried out such initiatives.

The Company has been steadily achieving its anticipated objectives under each of the plans, having implemented seven management plans thus far, starting with the First Management Plan (April 1997 to March 2001) whose aims involved overcoming the adverse effects encountered by the Company when Japan’s bubble economy burst, and achieving a rebound to record-high financial results.

The Seventh Management Plan (April 2016 to March 2019), concluded in March 2019, assumed an outlook whereby the 6th Plan’s favorable business environment was unlikely to persist into the 7th Plan, yet the Seventh Management Plan marked the start of our stated objective of setting new record-high financial results beyond those achieved under the 6th Plan and thereby maintaining our “revenue and profit growth trajectory”. Fortunately, the Company’s business environment remained favorable overall, particularly with respect to leasing office buildings in Tokyo amid a scenario of business conditions in Japan looking increasingly upbeat year by year, driven by favorable economies worldwide. As a result, the Company substantially exceeded its initial targets across the board in terms of revenue from operations, operating income and ordinary profit over the cumulative three year period. Moreover, the Company achieved record-high financial results over six consecutive fiscal years, having achieved revenue from operations and ordinary profit in the final fiscal year of the plan, the fiscal year ended March 31, 2019, respectively exceeding 1 trillion yen and 200 billion yen for the first time ever. The Seventh Management Plan ended on a successful note with the Company having achieved profit growth exceeding initial expectations.

Moreover, the Company has been taking steps to furthermore strengthen its corporate governance. This has entailed eliminating risk involving conflict of interest due to parent-subsidiary listing by having made its real estate brokerage subsidiary Sumitomo Real Estate Sales Co., Ltd. a wholly-owned subsidiary in June

2017, and building a framework for promoting increased corporate value over the medium- to long-term by optimally allocating the Group's managerial resources.

The Company's newly released medium-term management plan, the Eighth Management Plan (April 2019 to March 2022) cites as its first objective the goal of achieving consecutive record-highs with respect to financial performance while maintaining the pace of growth attained under the previous Seventh Management Plan. Meanwhile, we remain committed to increasing the Company's corporate value by steadily implementing plans for capital investment of 2 trillion yen in leasing properties with respect to development plans that have taken shape in central Tokyo, and continuing to strengthen our platform for generating revenues over the long-term.

(2) Growth underpinned by central Tokyo office building leasing business and corporate value

The real estate leasing business primarily involving office buildings in central Tokyo has been a driving force underpinning the Company's growth thus far. Given that this business accounts for nearly 70% of the Company's operating income overall, it clearly forms the core aspect of its corporate value acting as a major pillar of operations.

The Company has been expanding its business platform by promoting development of office buildings with a specific focus on central Tokyo over roughly half a century since the early 1970s, an era that ushered in completion of the Shinjuku Sumitomo Building, often referred to as "the triangle building." The Company has experienced various changes in the business environment such as unprecedented economic crises that include the bursting of Japan's bubble economy and the 2008 global financial crisis in wake of the Lehman Brothers collapse, along with Japan's bubble economy and recent business conditions under Japan's Abenomics policies. Still, the Company has consistently persisted with respect to unwaveringly implementing its management policies such that: (i) the Company will not pursue temporary gains by selling assets; (ii) the Company will hold ownerships of buildings constructed on sites it has developed; and (iii) the Company will generate stable leasing income over the long-term by owning and leasing such buildings. Having consequently grown to become a building owner professing to be "No. 1 in Tokyo" with more than 220 buildings located in central Tokyo, the Company's outlook projects 200 billion yen in cash flows from the leasing business for the fiscal year ending March 31, 2020 (operating income of the real estate leasing business + depreciation).

The office building leasing business calls for comprehensive strengths for carrying out business encompassing everything from acquisition of development sites to operations that include planning projects, marketing tenants, providing services for tenants and managing buildings. Given that acquiring development sites is the most important of these operations, the Company has been developing sites for buildings as if it were a manufacturer in terms of the approach it takes to redevelopment in terms of buying up land and coordinating rights and interests of landowners.

In addition, the Company attaches importance to performing building management, tenant marketing, etc. directly, thus grasping the actual condition of clients and sites appropriately and always eagerly working on the improvement of project planning and making operations more efficient. As a result, we have realized high profitability, and have increased the value of the property possessed as well as of the corporation. As of March 31, 2019, unrealized gains from rental and other investment properties amounted to approximately 2.7 trillion yen having accumulated over the years.

(3) The necessity for the takeover defense measures

The Eighth Management Plan cites as its secondary objective the notion of steadily promoting new building development plans in central Tokyo to achieve gross floor area exceeding 800,000 tsubo (one tsubo is roughly 3.3m²), which constitutes more than 50% of the 1,520,000 tsubo in gross floor area for leasing as of March 31, 2019. The Company aims to further expand its earnings base, increase its corporate value and augment shareholder returns by successively completing such developments and putting them into operation.

Such large-scale development plans involve ultimately generating revenues from the substantial amount of cumulative upfront investment made thus far. The Company has long managed to continuously expand its business platform by developing lease buildings while avoiding exposure to vicissitudes of the real estate market and business conditions, given that it has normally been buoyed by its leasing business cash flows which have been a stable source of revenues. As such, the Company needs to maintain and further expand

its cash flows from the leasing business, which have grown to around 200 billion yen, in order to confidently carry out such upfront investment without having to continually resort to interest-bearing debt. Moreover, it is likely to take another six or seven years before the Company achieves full profitability given that the focus has been on large-scale redevelopment.

Meanwhile, if the Company adopts a short-term management policy to seek temporary earnings and realizes latent gains by selling real estate holdings prior to having accomplished the objectives of the development plans formulated to contribute to higher corporate value in the future, the leasing business cash flows that act as a stable revenue source will decrease, thereby exposing the development plans to financial risk. As such, the Company is unable to rule out a possible threat of damage to the foundations of the Company's corporate value.

The Company's management policy aims to steadily increase corporate value based on a medium- to long-term outlook, and is consequently incompatible with such short-term goals. As such, if an investor seeking to orchestrate a takeover emerges, the Company must seek a mandate from its shareholders upon having ensured sufficient information and time for completing discussions. Accordingly, the Company deems that preliminary development of procedures through the Policy aligns with the common interests of shareholders.

2. Basic conceptions regarding the Policy

The Company believes that if a large-scale purchase, as defined below, of the Company shares ("Large-Scale Purchase") is initiated, the shareholders should decide to accept or reject the Large-Scale Purchase. In order for the shareholders to correctly recognize the effect on the corporate value and common interests of shareholders, however, it is necessary that both the party making the Large-Scale Purchase (the "Large-Scale Purchaser") and the Board of Directors of our company provide to the shareholders necessary and sufficient information, opinions, alternative proposals etc., and necessary and sufficient time to consider the provided information, opinions, alternative proposals etc.

Based on the above basic conceptions, the Board of Directors of the Company set out rules on Large-Scale Purchase (hereinafter referred to as "Large-Scale Purchase Rules") and request the Large-Scale Purchaser to comply with the Large-Scale Purchase Rules. The Board of Directors shall take certain measures if the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, or even though the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or if the Large-Scale Purchase significantly damages the corporate value and common interests of shareholders.

To ensure the objectivity, fairness and rationality of decisions of the Board of Directors as to whether the Large-Scale Purchase Information Provision Period (to be defined in section 3. below) should be extended or not, whether the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, whether it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, whether the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, whether the Board of Directors should take countermeasures, etc., the Board of Directors shall consult the Special Committee consisting of external academic experts, lawyers, certified public accountants etc., and its recommendation shall be taken into the fullest account.

Large-Scale Purchase

A Large-Scale Purchase refers to either of items (i) through (iii) below:

- (i) A purchase or purchases of shares of the Company where a specific shareholder group ^(Note 1) intends to hold a ratio of voting rights ^(Note 2) of not less than 20%
- (ii) A purchase or purchases of shares where a specific shareholder group will hold a ratio of voting rights of not less than 20% as a consequence
- (iii) An agreement etc. with other shareholders of the Company where a specific shareholder group will hold a ratio of voting rights of not less than 20% as a consequence ^(Note 3)

Purchases or agreements include all transactions regardless of whether the specific purchase means is a market transaction, a takeover bid etc., except for transactions with the Board of Directors approvals in advance.

3. Setting out Large-Scale Purchase Rules

The Board of Directors of the Company deems that the notion of any Large-Scale Purchase being carried out in accordance with the Large-Scale Purchase Rules, as defined below, aligns with the corporate value and common interests of shareholders.

(1) Outline of the Large-Scale Purchase Rules

- 1) The Large-Scale Purchaser must provide the Board of Directors of the Company with necessary and sufficient information regarding the Large-Scale Purchase in advance.
- 2) The Large-Scale Purchaser is to abstain from commencing the Large-Scale Purchase until a certain assessment period by the Board of Directors of the Company has elapsed.

Specifically, the Large-Scale Purchaser will, first of all, provide to the Board of Directors information necessary and sufficient for the shareholders to make a judgment and for the Board of Directors to form its opinion (“Large-Scale Purchase Information”). The specific content of the information requested differs depending on the nature of the Large-Scale Purchaser and the content of the Large-Scale Purchase, but the general items are as follows:

- 1) Profile of the Large-Scale Purchaser and its group
- 2) Purpose and contents of the Large-Scale Purchase (especially in the case of a purchase of only a part of the Company’s stocks, this item includes the approach concerning the setting of an upper limit for the number of the stocks planned to be purchased and the plan related to the modifications of the capital structure after the purchase)
- 3) Calculation basis for the purchase price and proof of purchase funds
- 4) Management policy to manage the Group after completion of the Large-Scale Purchase (measures for the specific realization of this management policy, i.e. business plans (including already existing restructuring plans, new business plans and capital investment plans), financial planning, capital policy, dividend policy, labor policy, plan for efficient use of assets etc., as well as approach concerning the integration or cooperation of businesses of the Large-Scale Purchaser with businesses of the Company or of the Group and specific measures so as to avoid conflicts of interests between the Large-Scale Purchaser and the Company or the Group)
- 5) Policy to deal with the Group’s stakeholders including customers, suppliers, local communities and employees after completion of the Large-Scale Purchase
- 6) If the Large-Scale Purchaser is operating business of the same type as the Company or the Group, approach concerning the legitimacy of the Large-Scale Purchase under Antimonopoly Law and foreign competition laws

(2) Submission of a letter of intent

If a Large-Scale Purchaser intends to make a Large-Scale Purchase, the Board of Directors will request it to submit a letter of intent stating that it will comply with the Large-Scale Purchase Rules. The Large-Scale Purchaser will be required to write its name and address, the governing law of incorporation, the name of the representative, domestic contact information, and an outline of the proposal of the Large-Scale Purchase. When a letter of intent has been submitted by the Large-Scale Purchaser, the information of the letter of intent shall be disclosed in a timely manner.

(3) Request for the Large-Scale Purchaser to provide information

The Board of Directors will deliver a list of Large-Scale Purchase Information to the Large-Scale Purchaser within ten days of the receipt of the letter of intent above. If it is deemed that the information provided is insufficient for the Large-Scale Purchase Information, the Large-Scale Purchaser may be requested to provide additional information until necessary and sufficient Large-Scale Purchase Information is received. In principle, the provision of Large-Scale Purchase Information shall be completed within 60 days from the delivery of the Large-Scale Purchase Information list by the Board of Directors to the Large-Scale Purchaser (“Large-Scale Purchase Information Provision Period”). However, since the specific content of the Large-Scale Purchase Information might differ depending on the content of the Large-Scale Purchase and its scale, the Board of Directors can extend the Large-Scale Purchase Information Period for a maximum of 30 days, taking into consideration the content of the Large-Scale Purchase, its scale and the

condition of the provision of Large-Scale Purchase Information, based on the recommendation of the Special Committee. The Board of Directors will disclose all or part of the Large-Scale Purchase Information provided to the Board of Directors at the time considered appropriate if the disclosure is considered to be necessary for the shareholders' decision.

(4) Board Assessment Period

Depending on the difficulty of the assessment etc. of Large-Scale Purchases, the Board of Directors will have 60 days (for a tender offer in cash only, in yen currency, for all shares of the Company) or 90 days (for other Large-Scale Purchases) after the completion of Large-Scale Purchase Information Provision Period ("Board Assessment Period") to assess and examine the Large Scale Purchase Information, negotiate with the Large Scale Purchaser, form an opinion regarding the Large Scale Purchase, and develop an alternative proposal. The fact that the Board Assessment Period has started shall be disclosed in a timely manner. Hence a Large-Scale Purchase must be initiated only after the expiration of the Board Assessment Period. During the Board Assessment Period, the Board of Directors will assess and examine the provided Large-Scale Purchase Information sufficiently, taking advice from external experts into consideration, and will disclose its opinion. The Board of Directors may negotiate with the Large-Scale Purchaser to improve the conditions of the Large-Scale Purchase and may present its alternative proposal to the shareholders as needed.

4. Policy for handling Large-Scale Purchase

As previously stated, the Company will not overlook abusive behavior with respect to a Large-Scale Purchase. Accordingly, if the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, if it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, and if the Large-Scale Purchase significantly damages the corporate value and common interests of shareholders, then the Board of Directors of the Company must take suitable and appropriate action to ensure protection thereof, acting as a fiduciary who assumes the duty of due care of a prudent manager.

(1) If the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules

If the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, the Board of Directors may take countermeasures, including the issuance of stock options, permitted by the Corporate Code and other laws and the Company's Articles of Incorporation, to protect the corporate value and common interests of shareholders. The Board of Directors will decide to take countermeasures, taking the opinions of external experts including lawyers and financial advisors into consideration and taking the recommendations of the Special Committee into the fullest account. The Board of Directors will choose specific measures considered to be appropriate at the time. If the issuance of stock options at no cost to subscribers is chosen as a countermeasure, the terms of the stock options will be those outlined in Attachment 3 in principle. If stock options are issued, the Board of Directors may set a period and conditions to exercise the stock options, taking the effect of the countermeasure into consideration.

It is reiterated that the Large-Scale Purchaser should not begin Large-Scale Purchase without complying with the Large-Scale Purchase Rules.

(2) If the Large-Scale Purchaser complies with the Large-Scale Purchase Rules

The objective of the Large-Scale Purchase Rules is to provide the shareholders with information necessary to make a decision to accept or reject a proposal to purchase the shares of the Company that could affect the management of the Company, the assessment and opinion of the Board of Directors which is in charge of management of the Company, and the opportunities to receive an alternative proposal so that the corporate value and common interests of shareholders will be protected. If the Large-Scale Rules are complied with, the Board of Directors will in principle choose not to take a countermeasure.

However, even if the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if the Board of Directors determines that it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or that the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, specifically, that the Large-Scale Purchase will fall under (i) and (ii) below, after considering the opinions of external experts including lawyers and financial advisors and taking into the

fullest account the recommendations of the Special Committee, the Board of Directors may take the exceptional countermeasures to deter the Large-Scale Purchase as described in section 4. (1). If the Board of Directors decides to take countermeasures, it will disclose information appropriately and in a timely manner.

- 1) The Large-Scale Purchaser clearly damages the corporate value and common interests of shareholders through activities described in “i)” through “iv)” below:
 - i) To buy up shares and request the Company to buy them back at a high price
 - ii) To control the management of the Company temporarily, and realize the interests of the purchaser at the cost of the Company’s interests by acquiring important assets of the Company at low prices etc.
 - iii) To divert assets of the Company to collateral for debts of the purchaser or its group companies etc. or to resources for payments for them
 - iv) To control the management of the Company temporarily, have the Company dispose of high-value assets not connected to the Company’s immediate business, and have the Company pay a temporary high dividend based on gains from the disposal or sell shares at a profit when the shares price surges following a temporary high dividend
- 2) The Large-Scale Purchaser threatens to purchase shares in the manner by which the purchaser will effectively force shareholders to sell shares through a high-handed, two-step purchase (i.e., the purchase proposal through tender offer etc. in the manner that the purchaser sets the purchase terms for the second step less favorable to shareholders than those for the first step or that the purchaser does not make clear the purchase terms for the second step).

Further, if the Board of Directors judges that it is appropriate to confirm the intent of the shareholders concerning whether to take countermeasures, it can confirm such intent of the shareholders by convoking a shareholders meeting etc., taking into account the time necessary for such confirmation. In this case, the Large-Scale Purchaser shall be requested to abstain from the Large-Scale Purchase until the completion of the procedure for the confirmation of the shareholders’ intention.

(3) Establishment of a Special Committee

A Special Committee independent of the Board of Directors is established to properly operate the Policy and to ensure the objectivity, fairness and rationality of decisions of the Board of Directors. The Special Committee consists of three members, selected from external academic experts, lawyers, certified public accountants, certified tax accountants, outside directors, outside statutory auditors, experienced corporate executives etc. (Please refer to Attachment 1 for outline of the Special Committee.) The names and career summaries of the Special Committee members upon the renewal of the Policy are described in Attachment 2.

The Board of Directors of the Company shall consult the Special Committee and shall receive the recommendations of the Committee when taking important decisions related to the Policy, i.e. with respect to deciding whether to extend the Large-Scale Purchase Information Provision Period, whether or not the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, and whether or not countermeasures should be taken. The Board of Directors of the Company shall take the Special Committee’s recommendations into the fullest account.

When deliberating and adopting resolutions about the items submitted by the Board of Directors of the Company, the Special Committee will receive advice from third parties (including experts such as financial advisors, certified public accountants, lawyers and consultants) independent of the Board of Directors of the Company, at the expense of the Company. The Special Committee will also request directors, statutory auditors, employees, etc. of the Company to attend meetings of the Committee and provide necessary information. The Special Committee will then make a recommendation to the Board of Directors based on the content of the resolutions adopted.

5. Effects on the Company's shareholders and investors

If the Board of Directors decides to take countermeasures, the Company will disclose information on the decision appropriately and in a timely manner in accordance with laws and regulations and the rules of the shares exchanges, although we do not anticipate a situation where the Company's shareholders (excluding the Large-Scale Purchaser and the specific shareholder group) will incur economic losses or damages to their rights due to such countermeasure taken by the Company. If the countermeasure taken is an allotment of stock options at no cost, shareholders are required to pay a certain amount of money within a prescribed period so as to exercise the stock options and to obtain the stocks. Moreover, if the Board of Directors decides to obtain stock options, new stocks might be delivered to shareholders as equivalent value of the acquisition of stock options by the Company, without the shareholders having to pay an amount equivalent to the exercise price. The details of the procedures will be communicated separately in accordance with laws and regulations and the rules of the stock exchanges when stock options are issued.

The Company may cancel allocation of stock options or acquire stock options at no cost to the Company in certain cases (e.g., if the Large-Scale Purchaser cancels the Large-Scale Purchase) before issuing shares of the Company to the stock option holders until the day immediately before the first day of the period for exercising stock options even after the record date for allocation of stock options or after the allocation of stock options is effective. Since dilution of the value of each share does not occur in this case, investors who have sold shares based on the assumption of dilution of the value of each share may incur losses depending on the change in the stock price.

6. Expiration date of the Policy

The Policy shall expire at the closing of the annual shareholders' meeting for the last fiscal year ending within three years from the day of this meeting. This shall apply subsequently.

When the Board of Directors decides to continue the Policy, it will report the decision promptly. The Board of Directors will revise the necessity of the Policy from time to time based on the development and revisions etc. of relevant laws and regulations including the Corporate Code and the Financial Instruments and Exchange Act to protect the corporate value and common interests of shareholders.

If the Shareholders Meeting or the Board of Directors adopts a resolution abolishing the Policy, the Policy shall be abolished immediately even before its expiration date.

7. Rationality of the Policy

- (1) The Policy meets the requirements of the guidelines regarding takeover defense measures

The Policy fully satisfies the three basic principles (principle of protection and enhancement of corporate value and common interests of shareholders, principle of prior disclosure and shareholders' intentions, principle of securing necessity and suitability) provided in the "Guidelines Regarding Takeover Defense Measures for the Purposes of the Protection and Enhancement of Corporate Value and Common Interests of Shareholders" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (hereinafter referred to as the "Guidelines"), and its content is based on the above-mentioned three principles provided by the Guidelines and takes into consideration the content of "The Proper Role of Takeover Defense Measures in Light of Recent Changes in Various Environments" published on June 30, 2008 by the Corporate Value Study Group established within the Ministry of Economy, Trade and Industry, and other practices and debates regarding takeover defense measures. Further, the Policy conforms to the purpose of various regulations etc. regarding the introduction of takeover defense measures as provided by the Tokyo Stock Exchange.

- (2) The Policy is renewed with the purpose of enhancing corporate value and common interests of shareholders

The Policy is renewed with the purpose of enhancing corporate value and common interests of shareholders in cases of Large-Scale Purchases. For this purpose, the Board of Directors obtains the necessary information from the Large-Scale Purchaser, sufficient time for the assessment and consideration of the

Large-Scale Purchase is secured, and necessary information for making a decision, including alternative proposals, is provided to the shareholders, so that the shareholders can make a proper decision about whether or not to accept the purchase.

(3) The Policy respects the shareholders' intentions

The renewal from the Current Policy to the Policy will be effective from the day of approval by the shareholders at this meeting, and the term of its validity will expire at the closing of the annual shareholders' meeting for the last fiscal year ending within three years from the day of this meeting. Further, the Policy will be abolished even before its expiration date, if there is a resolution of the shareholders' meeting for the abolition of the Policy, in order to respect the shareholders' intentions.

Moreover, if the judgment regarding whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, the shareholders' intention regarding whether or not countermeasures should be taken will be confirmed at a shareholders' meeting.

(4) Importance attached to the decision of a Special Committee with a high level of independence

In order to properly operate the Policy, to prevent arbitrary decisions taken by the Board of Directors, and to ensure the objectivity, fairness and rationality of such decisions, a Special Committee independent of the Board of Directors is established. The Special Committee consists of three members, selected from external academic experts, lawyers, certified public accountants, certified tax accountants, outside directors, outside statutory auditors, experienced corporate executives etc. The Board of Directors shall consult the Special Committee, obtain its recommendation and take such recommendation to the fullest account, regarding whether or not a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, and whether or not countermeasures should be taken.

(5) Setting out reasonable objective requirements

The Policy has been set out so that it cannot be activated unless reasonable and detailed objective requirements are fulfilled. It is therefore considered that a system for ensuring the prevention of any arbitrary activation by the Board of Directors has been ensured.

Note 1: Specific shareholder group refers to either (i) or (ii) below:

- (i) A holder (holder stipulated in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act, including a person deemed to be a holder under Article 27-23, paragraph 3) of shares etc. of the Company (shares etc. set out in Article 27-23, paragraph 1) and joint holders of the holder (joint holders prescribed in Article 27-23, paragraph 5, including holders regarded as joint holders under Article 27-23, paragraph 6)
- (ii) A person carrying out purchase etc. (purchase etc. specified in Article 27-2, paragraph 1, including a purchase made in securities markets) of share certificates etc. of the Company (share certificates etc. stipulated in Article 27-2, paragraph 1) and persons having special relationships with the person (persons set out in Article 27-2, paragraph 7)

Note 2: Ratio of voting rights

If the specific shareholder group falls under (i) in the note 1 above

The ratio of voting rights means the ratio of share certificates etc. held by a holder of share certificates etc. of the Company (ratio of share certificates etc. set out in Article 27-23, paragraph 4; the number of the shares held by the joint holders as specified in the same paragraph shall be taken into consideration).

If the specific shareholder group falls under (ii) in the note 1 above

The ratio of voting rights means the total of the ratio of share certificates etc. (ratio of share certificates etc. prescribed in Article 27-2, paragraph 8) of a person carrying out a purchase etc. of share certificates etc. of the Company and that of persons having a special relationship with the purchaser.
In calculating the ratio of voting rights, the number of voting rights (stipulated in Article 27-2, paragraph 8) and the number of shares issued (set out in Article 27-23, paragraph 4) in the latest financial statement report, semiannual report or share buyback report can be used.

- Note 3: An agreement etc. with other shareholders of the Company
An agreement etc. with other shareholders of the Company means any agreement concerning the joint acquisition or transfer of stocks of the Company, or the exertion of voting rights or any other rights as shareholder of the Company, as well as any other action falling under the joint possessor stipulated in Article 27-23, paragraph 5 and paragraph 6.

Outline of the Special Committee

1. Establishment

The Special Committee shall be established by resolution of the Board of Directors of the Company.

2. Members

The Special Committee shall consist of three persons commissioned by the Board of Directors of the Company. Persons qualified to serve on the Special Committee shall include external academic experts, lawyers, certified public accountants, certified tax accountants, outside directors, outside statutory auditors and experienced corporate executives.

3. Term

The term of office of members of the Special Committee shall be decided by resolution of the Board of Directors of the Company.

4. Requirements for Resolution

In principle, resolutions by the Special Committee shall be adopted by a majority vote of members present at meetings at which all members are present; provided, however, that resolutions by the Special Committee shall be adopted by a majority vote of those present at meetings at which a majority of members are present if circumstances prevent the attendance of all members.

5. Items for Resolution

If consultation is requested by the Board of Directors of the Company, the Special Committee shall accept the request, decide on the items stated below in principle, and submit the details of its decisions to the Board of Directors of the Company together with the reasons for such decisions. Members of the Special Committee shall be required to make such decisions from the viewpoint of whether or not they contribute to corporate value and, by extension, the common interests of shareholders, and shall refrain from making decisions in their own personal interests or in the personal interests of the Directors of the Company.

- (1) Whether or not to extend the Large-Scale Purchase Information Provision Period
- (2) Whether or not a Large-Scale Purchaser complies with the Large-Scale Purchase Rules
- (3) Whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders
- (4) Whether or not countermeasures should be taken
- (5) Other items pertaining to this Policy for which the Board of Directors of the Company requested consultation

6. Advice of Experts etc.

In forming decisions stated above under 5, the Special Committee shall make its efforts to collect necessary and sufficient information to ensure the proper judgment. The Special Committee may seek, at the expense of the Company, advice from third parties independent of the management of the Company (including financial advisors, certified public accountants, lawyers, consultants and other experts).

Career Summaries of the Special Committee Members

At the time of the Renewal of the Policy, the Special Committee will consist of the following three members:

Kozo Uno

<Career summary>

July 1933	Born
August 1963	Registered as certified public accountant (present)
July 1969	Senior Partner of the auditing corporation Asahi & Co (Currently KPMG AZSA LLC)
April 1974	Registered as certified tax accountant (present)
May 1974	Founded Uno Kozo Certified Public Accountant Office (present)
October 1993	Vice President of Asahi & Co (Currently KPMG AZSA LLC)
May 1997	President of Asahi & Co
May 1999	Chairman of Asahi & Co
May 2001	Retired from Asahi & Co

* A proposal calling for the election of a substitute statutory auditor is to be submitted in this meeting.

Yukihiko Inoue

<Career summary>

November 1937	Born
April 1962	Entered the National Police Agency
June 1989	Chief of Chiba Prefectural Police Headquarters
September 1994	Superintendent-General of the Metropolitan Police of Japan
September 2003	President of Japan Guide Dog Association (present)

Yozo Izuhara

<Career summary>

September 1938	Born
April 1962	Entered Nippon Sheet Glass Co., Ltd.
June 1998	Representative Director, President of Nippon Sheet Glass Co., Ltd.
June 2004	Representative Director, Chairman of Nippon Sheet Glass Co., Ltd.
June 2010	Executive Advisor of Nippon Sheet Glass Co., Ltd.
June 2012	Honorary Senior Counselor of Nippon Sheet Glass Co., Ltd. (present)
June 2014	Outside Statutory Auditor of the Company (present)
June 2019	Outside Director of the Company (planned)

* The Company has reported Mr. Yozo Izuhara to Tokyo Stock Exchange as an independent officer. His original company, Nippon Sheet Glass Co., Ltd. and the Company have some transactions etc., but we have judged that in view of the scale, nature etc. of such transactions, there is no fear of his independence as a Special Committee member being influenced.

* A proposal calling for the election of an outside director is to be submitted in this meeting.

There is no special conflict of interests between the persons mentioned above and the Company.

Description of Stock Options

1. Shareholders to whom stock options shall be granted and conditions for issue
Stock options shall be allotted to shareholders indicated or recorded in the register of shareholders or beneficiary shareholders as of the closing of the base date decided by the Board of Directors of the Company at a ratio of one stock options to one share of common stock of the Company which is held by the shareholders (excluding shares of common stock held by the Company) without requiring any new payment.
2. Type and number of shares to be issued upon exercise of stock options
The type of shares to be issued upon exercise of stock options shall be the common stock of the Company. The upper limit of the total number of shares to be issued upon exercise of stock options shall be the number of shares obtained by deducting the total number of outstanding shares of common stock of the Company (excluding shares of common stock held by the Company) from the total number of shares authorized to be issued by the Company as of the base date decided by the Board of Directors of the Company. The number of shares to be issued upon exercise of one stock option (hereinafter referred to as “the Number of Shares to Be Issued”) shall be separately decided by the Board of Directors of the Company. However, if the Company conducts a share split or a reverse share split, proper adjustments shall be made.
3. Total number of stock options to be issued
The total number of stock options to be issued shall be a number separately decided by the Board of Directors of the Company. The Board of Directors of the Company may allot stock options more than once.
4. Value of investment at the time of the exercise of each stock option (the amount to be paid)
The value of the investment at the time of the exercise of each stock option (the amount to be paid) shall be separately decided by the Board of Directors of the Company, which shall be one yen or more.
5. Restriction on the transfer of stock options
The acquisition of a stock option through the transfer of the stock option shall be subject to the approval of the Board of Directors of the Company.
6. Conditions for the exercise of stock options
In principle, a person who belongs to a specified shareholders’ group with a ratio of voting rights of 20% or more may not exercise stock options. A person who is required to follow a certain procedure to exercise stock options by applicable foreign laws and ordinances of certain foreign jurisdiction, in which he/she/it is located, may not exercise stock options in principle (However, such persons including a person to whom an exemption from the procedure is available under the applicable laws and ordinances of the foreign jurisdiction may exercise stock options, if certain requirements are met. In addition, the stock options held by the person shall become the object of acquisition by the Company in exchange for the shares of the Company as compensation as stated in 8 below.). In addition, a person who does not submit a form prescribed by the Company to confirm, among others, that the person does not belong to any specified shareholders’ group may not exercise these stock options (excluding persons who are not required by the Company to submit such form). The details shall be separately decided by the Board of Directors of the Company.
7. Period for the exercise of stock options
The period for the exercise of stock options shall be determined at the Board of Directors meeting resolving the issuance of stock options at no cost to subscribers, which shall be one to three months, and the first day (hereinafter referred to as “the first day of the exercise period”) of which shall be separately decided at the Board of Directors meeting resolving the issuance of stock options at no cost to subscribers. If the final day of the period for exercise falls on a holiday of the organization handling the payment of money to be paid at the time of exercise, the final day shall be the preceding business day.

8. Acquisition of stock options by the Company

- (1) If the Board of Directors of the Company deems that the acquisition of stock options by the Company is appropriate, the Company may acquire all stock options without compensation on a day separately decided by the Board of Directors of the Company at any time prior to the day preceding the first day of the exercise period.
- (2) The Company may acquire on a day separately specified by the Board of Directors of the Company all stock options held by persons other than persons belonging to a specified shareholders' group and persons who do not submit a form prescribed by the Company to confirm that the persons do not belong to any specified shareholders' group by the day of acquisition (excluding, however, persons who are not required by the Company to submit such form) which have not been exercised as of the day preceding the day specified by the Board of Directors of the Company, and deliver the Number of Shares to Be Issued of the Company for one stock options in exchange for all stock options acquired.
If the Board of Directors of the Company determines on or after the day of acquisition that there is a person holding stock options who does not belong to a specified shareholders' group (however, the Board of Directors of the Company may request the submission of a form prescribed by the Company as set out in the first paragraph of this Section 8. (ii) above for the Board of Directors determination), the Company may acquire on a day falling after the day of acquisition as specified by the Board of Directors of the Company all stock options held by the person which have not been exercised as of the day preceding the day specified by the Board of Directors of the Company, and deliver the Number of Shares to Be Issued of the Company for one stock options in exchange for all stock options acquired. This shall apply subsequently.
- (3) The details of the acquisition provision shall be determined separately at a meeting of the Board of Directors.