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(Securities Code 1518)

June 1, 2017

Tsuneo Amano, Representative Director and President

Mitsui Matsushima Co., Ltd.

1-1-12 Otemon, Chuo-ku, Fukuoka City

Dear Shareholders,

Convocation Notice of the 161st Annual General Meeting of Shareholders

We are pleased to inform you that the 161st Annual General Meeting of Shareholders will be held as shown on the following page. You are respectfully requested to attend the meeting.

If you are unable to attend the meeting, you may exercise your voting rights in writing. Please examine the Reference Material for the General Meeting of Shareholders enclosed herewith, complete the enclosed proxy card to indicate your votes concerning the proposals, and return the proxy card to us no later than 5:30 p.m. on June 22, 2017 (Thursday).

Yours Faithfully,

Tsuneo Amano

Representative Director and President

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PARTICULARS

- 1. Time and date:** 10:00 a.m., June 23, 2017 (Friday)
- 2. Place:** Conference Room on the 2nd floor of Otemon Pine Building, 1-1-12 Otemon, Chuo-ku, Fukuoka City

3. Agenda:

Matters to be reported:

- 1 The business report, consolidated financial statements for the 161st fiscal year (from April 1, 2016 to March 31, 2017), and results of the audit of the consolidated financial statements by the accounting auditors and the Audit and Supervisory Committee
- 2 The non-consolidated financial statements for the 161st fiscal year (from April 1, 2016 to March 31, 2017)

Matters to be resolved:

- First Proposal:** Partial Amendments to the Articles of Incorporation
- Second Proposal:** Election of Four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Third Proposal:** Partial Amendment to and Continuation of the Countermeasures to Large-scale Purchases of the Company's Shares, etc. (Takeover Defense Measures)

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Matters to be resolved and Reference Information

First Proposal: Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

The Company makes necessary changes to Article 2 (Purposes) of the current Articles of Incorporation to clarify the details of business in line with the present state of business of the Company and subsidiaries, as well as to respond to future business expansion, including subsidiaries and diversification of the details of business.

2. Details of the Amendments

Details of the amendments are as follows:

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed amendments
<p>(Purposes) Article 2 The Company shall engage in the following businesses:</p> <p>1. to 21. <Provisions omitted></p> <p>22. Manufacture, sewing, processing <u>and</u> sale of clothing such as men's clothes, women's clothes <u>and</u> shirts; <Newly established></p> <p><u>23.</u> <Provisions omitted></p> <p><u>24.</u> <Provisions omitted></p>	<p>(Purposes) Article 2 <Not amended></p> <p>1. to 21. <Not amended></p> <p>22. Manufacture, sewing, processing <u>and</u> sale of clothing such as men's clothes, women's clothes <u>and</u> shirts;</p> <p><u>23.</u> <u>Manufacture and sale of thin film products, including mask blanks, and processing equipment</u></p> <p><u>24.</u> <Not amended></p> <p><u>25.</u> <Not amended></p>

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Second Proposal: Election of Four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the close of this general meeting of shareholders. Therefore, the shareholders are asked to elect four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members).

Director (excluding Directors who are Audit and Supervisory Committee Members) candidates are presented below:

No.	Name (Date of birth)	Summary of career, title and responsibility, and important position at other organizations concurrently assumed		Candidate's shareholding in the Company
1	Shinichiro Kushima (June 4, 1951)	April 1975	Joined Mitsui Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation) (the "Bank")	13,800 shares
		Feb. 1995	In charge of International Planning Department of the Bank and Vice President of Bank Sakura Swadharma	
		Oct. 1999	General Manager of Kagoshima Branch of the Bank	
		April 2004	Director and General Manager of Administration Division of Verde Kyushu Co., Ltd.	
		June 2005	Joined the Company as Director and Managing Executive Officer	
		June 2007	Director and Senior Managing Executive Officer	
		April 2008	Director, Executive Vice President and Executive Officer	
		Oct. 2008	Representative Director, President and Executive Officer	
		June 2014	Representative Director and Chairman (to present)	
		(Important positions at other organizations concurrently assumed)		
(Reasons for nominating the candidate for Director)				
Mr. Shinichiro Kushima was the Representative Director and President of the Company and is now the Representative Director and Chairman of the Company. As a manager of an enterprise, he possesses wide management experience and his accomplishments include the launching of new businesses and facilitation of human resource training, responding to changes in the surrounding environment. The Company nominates him as a candidate for Director because it believes that the effectiveness of corporate governance of the Group will be reinforced by his ability to leverage the experience and knowledge he has gained as part of the Company's Board of Directors of the Company, which will lead to increasing the Company's corporate value.				

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No.	Name (Date of birth)	Summary of career, title and responsibility, and important position at other organizations concurrently assumed		Candidate's shareholding in the Company
2	Tsuneo Amano (July 8, 1958)	April 1981	Joined Kawasho Corporation (presently JFE Shoji Trade Corporation)	9,500 shares
		April 2001	General Manager of Raw Materials Division of Kawasho Corporation	
		Jan. 2004	Joined Corning International KK, General Manager of Optical Communication System Sales Department	
		Aug. 2008	Joined the Company, temporarily transferred to Mitsui Matsushima International Pty. Ltd.	
		June 2009	Executive Officer and General Manager of Fuel and Energy Business Division	
		June 2010	Director and Managing Executive Officer, General Manager of Fuel and Energy Business Division	
		April 2013	Director and Managing Executive Officer, General Manager of Fuel and Energy Business Division, in charge of Real Estate Business Division and Overseas Business Department	
		June 2014	Representative Director and President (to present)	
			(Important positions at other organizations concurrently assumed) Director, Mitsui Matsushima International Pty. Ltd.	
<p>(Reasons for nominating the candidate for Director)</p> <p>Mr. Tsuneo Amano has lead the Energy Business of the Company leveraging his long-term experience in coal sales. In addition, he has been in charge of steering the enhancement of the management foundation and management optimization of the Group as the Representative Director and President of the Company since 2014 and helped to improve the Company's corporate value. The Company nominated him as a candidate for Director because it believes that the Company can further develop through his utilizing his past experience and knowledge as part of the Board of Directors of the Company.</p>				

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No.	Name (Date of birth)	Summary of career, title and responsibility, and important position at other organizations concurrently assumed		Candidate's shareholding in the Company
3	Shinji Koyanagi (September 19, 1958)	April 1982	Joined the Company	7,800 shares
		July 2003	Executive Secretary	
		June 2006	Manager of Corporate Planning Office	
		June 2007	Executive Officer and Manager of Corporate Planning Office and General Manager of Overseas Business Department	
		June 2010	Managing Executive Officer, General Manager of Business Planning Department, in charge of Overseas Business Department	
		June 2011	Director and Managing Executive Officer, General Manager of Business Planning Department, in charge of Overseas Business Department	
		June 2014	Director and Senior Managing Executive Officer, in charge of General Affairs Department, Human Resources Department, Domestic-Related Business Department, Internal Audit Department and Real Estate Business Division	
		June 2016	Director and Senior Managing Executive Officer, General Manager of Energy Business Division, in charge of Consumer Goods and Services Business Division	
		April 2017	Director and Senior Managing Executive Officer, General Manager of Energy Business Division (to present)	
		(Important positions at other organizations concurrently assumed) CEO, Mitsui Matsushima International Pty. Ltd. Director, Mitsui Matsushima Australia Pty. Ltd.		
(Reasons for nominating the candidate for Director) Mr. Shinji Koyanagi has experienced overseas and domestic operations in the sales and management divisions of the Company and led each field. The Company nominates him as a candidate for Director because it believes that the effectiveness of the Board of Directors will be enhanced by him leveraging his experience and knowledge as well as well-balanced sense of enterprise management as part of the Board of Directors of the Company.				

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No.	Name (Date of birth)	Summary of career, title and responsibility, and important position at other organizations concurrently assumed		Candidate's shareholding in the Company
4	Toshihiro Nomoto (March 11, 1958)	April 1982	Joined Mitsui Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation) (the "Bank")	4,500 shares
		April 2004	General Manager, Kawaguchi Corporate Business Office of the Bank	
		April 2006	General Manager, Jiyugaoka Corporate Business Office of the Bank	
		April 2009	General Manager, Omori Corporate Business Office of the Bank	
		May 2011	Temporarily transferred to the Company, General Manager of Corporate Planning Department	
		May 2012	Joined the Company, Administration Officer, General Manager of Corporate Planning Department	
		April 2013	Executive Officer, General Manager of Corporate Planning Department, in charge of Accounting Department and Information System Department	
		June 2014	Director and Managing Executive Officer, General Manager of Corporate Planning Department, in charge of Accounting Department and Information System Department	
		June 2015	Director and Managing Executive Officer, General Manager of Corporate Planning Department and Accounting Department, in charge of System Planning Development Office	
		April 2017	Director and Managing Executive Officer, General Manager of and Accounting Department, in charge of Corporate Planning Department (to present)	
		(Important positions at other organizations concurrently assumed) Director, Mitsui Matsushima International Pty. Ltd. Director, Hanabishi Sewing.Co.,Ltd.		
<p>(Reasons for nominating the candidate for Director)</p> <p>Mr. Toshihiro Nomoto, utilizing his long-term work experience in financial institutions, has committed to improving and strengthening the financial standing of the Company as the person responsible for the planning department and developing and enhancing new businesses, which are part of the Company's growth strategies. The Company nominates him as a candidate for Director because it believes that the effectiveness of the Board of Directors of the Company will be reinforced by him leveraging his experience and knowledge.</p>				

(Note) There is no special interest between the Company and any of the candidates.

The election and compensation of candidates for Directors (excluding Audit and Supervisory Committee Members) were determined to be appropriate as a result of deliberations of the Audit and Supervisory Committee.

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Third Proposal: Partial Amendment to and Continuation of the Countermeasures to Large-scale Purchases of the Company's Shares, etc. (Takeover Defense Measures)

The Company received approval on the "Partial Amendment to and Continuation of the Countermeasures to Large-scale Purchases of the Company's Shares, etc. (Takeover Defense Measures)" (hereinafter referred to as the "Current Plan") from shareholders at the 158th Annual General Meeting of Shareholders held on June 27, 2014. The effective period of the Current Plan will expire at the closing of this general meeting.

Prior to the expiry of the Current Plan, the Company has reviewed the status of the Current Plan, including the merits of its continuation from the perspective of securing and enhancing the Company's corporate value and the common interests of the shareholders while considering changes in social and economic conditions after the start of the Current Plan and various developments related to the Takeover Defense Measures. As a result, the Board of Directors of the Company has decided to extend the "Countermeasures to Large-scale Purchases of the Company's Shares, etc. (Takeover Defense Measures)" (hereinafter referred to as the "Plan") until the closing of the Annual General Meeting of Shareholders scheduled for June 2020 after partially changing the details of the Current Plan, based on the approval from shareholders at this general meeting.

Partial changes to the details are minor revisions, including the revision of the description related to Audit & Supervisory Board Members in the Current Plan associated with the Company's transition to a Company with Audit and Supervisory Committee in June 2016, and revision of the details of "2. Special Actions that are Instrumental to Realization of Basic Policies" to reflect the current situation and clarification of wordings. No substantial changes were made to the countermeasures.

Therefore, the shareholders are asked to approve the continuation of the Plan.

Chapter 1 Basic policy regarding persons who control decisions on the Company's policy for finance and business

The Company as a company whose shares are listed on financial instrument exchanges respects free transactions of the Company's shares, etc. on markets and does not unconditionally refuse large-scale purchases of the Company's shares, etc. by a particular person, as far as they will facilitate the securement and enhancement of the Group's corporate value and, in turn, the common interests of its shareholders. Furthermore, the Company considers that the decisions as to whether or not to accept a proposal of large-scale purchase by a large-scale purchaser and to approve the large-scale purchase should ultimately be left to the judgment of shareholders.

However, there are certain proposals of large-scale purchases of shares, etc. that, if implemented, are likely to damage the corporate value of the Group and, in turn, the common interests of its shareholders, including the possibility that good relationships with stakeholders cannot be kept, as well as those that will not fully reflect the value of the Group, and those that will not provide sufficient information necessary for shareholders to make a final decision.

The view of the Company's Board of Directors (the "Board of Directors") is that, as the directors entrusted by the shareholders, its duty is to, in response to such proposals, secure the time and information necessary for the shareholders, to engage in negotiations with such persons who propose to make a large-scale purchase of shares, etc., and to conduct other necessary acts, thereby securing and enhancing the corporate value of the Group and, in turn,

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the common interests of its shareholders.

Chapter 2 Special efforts to realize the basic policy

(1) Basic corporate philosophy and management vision

The Company has established a Basic Corporate Philosophy comprising the universal values aimed for by the Group, and a Management Vision that describes the characteristics to be aimed for as a business in order to realize the Philosophy. This Philosophy and Vision serve to indicate the direction that officers and employees of the Group should take when making decisions.

(a) Basic corporate philosophy of the Mitsui Matsushima Group "To Serve People and Society"

For the past century, ever since its inception as a coal mining company in Matsushima, Nagasaki in 1913, the Mitsui Matsushima Group has played a vital role in providing a stable supply of energy to Japan. Based on our Basic Corporate Philosophy "To Serve People and Society," we will develop our businesses aimed at building more prosperous and energetic communities. In doing so, we look forward to continuing to grow and evolve over the next hundred years.

(b) Management vision of the Mitsui Matsushima Group—Our goals for the next century

- We aim to be a company that is vital to society.

To achieve this, we will proactively pioneer and create new fields of business, and address the needs of society.

- We aim to be known for fairness, openness, and trustworthiness.

To achieve this, our management will focus on balancing financial soundness and risk-taking so that we faithfully serve the needs and interests of all stakeholders.

- We aim to be a company that quickly adapts to changing environments, and flexibly undergoes transformation.

To achieve this, we are keenly alert to various changes and will continue to foster sensitivity and creativity.

- We aim to be a company that rewards hard and valuable work.

To achieve this, we will continue to value and foster a culture of fairness.

(2) Growth strategy of the Group

Since its establishment in 1913, the Group has developed its business mainly focused on coal production by leveraging the expertise and experience in coal mining operations and sophisticated mining technologies that it has cultivated over the years, thereby contributing to the stable supply of energy in Japan.

Meanwhile, performance in the coal production business is greatly influenced by external factors such as coal prices and foreign exchange rates. And in recent years, we see signs of

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structural changes relating to energy resources, including the rising presence of renewable energy and shale gas, as well as the expected shrinkage of coal consumption in developed economies due to tightening CO₂ emission controls.

In order to adapt to such future changes in the energy resource business and achieve a more stabilized and diversified revenue base, the Group continues to work in the area of coal production and also to develop and cultivate new businesses.

As to the continuous works in the area of coal production, the Group steadily promotes new ongoing projects with our superior coal-related expertise and technical capabilities and improves the profitability of the coal production business through cost-cutting measures for existing projects.

As to developing and cultivating new businesses, the Group has consistently promoted entry into new business fields in recent years, including contract services for recreational facilities and training centers, renewable energy, nursing care, beverage & food packages, fashion and electronic parts. These new business achievements undertaken by the Group so far have become increasingly visible in our performance. The Group continues to promote a more stabilized and diversified revenue base by expanding the new businesses that the Group has entered into and investing in new projects including M&As.

As described above, the Group will continuously expand its aggressive investment activities against the backdrop of its robust financial base and promote sustainable growth and development by constructing and expanding a stable business portfolio.

(3) Position regarding earnings distributions

The Group positions the distribution of earnings to shareholders as one of its highest management priorities. The basic policy is to continuously distribute earnings to shareholders in line with operating results while retaining sufficient earnings to sustain stable growth in the future and adapt to changes in the operating environment.

(4) Basic view of corporate governance

Companies exist on the basis of confidence from stakeholders including shareholders.

In the case of the Group, too, it is essential to seek earnings in order to respond to the needs of stakeholders, but unless the earnings are derived from sound corporate activities, the Company believes that the Group may not survive permanently. With a view to seeking corporate earnings and securing confidence, while also further consolidating these two elements, it is fundamental for corporate management that a solid governance structure is established and that compliance is respected to the full extent, and this will ultimately lead to the enhancement of corporate value.

Based on this policy, the Company transitioned to a company with an audit & supervisory committee in June 2016, which consists of directors with voting rights who act as audit & supervisory committee members (currently served by three directors including two external directors), to further enhance the audit/monitoring functions of the Board of Directors. In addition, the Company has adopted the executive officer system for the purpose of clarifying the division of duties between the decision-making/monitoring functions and the business execution functions, thereby ensuring a structure under which the Board of Directors can take charge of decision-making/monitoring while executive officers take charge of business execution.

Furthermore, for the purpose of having all officers and employees of the Group recognize the

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importance of corporate ethics and compliance, the Group established the "Mitsui Matsushima Conduct Charter" and delivered a copy of the "Mitsui Matsushima Group Compliance Manual" to each officer and employee, and makes efforts to ensure that compliance is observed to the full extent.

Chapter 3 Measures to prevent persons inappropriate in light of the basic policy from controlling decisions on the Company's policy for finance and business

1. Purpose of the Plan

The purpose of the Plan is to enable a proper response to certain acts of large-scale purchase in order to secure and enhance the corporate value of the Group when such act of large-scale purchase is a purchase of the shares, etc.¹ of the Company for the purpose of causing the percentage of the holding of voting rights of a particular shareholder group to become at least 20% of all voting rights or will result in the percentage of the holding of voting rights of a particular shareholder group becoming at least 20% of all voting rights (except for purchases that the Board of Directors approves in advance, whether they are effected by a purchase on a stock exchange securities market, a tender offer or any other specific method of purchase, a "Large-Scale Purchase"; the person who conducts a Large-Scale Purchase, a "Large-Scale Purchaser") and when such Large-Scale Purchase would have a significant impact on the Group's corporate value.

In this context, a particular shareholder group means either (1) the holder² of the Company's shares, etc. and joint holders³ of that holder or (2) a party that conducts a purchase, etc.⁴ of

¹ Share certificates, etc. as defined in Paragraph 1 of Article 27-23 of the Financial Instruments and Exchange Act. The same applies throughout this document. In the event that the laws and regulations referred to in the Plan (the "Laws") have been revised (including name changes to the Laws and enactment of new laws and regulations taking over the Laws), each provision of the Laws referred to in the Plan will be replaced by the provision of a new law or regulation substantially taking over the Laws after the revision, unless otherwise stipulated by the Board of Directors.

² Holder as defined in Paragraph 1 of Article 27-23 of the Financial Instruments and Exchange Act, including parties deemed to be holders in accordance with Paragraph 3 of this article. The same applies throughout this document.

³ Joint holder as defined in Paragraph 5 of Article 27-23 of the Financial Instruments and Exchange Act, including parties deemed to be joint holders in accordance with Paragraph 6 of this article. The same applies throughout this document.

⁴ Purchase, etc. as defined in Paragraph 1 of Article 27-2 of the Financial Instruments and Exchange Act, including purchases, etc. on a stock exchange securities market. The same applies throughout this document.

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the Company's shares, etc. and special related parties⁵ of that party. The percentage of the holding of voting rights is the percentage of the holding of shares, etc.⁶ of the applicable holders in the case where the particular shareholder group falls under (1) above and the total percentage of ownership of shares, etc.⁷ of the applicable Large-Scale Purchaser and special related parties in the case where the particular shareholder group falls under (2) above.

2. Outline of the Plan

The Plan is made up of the large-scale purchase rules that a Large-Scale Purchaser should follow (section 3. below) and the large-scale purchase defensive measures that the Company could take against a Large-Scale Purchase (section 4. below).

Firstly, the Plan requires, as a large-scale purchase rule, a Large-Scale Purchaser to provide information necessary for shareholders and Board of Directors to reach a decision (section 3.(1) below) and to give the Board of Directors sufficient time to examine and evaluate the proposed purchase (section 3.(2) below).

Secondly, the Plan restricts the requirements for the Board of Directors to resolve to trigger, as the large-scale purchase defensive measures, appropriate defensive measures that are permitted under the Companies Act, other laws and regulations, and the Articles of Incorporation of the Company to cases where the Large-Scale Purchaser does not comply with the large-scale purchase rules or where the Large-Scale Purchase would significantly damage the corporate value of the Group or the common interests of its shareholders (section 4.(2)(3) below).

3. Large-scale purchase rules

(1) Provision of information to Board of Directors

When a Large-Scale Purchaser attempts to conduct a Large-Scale Purchase, the Large-Scale Purchaser is firstly asked to submit to the representative director of the Company a written document containing covenants that the Large-Scale Purchaser complies with the procedures set forth in the Plan when conducting the Large-Scale Purchase ("Statement") in the form specified by the Company.

Specifically, the Statement should include the following matters.

- 1) Outline of the Large-Scale Purchaser
 - (i) Name or corporate name and its address or location
 - (ii) Position and name of the representative

⁵ Special related party as defined in Paragraph 7 of Article 27-2 of the Financial Instruments and Exchange Act; provided, however, that persons provided for in Paragraph 2 of Article 3 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer are excluded from the persons described in Item (1) of Paragraph 1 of Article 27-2 of the Financial Instruments and Exchange Act. The same applies throughout this document.

⁶ Percentage of holding of share certificates, etc. as defined in Paragraph 4 of Article 27-23 of the Financial Instruments and Exchange Act. The same applies throughout this document.

⁷ Percentage of ownership of share certificates, etc. as defined in Paragraph 8 of Article 27-2 of the Financial Instruments and Exchange Act. The same applies throughout this document.

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- (iii) Purpose and description of business of the corporation or other entity.
- (iv) Outline of major shareholders or major investors (those in the top 10 in terms of ownership of shares or investment ratio)
- (v) Contact information in Japan
- (vi) Laws governing its incorporation
- 2) Number of Company's shares, etc. actually held by the Large-Scale Purchaser and the trading record of the Company's shares, etc. by the Large-Scale Purchaser for 60 days prior to the submission of the Statement
- 3) Outline of the Large-Scale Purchase proposed by the Large-Scale Purchaser, including the class and number of the Company's shares, etc. that the Large-Scale Purchaser intends to acquire through the Large-Scale Purchase as well as the purpose of the Large-Scale Purchase (if there is any other purpose such as the acquisition of control or participation in management, pure investment or policy investment, transfer, etc. of the Company's shares, etc. to a third party after the Large-Scale Purchase, or Act of Important Proposal, etc.⁸, the fact to that effect and the details of the purpose (if there is more than one purpose, all of them must be stated in the Statement)).

Secondly, the Large-Scale Purchaser will, if the above Statement is submitted, be asked to follow the procedures set out below and provide the Board of Directors in writing, prior to the Large-Scale Purchase, with information necessary and sufficient for the Company's shareholders and investors to reach a decision and the Board of Directors to form its opinion concerning the proposal ("Information"). The purpose of the provision of Information is to enable shareholders and investors to reach a proper decision concerning the Large-Scale Purchase and the Board of Directors to properly examine and evaluate the Large-Scale Purchase.

The Board of Directors will, within 10 business days of receipt of the Statement, deliver to the Large-Scale Purchaser a list of Information that is initially required from the Large-Scale Purchaser. General items of the Information are shown below. The Statement and Information required to be submitted hereunder must be prepared in the Japanese language only. In addition, the Company will promptly make an announcement when it receives the Statement from the Large-Scale Purchaser and the provision of the Information by the Large-Scale Purchaser is completed.

- 1) Outline of the specific shareholder group (including the Large-Scale Purchaser) associated with the Large-Scale Purchase (including history, composition of officers, main business activities, major shareholders, group organization chart, securities report for the most recent three years or equivalent documents and consolidated financial statements)
- 2) Objective and specific description of the Large-Scale Purchase
- 3) Percentage of the holding of shares, etc. of and the number of shares, etc. held by the specific shareholder group (including the Large-Scale Purchaser) associated with the Large-Scale Purchase

⁸ Act of Important Proposal, etc. as defined in Paragraph 1 of Article 27-26 of the Financial Instruments and Exchange Act, Paragraph 1 of Article 14-8-2 of the Order for Enforcement of the Financial Instruments and Exchange Act and Article 16 of the Cabinet Office Ordinance on Disclosure of Status of Large Volume Holding of Share Certificates, etc. The same applies throughout this document.

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- 4) Basis for the calculation of purchase price of the Company's shares, etc., source of funds for the purchase and specific description and terms and conditions for the procurement of the funds in relation to the Large-Scale Purchase
- 5) Management policy, management plan, business plan, financial policy, capital policy, dividend policy, numerical targets for management and financial statements for three years after the acquisition of management rights and basis for calculation of these figures to be adopted if the specific shareholder group (including the Large-Scale Purchaser) associated with Large-Scale Purchase acquires management rights in the Group, and candidates for officers who will be recommended at that time and their background
- 6) Prior business and competitive relationships between the specific shareholder group (including the Large-Scale Purchaser) associated with the Large-Scale Purchase and the Group's major business partners
- 7) The Group's role within the group of the Large-Scale Purchaser after the Large-Scale Purchase is effected
- 8) Any changes planned to be made after the Large-Scale Purchase is effected in the relationships with the employees, major business partners, customers, communities and other stakeholders of the Group
- 9) Information concerning the value of consideration if the Large-Scale Purchase is effected in exchange for consideration other than cash
- 10) Written covenants by a person in charge of the Large-Scale Purchaser stating that documents containing Information provided by the Large-Scale Purchaser is true and accurate with regard to all material respects and that these documents contain no misleading or omitted statements with regard to material facts.
- 11) In addition to the above items, any other information that the Board of Directors or the Independent Committee or other body reasonably determines to be necessary.

If the information initially provided by the Large-Scale Purchaser is determined to be insufficient as the Information, the Board of Directors may ask the Large-Scale Purchaser for the provision of additional information by designating a reasonable deadline. If the Board of Directors determines that the Large-Scale Purchaser has provided sufficient Information, it will notify the Large-Scale Purchaser to that effect ("Information Provision Completion Notice") and will promptly disclose this fact. In addition, the Information provided by the Large-Scale Purchaser will be promptly disclosed to the extent determined necessary and appropriate for the shareholders and the investors to make a decision.

(2) Examinations and evaluations by Board of Directors

Then, the Large-Scale Purchaser is asked to refrain from conducting the Large-Scale Purchase for a period of 60 days (if the Large-Scale Purchase is a purchase of all shares in the Company through a public offering solely in exchange for cash as consideration) or 90 days (in the case of all other Large-Scale Purchases) from the date when the Board of Directors gives Information Provision Completion Notice (the "Evaluation Period"). This is required to allow the Board of Directors to examine and evaluate the Information, to conduct negotiations and discussions with the Large-Scale Purchaser, to form its opinion concerning the Large-Scale Purchase, to prepare and submit an alternative proposal to shareholders and investors, and to take other actions from a viewpoint of securing and enhancing the corporate

value of the Company and the common interests of its shareholders.

During the Evaluation Period, the Board of Directors will examine and evaluate the Information provided by the Large-Scale Purchaser while receiving advice from external specialists and other parties and will vote on a resolution as to whether or not it is appropriate to trigger the large-scale purchase defensive measures with respect to the Large-Scale Purchase or the management policy, etc. proposed by the Large-Scale Purchaser, respecting the recommendations of the Independent Committee as much as possible.

(3) Independent Committee

The Board of Directors establishes the Independent Committee as an organization that works to properly operate the large-scale purchase rules, eliminate arbitrary decisions by the Board of Directors and ensure the objectivity and reasonableness of the Board of Directors' decisions and responses. The Independent Committee shall have at least three and no more than five members, and in order to allow for fair and neutral decisions, the members are to be chosen from among the Company's external directors or external experts, all of whom are independent from the management that executes business of the Company. The Board of Directors will submit the Information and the results of the Board of Directors' evaluations and analysis of the Information to the Independent Committee. The Independent Committee will, upon a request by the Board of Directors for its advice, make recommendations concerning the matters set out below by reference to the results of evaluations and analysis of the Board of Directors and opinions from external specialists while at the same time obtaining from external third parties and examining other information and the like that it determines necessary for its decision.

1) Sufficiency of information provided by Large-Scale Purchaser

During the period until the time when the Board of Directors determines that the Large-Scale Purchaser has completed the provision of the Information, the Independent Committee examines whether the information provided by the Large-Scale Purchaser is sufficient as the Information stipulated in section 3.(1) above and makes a recommendation to the Board of Directors based on the results of the examination.

2) Determination as to whether Large-Scale Purchaser complies with large-scale purchase rules and whether it is appropriate to trigger large-scale purchase defensive measures

The Independent Committee examines whether or not the Large-Scale Purchaser complies with the large-scale purchase rules (section 4.(2) 1) below) and makes a recommendation to the Board of Directors based on the results of the examination. If the Large-Scale Purchaser complies with the large-scale purchase rules, the Independent Committee will, in principle, make a recommendation not to trigger the large-scale purchase defensive measures to the Board of Directors. If it becomes clear that the Large-Scale Purchaser does not comply with the large-scale purchase rules, the Independent Committee will, in principle, make a recommendation to trigger the large-scale purchase defensive measures to the Board of Directors. However, even if the Independent Committee determines that the Large-Scale Purchaser does not comply with the large-scale purchase rules, the Independent Committee may recommend that the large-scale purchase defensive measures

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not be triggered if it determines that it is not appropriate to trigger the large-scale purchase defensive measures.

- 3) Determination as to whether requirements for triggering large-scale purchase defensive measures are fulfilled and whether it is appropriate to trigger large-scale purchase defensive measures

Even if the Independent Committee determines that the Large-Scale Purchaser complies with the large-scale purchase rules, the Independent Committee may exceptionally make a recommendation to trigger the large-scale purchase defensive measures to the Board of Directors in certain cases where the Independent Committee examines whether or not the Large-Scale Purchase fulfills the requirements for triggering the large-scale purchase defensive measures (section 4.(2) 2) below) and make a recommendation to the Board of Directors based on the result of the examination and then make a recommendation that the Large-Scale Purchase fulfills the requirements for triggering the large-scale purchase defensive measures. However, even if the Independent Committee determines that the Large-Scale Purchase fulfills the requirements for triggering the large-scale purchase defensive measures, it may recommend that the large-scale purchase defensive measures not be triggered if it determines that it is not appropriate to trigger the large-scale purchase defensive measures.

- 4) Other matters to be decided by the Board of Directors with respect to which the Board of Directors asks for advice from the Independent Committee and which the Independent Committee believes that the Board of Directors should ask for its advice

The Independent Committee will make recommendations to the Board of Directors with regard to the above matters.

Please refer to Appendix 2 for the outline of rules for the Independent Committee upon the continuation of the Plan.

In addition, the three persons listed in Appendix 3 will be appointed as the members of the Independent Committee upon the continuation of the Plan.

4. Large-scale purchase defensive measures

(1) Description of large-scale purchase defensive measures

If a Large-Scale Purchaser conducts a Large-Scale Purchase without following the procedures stipulated in the large-scale purchase rules or certain other requirements listed in (2) below for triggering the large-scale purchase defensive measures are fulfilled, the Board of Directors may, respecting as much as possible the Independent Committee's recommendations, pass a resolution to take appropriate large-scale purchase defensive measures, such as the gratis allocation of stock acquisition rights, that are permitted under the Companies Act, other laws and regulations, and the Articles of Incorporation of the Company.

The outline of stock acquisition rights to be issued to shareholders by way of gratis allocation, which is a specific large-scale purchase defensive measure, is provided for in Appendix 4. The stock acquisition rights may be attached with conditions for their exercise to the effect that the relevant shareholder should not belong to a specific shareholder group that holds a

certain percentage of the Company's voting rights or above, and acquisition conditions to the effect that the Company may acquire stock acquisition rights in exchange for Company's shares from all shareholders other than the specific shareholder group. The Company may file a shelf registration for the stock acquisition rights to allow flexibility on the issuance of these stock acquisition rights.

(2) Requirements for triggering large-scale purchase defensive measures

The Board of Directors is allowed to pass a resolution to trigger specific large-scale purchase defensive measures only when all of the following requirements have been fulfilled.

1) The Board of Directors may pass a resolution to trigger the large-scale purchase defensive measures in the following cases: when the Large-Scale Purchaser conducts a Large-Scale Purchase without submitting the Statement to the Board of Directors or without providing sufficient information as otherwise provided for in the large-scale purchase rules; when the Large-Scale Purchaser conducts a Large-Scale Purchase before the expiration of the Evaluation Period; or when the Large-Scale Purchaser does not comply with other large-scale purchase rules.

2) When the Large-Scale Purchaser complies with the large-scale purchase rules, the Board of Directors will, in principle, not resolve to trigger the large-scale purchase defensive measures even if as a result of the examination and evaluation of the Statement and the Information the Board of Directors has an opinion against the Large-Scale Purchase, although in some cases the Board of Directors may express its opinion against the Large-Scale Purchase or submit its alternative proposal for the management policies of the Group and other matters.

However, even if the Large-Scale Purchaser complies with the large-scale purchase rules, the Board of Directors will exceptionally resolve to trigger appropriate large-scale purchase defensive measures if the Independent Committee determines that the Large-Scale Purchase would significantly damage the Group's corporate value or the common interests of its shareholders and makes a recommendation to trigger the large-scale purchase defensive measures. However, even in this case, there is a possibility that the Board of Directors will not trigger the large-scale purchase defensive measures if it determines that it is not appropriate to trigger the large-scale purchase defensive measures. Specifically, if a Large-Scale Purchase falls under any of the categories listed below, it will be considered a Large-Scale Purchase that would significantly damage the Group's corporate value or the common interests of its shareholders.

- (i) The purpose of the Large-Scale Purchase or the acquisition of management rights is to manipulate the stock price upward and to force the parties related to the company to repurchase the shares, etc. at a higher price (so-called "green mailer"), despite lacking any intention to truly participate in the corporate management.
- (ii) The purpose of the Large-Scale Purchase or the acquisition of management rights is primarily to transfer the Group's assets required for business management, such as real estate, movable property, intellectual property, know how, corporate confidential information, major business partners and customers, to the specific shareholder group (including the Large-Scale Purchaser) associated with the Large-Scale Purchase

- (so-called "scorched earth management policy").
- (iii) The purpose of the Large-Scale Purchase or the acquisition of management rights is primarily to divert all or a material part of the Group's assets to collateral for debts or funds for repayment of debts of the specific shareholder group (including the Large-Scale Purchaser) associated with the Large-Scale Purchase.
 - (iv) The purpose of the Large-Scale Purchase or the acquisition of management rights in the Group is primarily to acquire temporary control of the corporate management in order to cause the Group to sell or otherwise dispose of the real estate, securities or other valuable assets owned by the Group and to pay a temporarily high dividend out of the profits from the disposition, or by exploiting the opportunity of a temporary sharp increase in the stock price due to the temporarily high dividend, to sell the Company's shares, etc. at a high price.
 - (v) An act of purchase that is likely to effectively force shareholders of the Company to sell the Company's shares, etc. held by them, such as by conducting a tender offer without soliciting for the offering of all shares in the first purchase stage and then setting inferior or unclear purchase conditions in the second stage.
 - (vi) There is an objective and reasonable basis to determine that the acquisition of control by the Large-Scale Purchaser and the policy for treating customers, employees and other stakeholders of the Company after the acquisition of control by the Large-Scale Purchaser would destroy the relationships with the shareholders of the Company as well as with customers, business partners, employees and other stakeholders, which constitute the source of the corporate value of the Company, and would thus be likely to significantly damage the corporate value of the Company or would be materially likely to prevent the preservation and enhancement of the Company's corporate value.
 - (vii) The terms and conditions of the purchase (the value and type of consideration, timing of the purchase, legality of the purchase method, feasibility of the purchase, and policy for treating employees, business partners, customers and other stakeholders of the Company after the purchase) are significantly insufficient or inappropriate in light of the essence of the corporate value of the Company.

(3) Procedure for triggering large-scale purchase defensive measures

When passing a resolution to trigger specific large-scale purchase defensive measures, the Board of Directors shall follow the procedures set out below and resolve whether it is appropriate to trigger the large-scale purchase defensive measures, while receiving advice from external specialists and other parties and respecting as much as possible the opinions and recommendations of the Independent Committee, in order to ensure that its decisions are objective and reasonable. When a resolution has been passed, the Company will promptly announce the outline of the resolution.

- 1) When the Large-Scale Purchaser does not comply with the large-scale purchase rules
In principle, the Board of Directors may pass a resolution to trigger the large-scale purchase defensive measures if the Large-Scale Purchaser does not comply with the large-scale purchase rules and the Independent Committee makes a recommendation to trigger the large-scale purchase defensive measures.
- 2) When the Large-Scale Purchaser complies with the large-scale purchase rules
In principle, the Board of Directors will pass a resolution not to trigger the large-scale

purchase defensive measures. However, if the Independent Committee determines that the Large-Scale Purchase has fulfilled the requirements listed in the items under the second paragraph of section (2) 2) above and makes a recommendation to trigger the large-scale purchase defensive measures, the Board of Directors may pass a resolution to trigger the large-scale purchase defensive measures.

In addition, the Board of Directors may, if necessary, hold negotiations and discussions with the Large-Scale Purchaser concerning the improvement of the terms and conditions of the Large-Scale Purchase and submit an alternative proposal as the Board of Directors for the management policy of the Group and other matters to the Company's shareholders and the investors.

However, even after passing a resolution to implement the gratis allocation of stock acquisition rights, the Board of Directors may, until the date prior to the commencement date of the exercise period of the stock acquisition rights, (i) cancel the gratis allocation of stock acquisition rights before the gratis allocation becomes effective, or (ii) pass a resolution to the effect that the Company will acquire the stock acquisition rights without compensation after the gratis allocation becomes effective, if the Independent Committee gives an advisory opinion that either of the events in 1) or 2) below applies.

- 1) The Large-Scale Purchaser withdraws the Large-Scale Purchase or the Large-Scale Purchase otherwise ceases to exist
- 2) Changes in facts associated with the Large-Scale Purchase occur and the Large-Scale Purchase by the Large-Scale Purchaser does not fall under any of the items under the second paragraph of section (2) 2) above or, even if it falls under any of these items, it is not appropriate to implement the gratis allocation of stock acquisition rights

5. Effective period of the Plan, and abolition of and amendments to the Plan

The effective period of the Plan is for three years until the close of the Annual General Meeting of Shareholders of the Company scheduled to be held in June 2020 if it is approved at the 161st Shareholders Meeting to be held on June 23, 2017.

In addition, even before the expiration of the effective period of the Plan, the Board of Directors may, from the standpoint of securing and enhancing corporate value and common interests of shareholders, revise and review the Plan at any time as long as such revisions are not contrary to the purpose of the entrustment to the Board of Directors in light of the development of related laws and regulations (including cases where any law, regulation, or rule of a financial instruments exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition in the Plan and cases where it is appropriate to revise the wording for reasons such as typographical errors or omissions). Furthermore, if the Board of Directors, which is made up of directors who are elected at the general meeting of shareholders of the Company, passes a resolution to abolish the Plan, the Plan will be abolished accordingly. The Company will promptly make an announcement when the Plan is abolished or amended.

6. Revisions due to amendments to laws and regulations

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The provisions of laws and regulations referred to in the Plan are based on the prevailing provisions as of May 12, 2017, and if it becomes necessary after that date to revise the terms and conditions or definitions of terms set out in the paragraphs above due to the establishment, amendment or abolishment of laws and regulations, the Board of Directors may read accordingly the terms and conditions or definitions of terms set out in the paragraphs above to a reasonable extent, taking into consideration the purposes of such establishment, amendment or abolishment.

Chapter 4 Rationale for the Plan

1. The guidelines relating to anti-takeover measures being satisfied

The Plan satisfies all of the three principles (namely, the principles of securing and enhancing the corporate value and common interests of shareholders, the prior disclosure and respect for shareholders' intention, and securing the necessity and reasonableness) that are provided in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. In addition, the Plan is based on the "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008. Furthermore, the Plan is consistent with the purpose of various rules prescribed by the Tokyo Stock Exchange with respect to the adoption of anti-takeover measures.

2. Objective of securing and enhancing corporate value and common interests of shareholders

As explained in Chapter 1 above, the Plan will be continued for the purpose of securing and enhancing the Group's corporate value and common interests of its shareholders by enabling the securement of necessary information and time for the shareholders to decide on whether or not to accept a Large-Scale Purchase and for the Board of Directors to submit an alternative proposal and also by enabling negotiations with the Large-Scale Purchaser and the like for the shareholders.

In addition, the Company believes that the large-scale purchase rules and the large-scale purchase defensive measures and requirements for triggering these measures set out in Chapter 3 are reasonable in light of the purpose of securing and enhancing the Group's corporate value and common interests of its shareholders, and the Company further believes that they do not inappropriately restrict any Large-Scale Purchases that could contribute to the securement and enhancement of the Group's corporate value and common interests of its shareholders.

3. Prior disclosure

The large-scale purchase rules and large-scale purchase defensive measures and the requirements for triggering these measures under the Plan are specifically and clearly set out in Chapter 3 above, and the Company believes that these descriptions provide sufficient predictability for shareholders, investors and Large-Scale Purchasers.

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4. Continuation procedures for the Plan and possibility of revisions and abolishment of the Plan

The Board of Directors decided to continue the Plan upon the unanimous approval of all directors (including two external directors) at the Board of Directors' meeting held on May 12, 2017.

Also, as explained in section 5. of Chapter 3 above, the Plan may be abolished by the directors who were nominated by a party that has purchased a large volume of the Company's shares, etc. and elected at a general meeting of shareholders. Therefore, the Plan is not a so-called "dead hand anti-takeover measure" (in which the triggering of the Plan may not be prevented even if a majority of the members of the board of directors are replaced).

In addition, the Plan is not a slow-hand anti-takeover measure (in which triggering takes more time to stop due to the fact that all members of the board of directors cannot be replaced at once) either, since it does not necessarily take an unfair period of time to prevent an anti-takeover measure from being triggered by replacing the members of the board of directors, which consists of directors with a term of office of two years (who are audit & supervisory committee members) and directors with a term of office of one year (who are not audit & supervisory committee members).

Consequently, the Company believes that, through a resolution at the general meeting of shareholders, the intention of shareholders may be reflected in decisions concerning the continuation and abolishment of, or amendments to, the Plan.

5. Securing objectiveness and reasonableness of decisions by Board of Directors

As explained in section 4.(2) of Chapter 3 above, the Plan stipulates objective and clear requirements for triggering the large-scale purchase defensive measures, thereby eliminating as much as possible the chance of any arbitrary decisions by the Board of Directors concerning whether or not the relevant Large-Scale Purchase falls under any of these requirements.

In addition, as explained in section 4.(3) of Chapter 3, the Plan stipulates procedures for triggering the large-scale purchase defensive measures, thereby eliminating arbitrary decisions by the Board of Directors.

Consequently, the Company believes that the Plan secures a sufficient framework for ensuring that the decisions of the Board of Directors are objective and reasonable when passing any resolution to trigger the large-scale purchase defensive measures.

Chapter 5 Effect of the Plan on shareholders and investors

1. Effect of large-scale purchase rules on shareholders and investors

The large-scale purchase rules are established solely to provide a set of rules that a Large-Scale Purchaser should comply with when conducting a Large-Scale Purchase and the introduction of these rules does not involve the issuance of stock acquisition rights or other shares. Consequently, there is no effect on the interests or rights of shareholders and investors.

The large-scale purchase rules make it possible for the Company's shareholders to reach an appropriate decision concerning a Large-Scale Purchase based on information that is necessary and sufficient. As a result, the Company believes that the rules contribute to the

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common interests of the Company's shareholders.

The response of the Company to a Large-Scale Purchase may differ depending on whether or not the Large-Scale Purchaser complies with the large-scale purchase rules. Therefore, shareholders and investors are requested to closely monitor the actions of Large-Scale Purchasers.

2. Effect of triggering large-scale purchase defensive measures on shareholders and investors

Triggering the large-scale purchase defensive measures may result in a loss of legal rights or economic benefits to the specific shareholder group associated with the Large-Scale Purchase, but the Company assumes no special losses caused to the legal rights or economic benefits of other shareholders. If the Board of Directors passes a resolution to trigger the large-scale purchase defensive measures, this will be appropriately disclosed in a timely manner in accordance with laws, regulations and securities exchange rules.

When the issuance of stock acquisition rights to shareholders by way of gratis allocation is implemented as a large-scale purchase defensive measure, each shareholder recorded on the Company's final shareholder register on the record date, which is to be determined and publicly announced by the Board of Directors, will receive stock acquisition rights in proportion to the number of shares owned by that shareholder. Furthermore, when exercising the stock acquisition rights, shareholders must make payment of a certain amount of money within the designated period in order to acquire new shares, and shareholders who do not perform this procedure will see a dilution in their percentage of holding of voting rights. However, in some cases, the terms and conditions for issuance of stock acquisition rights may include an acquisition provision allowing the Company to acquire the stock acquisition rights in exchange for the delivery of the Company's shares, and if the Company takes this acquisition procedure, shareholders holding stock acquisition rights to be acquired will receive the Company's shares without making any cash payment (in this case, these shareholders may be separately required to submit a written document in the form designated by the Company to state their covenants that they do not belong to the specific shareholder group or other matters).

When the Board of Directors has passed a resolution to implement the gratis allocation of stock acquisition rights as a large-scale purchase defensive measure and the Board of Directors cancels the gratis allocation of stock acquisition rights or acquires the stock acquisition rights so allocated without compensation in accordance with the procedures set out in section 4.(3) of Chapter 3 above after shareholders who are eligible to receive the gratis allocation of stock acquisition rights are confirmed, shareholders and investors who have bought or sold the shares after the confirmation of shareholders eligible to receive the gratis allocation of stock acquisition rights may incur commensurate damage due to fluctuation on the stock price because there will be no dilution of the value per share as a result of the cancellation or acquisition by the Company.

- End -

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Appendix 1

Status of Shares of the Company (March 31, 2017)

- Authorized shares 30,000,000
- Shares issued 13,867,757
- Shareholders 9,815 (including the Company)

• Major shareholders

Rank	Name of shareholders	Number of shares held (hundreds)	Percentage of shares held (%)
1	Japan Trustee Services Bank, Ltd. (Trust account)	6,972	5.34
2	Isao Nasu	5,637	4.32
3	Japan Trustee Services Bank, Ltd. (Trust account 9)	4,060	3.11
4	The Master Trust Bank of Japan, Ltd. (Trust account)	3,584	2.74
5	Sumitomo Mitsui Banking Corporation	3,318	2.54
6	The Shinwa Bank, Ltd.	3,268	2.50
7	Naohiko Nakajima	3,000	2.30
8	Japan Trustee Services Bank, Ltd. (Trust account 5)	2,540	1.92
9	CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Permanent substitute Citibank, Ltd.)	2,501	1.91
10	MSCO CUSTOMER SECURITIES	2,298	1.76

(Note) Percentages of shares held are calculated after the deduction of the Company's shares of treasury stock (803,234shares).

Outline of Rules for Independent Committee

1. Composition of the Committee

The Independent Committee (hereinafter referred to as the "Committee") shall have at least three members and no more than five members (hereinafter referred to individually as "member"; and collectively as "members"). Members will be selected by the Board of Directors from among external directors, who are independent of the management that executes business. The Board of Directors may also select external experts as a member, who are independent of the management that executes business and have signed an engagement agreement with the Company stating that they will perform the duty of care of a good manager for the duties of a member, up to the number of members set out above.

2. Term of office

The term of office of each member is until the close of the Annual General Meeting of Shareholders for the last fiscal year ending within three years from the date on which the member was selected. However, this does not apply in cases where the Board of Directors separately provides for by its resolution.

3. Authority of the Committee

(1) The Committee shall reach decisions as the Committee concerning the following matters after examinations and evaluations and then make recommendations to the Board of Directors based on these decisions and reasons for the decisions:

- 1) The sufficiency of information provided by the Large-Scale Purchaser;
- 2) Whether or not the Large-Scale Purchaser complies with the large-scale purchase rules and whether it is appropriate to trigger the large-scale purchase defensive measures;
- 3) Whether or not requirements for triggering the large-scale purchase defensive measures have been fulfilled and whether it is appropriate to trigger the large-scale purchase defensive measures; and
- 4) Other matters to be determined by the Board of Directors with respect to which the Board of Directors has asked the Committee for advice or which the Committee believes that the Board of Directors should ask for its advice.

(2) In addition to the items listed above, the Committee shall perform the following tasks:

- 1) Examinations and evaluations of information, materials and other items provided to the Committee by the Large-Scale Purchaser and the Board of Directors;
- 2) Requests to the Board of Directors to submit alternative proposals and examinations and evaluations of the alternative proposals; and
- 3) In addition to the above items, matters that the Board of Directors has designated as tasks that the Committee may perform.

(3) The Committee may make the following instructions based on the premise that it provides

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recommendations to the Board of Directors concerning the following matters:

- 1) Requests for the provision of additional information to the Large-Scale Purchaser when the Committee determines that the information already provided by the Large-Scale Purchaser is insufficient as the Information;
- 2) Opinions concerning the announcement of the fact that a proposal for a Large-Scale Purchase has been made and of all or part of the information provided by the Large-Scale Purchaser;
- 3) Announcement when the Committee determines that the information provided by the Large-Scale Purchaser is sufficient as the Information; and
- 4) Negotiations with the Large-Scale Purchaser to improve the terms and conditions of the Large-Scale Purchase.

4. Resolutions of the Committee

Resolutions of the Committee are to be passed by a majority of the members present at a meeting where all members are in attendance. However, when there is an unavoidable reason that prevents attendance by all members, resolutions may be passed by a majority of the members present at a meeting where at least two-thirds of all members are in attendance.

5. Other matters

(1) To collect information necessary, the Committee may ask for the attendance of the Company's directors, employees and other individuals that the Committee believes are necessary and ask these individuals for explanations of the matters that the Committee believes are necessary for it to make a recommendation.

(2) The Committee may, at the Company's expense, receive the advice of third parties (including financial advisers, attorneys, certified public accountants, consultants and other specialists) who are independent of the management that execute business.

Career Summary of Candidates for Independent Committee Members

The following three individuals are scheduled to be candidates for members of the Independent Committee under the Plan:

Takashi Shinohara (Date of Birth: December 7, 1954)

Career summary

Apr. 1977	Joined Chuo Audit Corporation
Mar. 1980	Registered as Certified Public Accountant
Jan. 1982	Opened CPA Shinohara Takashi Office (to present)
May 1984	Registered as Certified Public Tax Accountant
May 2007	Audit & Supervisory Board Member of Best Denki Co., Ltd. (to present)
Jan. 2010	Representative Partner of Shinohara and Ueda Tax Corporation (to present)
Jun. 2010	External Director of the Company

Notes:

1. Mr. Takashi Shinohara is an external director as set out in Item (15) of Article 2 of the Companies Act.
2. Mr. Shinohara is an external director who acts as a substitute audit & supervisory committee member.
3. There is no special interest between the Company and Mr. Shinohara.

Tetsuya Notabe (Date of Birth: August 10, 1958)

Career summary

Apr. 1991	Registered as Attorney-at-Law
Apr. 1991	Joined Yoshiaki Kawano Law Office
Apr. 1997	Opened Kawano & Notabe Law Office (to present)

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Apr. 2012	Deputy Director of Japan Legal Support Center Fukuoka District Office (to present)
Jun. 2013	External Audit & Supervisory Board Member of the Company
Jun. 2016	External Director (Audit & Supervisory Committee Member) of the Company (to present)
Apr. 2017	Permanent Member of Fukuoka Bar Association (to present)

Notes:

1. Mr. Tetsuya Notabe is an external director as set out in Item (15) of Article 2 of the Companies Act.
2. There is no special interest between the Company and Mr. Notabe.
3. The Company has notified the Tokyo Stock Exchange and the Fukuoka Stock Exchange that Mr. Notabe is an independent officer.

Hiroyuki Nagato (Date of Birth: July 29, 1951)

Career summary

Apr. 1981	Registered as Attorney-at-Law
Apr. 1986	Opened Hiroyuki Nagato Law Office (to present)
Jun. 2002	External Audit & Supervisory Board Member of the Company
Jun. 2010	External Audit & Supervisory Board Member of Ohishi Sangyo Co., Ltd.
Mar. 2013	Audit & Supervisory Board Member of Fujiseiki Co., Ltd (to present)
Jun. 2015	External Director of Ohishi Sangyo Co., Ltd. (to present)

Note:

There is no special interest between the Company and Mr. Hiroyuki Nagato.

Outline of Stock Acquisition Rights

1. Stockholders eligible to receive stock acquisition rights and conditions for allocation

The Company will allocate to each shareholder recorded on the final shareholder register on the record date, which is to be determined and publicly announced by the Board of Directors, one stock acquisition right for each share held by that shareholder (except for the common stock of the Company held by the Company).

2. Type and number of shares to be acquired upon the exercise of stock acquisition rights

The type of shares to be acquired upon the exercise of stock acquisition rights is the common stock of the Company, and the maximum number of shares to be acquired will be the total number of authorized shares of the Company less the number of issued shares of common stock of the Company (except for the common stock of the Company held by the Company) as of the record date, which is to be determined by the Board of Directors. The Board of Directors shall separately determine the number of shares to be acquired in exchange for each stock acquisition right. However, the applicable number of shares will be adjusted as required if the Company conducts a stock split or stock consolidation.

3. Total number of stock acquisition rights to be allocated

The Board of Directors shall determine the total number of stock acquisition rights to be allocated.

4. Amount of payment for stock acquisition rights

Stock acquisition rights will be allocated without compensation.

5. Value of assets to be contributed upon exercise of stock acquisition rights

The value of assets to be contributed upon the exercise of each stock acquisition right will be an amount not less than one yen that will be determined by the Board of Directors.

6. Restrictions on transfers of stock acquisition rights

Transfers of stock acquisition rights require the approval of the Company.

7. Exercise period for stock acquisition rights and other matters

The Board of Directors shall separately determine the exercise period, acquisition provisions and other necessary matters concerning the stock acquisition rights.

8. Conditions for exercise of stock acquisition rights

Stock acquisition rights may not be exercised by (i) a specified large holder⁹, (ii) a joint holder of a specified large holder, (iii) a specified large-scale purchaser¹⁰, (iv) a special related party of a specified large-scale purchaser, or (v) a party who is a transferee of, or successor to, the stock acquisition rights of any of the parties set out in items (i) through (iv) above without the approval of the Board of Directors, or (vi) a related party¹¹ of any of the parties set out in items (i) through (v) above. The Board of Directors shall separately determine other details of the conditions for the exercise of stock acquisition rights.

9. Acquisition terms

The Company may, at any time up to and including the day prior to the first day of the exercise period for the stock acquisition right, acquire all stock acquisition rights without compensation on a date separately designated by the Board of Directors if the Board of Directors believes that the acquisition of stock acquisition rights by the Company is appropriate.

The Company may, on a date separately designated by the Board of Directors, acquire all stock acquisition rights held by parties other than non-qualified parties that have not been exercised by the business day prior to the date designated by the Board of Directors, and in exchange, deliver the applicable number of the Company's shares to be acquired for each stock acquisition right.

10. Stock acquisition right certificates

The Company will not issue stock acquisition right certificates.

-End-

⁹ A specified large holder is a party that holds shares, etc. issued by the Company and whose percentage of holding of shares, etc. with respect to the applicable shares, etc. is at least 20%, or a party that the Board of Directors deems applicable to the above. However, this does not apply to any party that the Board of Directors recognizes as a party whose acquisition and holding of the Company's shares, etc. will not be contrary to the corporate value of the Company and, in turn, the common interests of its shareholders or other parties separately designated by the Board of Directors in the resolution to implement the gratis allocation of stock acquisition rights.

¹⁰ A specified large-scale purchaser is a party that has made a public announcement of its intention to purchase or otherwise acquire shares, etc. (shares, etc. as defined in Paragraph 1 of Article 27-2 of the Financial Instruments and Exchange Act; the same applies in this footnote) issued by the Company through a tender offer and the total percentage of the holding of shares, etc. of this party after the purchase, etc. (including similar ownership as provided for in Paragraph 1 of Article 7 of the Order for Enforcement of the Financial Instruments and Exchange Act) together with those held by its special related parties with respect to the applicable shares, etc. will be at least 20%, or a party that the Board of Directors deems applicable to the above. However, this does not apply to any party that the Board of Directors recognizes as a party whose acquisition and holding of the Company's shares, etc. will not be contrary to the corporate value of the Company and, in turn, the common interests of its shareholders or other parties separately designated by the Board of Directors in the resolution to implement the gratis allocation of stock acquisition rights.

¹¹ A related party of a particular party is a party that substantially controls, or is controlled by, or is under common control with, that particular party (including a party that the Board of Directors deems applicable to the above), or a party that is deemed by the Board of Directors to substantially act in concert with such particular party. In this context, "control" means to "control the decisions of the financial and business policies" (as defined in Paragraph 3 of Article 3 of the Companies Act Enforcement Regulations) of other corporations or entities.

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Reference Material

Company Management Systems and Policies

(1) Systems to ensure that the directors' performance of their duties is in compliance with laws, regulations and the Articles of Incorporation and other systems to ensure appropriateness of business activities:

Pursuant to the provisions of the Companies Act and the Companies Act Enforcement Regulations, the Board of Directors of the Company has approved the following basic policies concerning the establishment of internal control systems.

Based on the basic policy, the Company ensures the appropriateness of business activities, and constantly reviews and improves the current systems for the purpose of establishing better internal control systems.

1. System to ensure that the directors' performance of their duties is in compliance with laws, regulations and the Articles of Incorporation:

The Company has established and enforces the Code of Behavior and Compliance Manual as the code of conduct for all members of the Company including directors and employees. With respect to the Board of Directors, the Regulations for the Board of Directors have been established so that its proper activities are ensured. The Board of Directors' meetings are in principle held once a month and at any time necessary. Directors exchange opinions and mutually supervise the business execution, seek the opinions of legal counsel and other professionals as required, and take actions aimed at preventing violations of laws, regulations and the Articles of Incorporation.

The Company has an Audit and Supervisory Committee. The Audit and Supervisory Committee audits the performance of directors in accordance with auditing methods and divisions of responsibilities prescribed by the Audit and Supervisory Committee. If a director discovers a violation of the laws, regulations or the Company's Articles of Incorporation by another director, he or she shall immediately report it to the Audit and Supervisory Committee and the Board of Directors so that corrective measures can be taken.

2. System for the storage and management of information concerning the directors' performance of their duties:

Information and documents concerning the directors' performance of their duties shall be

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properly stored and managed (including the disposal thereof) in accordance with the Company's internal rules, with the actual conditions of storage and management to be checked and the rules to be reviewed and amended, as necessary.

3. Regulations and other systems concerning risk management of loss:
 - i. Based on the Risk Management Regulations that set forth the basic framework for risk management for the group of companies consisting of the Company and its subsidiaries (hereinafter referred to as the "Corporate Group"), the Company, mainly the Risk Management Committee, shall collect and assess risk information in an integrated and comprehensive manner, identify critical risks and address such risks according to their materiality.
 - ii. Risks inherent in significant decision-making for business execution shall be considered by each department in advance before further assessment by the Management Meeting and the Board of Directors to prevent losses from occurring.
 - iii. Risks in business activities in each department, such as risks in purchase and sale transactions, foreign exchange and interest rate fluctuations, and credit risks shall be assessed, settled or approved based on the Regulations for Delegating Job Responsibilities to avoid or prevent the risk of loss.
 - iv. The Internal Audit Department shall perform audits of the risk management system. The audited department shall promptly take corrective or improvement measures as needed.
4. System to ensure the efficient execution of directors' duties:
 - i. The Executive Officer system shall be introduced with the aim of prompt and efficient decision-making through the separation of the management function and business execution.
 - ii. As a decision-making body other than the Board of Directors, the Company has established the Management Meeting, which is comprised of the Representative Directors and Executive Officers, and delegate part of the authority to it, leaving only the most important matters for resolution by the Board of Directors, to ensure the efficient execution of directors' duties. The Company shall establish a system to ensure that all board members receive sufficient material in advance on the items on agenda presented to the Board of Directors in accordance with the principle of management decisions.
 - iii. In order to conduct daily business activities, authority shall be delegated to relevant departments based on the Regulations for Delegating Job Responsibilities and Regulations for the Assignment of Business Activities. In addition, the persons responsible for each level shall perform their jobs in accordance with the decision-making rules.
5. Systems to ensure that employees perform their duties in compliance with laws, regulations and

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the Articles of Incorporation:

- i. In order to ensure that all employees of the Corporate Group thoroughly comply with laws, regulations and the Articles of Incorporation, the Company has established the Compliance Committee chaired by the Representative Director and President and a system for all of the employees of the Corporate Group to internally report a violation of the laws, regulations or the Articles of Incorporation under the Compliance Rules and Compliance Manual.
 - ii. The Company has established a reporting system whereby the details of a situation related to compliance and proposals for appropriate countermeasures are reported to the Board of Directors and the Audit and Supervisory Committee via the Compliance Committee, in cases where any event with regard to compliance occurs.
 - iii. The Compliance Committee shall appoint a person-in-charge and a promoter in each department in accordance with the provisions of the Compliance Rules, and control and supervise adherence to the Compliance Manual.
 - iv. The Internal Audit Department shall perform audits of the status of compliance with laws, the Articles of Incorporation and internal regulations. The audited department shall promptly take corrective or improvement measures as needed.
6. System to ensure the appropriateness of business operations of the Corporate Group:
- i. The Company has established the Group Companies Management Rules, which specify the policy for the appropriate management of its subsidiaries, and set up the Control Department in the Energy Business Division and the Consumer Goods and Services Business Division, which administer the matters to be reported by the subsidiaries to the Company and the matters to be approved by the Company.
 - ii. Decision-making processes related to business execution of the subsidiaries shall be implemented according to the Regulations for Delegating Job Responsibilities of the Company and the subsidiaries. The Company shall ensure the appropriateness of business operations of the subsidiaries by maintaining certain involvement by the Company in the decision-making of the subsidiaries.
 - iii. The Internal Audit Department of the Company shall enter into an internal auditing agreement with its subsidiaries and shall conduct internal audits for the Corporate Group as a whole. The audit results shall be reported to relevant departments and the Board of Directors of the Company, and corrective and improvement measures shall be taken as needed.
 - iv. As members of society, the Company and the subsidiaries shall not have any relationship with antisocial forces or organizations that threaten the order and safety of civil society, and shall take a firm stance against such forces or organizations.

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7. Matters concerning the appointment of employees to assist the Audit and Supervisory Committee in performing its duties:

The Company may assign employees to assist the Audit and Supervisory Committee in performing its duties for required periods of time, if requested by the Audit and Supervisory Committee.

8. Matters concerning independence from the directors of employees assisting the Audit and Supervisory Committee in performing its duties and matters for ensuring the effectiveness of instructions given to such employees:

- i. Consent of the Audit and Supervisory Committee is required to appoint or remove employees who assist the Audit and Supervisory Committee in performing its duties.
- ii. An employee who assists the Audit and Supervisory Committee in performing its duties shall be subject to the direction and orders of the Audit and Supervisory Committee during the period of his or her services in assisting the Audit and Supervisory Committee.

9. System for directors and employees of the Corporate Group to report to the Audit and Supervisory Committee and other systems for reporting to the Audit and Supervisory Committee, as well as system to ensure that those who made reports to the Audit and Supervisory Committee do not receive any adverse treatment for having made such reports:

- i. Directors and employees of the Corporate Group shall make a necessary report or provide necessary information upon an Audit and Supervisory Committee Member's request, in accordance with the decision of the Audit and Supervisory Committee.
- ii. Matters to be reported or informed under the preceding paragraph shall mainly include the following:
 - Situation of activities of the departments involved in the establishment of the Corporate Group's internal control system
 - Situation of activities of the Audit & Supervisory Board Members and the Internal Audit Department or any equivalent departments of any of the Subsidiaries, etc.
 - The Corporate Group's significant accounting policy, accounting standards and changes thereof
 - Details of the announcement of the operating results of the Corporate Group or forecast thereof and other important disclosure documents of the Corporate Group
 - Operation of the internal reporting system of the Corporate Group and the reported information
 - Obligatory circulation of decision approval forms and minutes of meetings of the Corporate Group requested by Audit and Supervisory Committee Members
- iii. The Company shall not adversely treat any person of the Corporate Group who made reports

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to the Audit and Supervisory Committee as described in this paragraph on the grounds that he or she made such reports.

10. Matters concerning the procedure for advance payment or reimbursement of expenses incurred in relation to the execution of duties by Audit and Supervisory Committee Members and any other policy for settlement of costs and debts to be incurred in relation to the execution of their duties:

- i. The Company shall include in its budget for each fiscal year a certain amount to reimburse expenses to be incurred in relation to the execution of duties by Audit and Supervisory Committee Members.
- ii. If Audit and Supervisory Committee Members make a request for advance payment of expenses to be incurred in relation to the execution of their duties or other similar requests to the Company, then the Company shall settle such expenses or debts in a timely manner upon consideration by the relevant department unless it determines that the expenses or debts pertaining to such request are not necessary for the execution of their duties.

11. Other systems to ensure the effectiveness of audits by the Audit and Supervisory Committee:

The Audit and Supervisory Committee shall meet at least twice a year to hear from the Executive Directors in charge of each business operation and important employees individually (or at any time the Audit and Supervisory Committee deems necessary). In addition, periodic meetings shall be held for the Representative Directors and the accounting auditors to exchange opinions.

12. System to ensure the reliability of financial reports:

In order to ensure the reliability of financial reports, and to effectively and appropriately submit the internal control reports specified in Article 24-4-4 of the Financial Instruments and Exchange Act that was promulgated by the Financial Services Agency in June 2006, the Company, under the direction of the Representative Director and President, has established an internal control system, and along with continuously evaluating and making the necessary adjustments in order to ensure the appropriate functioning of its mechanisms, thereby the Company ensures compliance with the Financial Instruments and Exchange Act as well as other related laws and regulations.

(2) Outline of the status of operation of the system to ensure appropriateness of business activities

The Company transitioned to a Company with Audit and Supervisory Committee effective June 24, 2016, and has worked to strengthen the supervisory function of the Board of Directors and strengthen/enhance the Company's corporate governance.

The outline of the status of operation of the system to ensure the appropriateness of the business activities of the Corporate Group is as follows:

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1. Directors' performance of their duties:

The Board of Directors of the Company consists of seven (7) Directors (including three (3) Directors who are Audit and Supervisory Committee Members), and held Board of Directors' Meetings thirteen (13) times during the period under review (excluding one (1) resolution in writing, which is deemed as if there was a resolution of the Board of Directors). The Board of Directors deliberates on important business execution and other important matters stipulated in the Regulations for the Board of Directors, and oversees the status of business execution.

The Company held the Management Meeting consisting of Representative Directors, Executive Officers and Audit and Supervisory Committee Members (observers) twelve (12) times during the period under review. At the Management Meeting, matters to be discussed at Board of Directors' Meetings as well as important matters related to business execution delegated by the Board of Directors are deliberated.

2. Risk management:

The Company held the Risk Management Committee Meeting chaired by the President and consisting of Executive Officers and the above persons, Manager of the Internal Audit Department, and Audit and Supervisory Committee Members (observers) two (2) times during the period under review. The Risk Management Committee evaluates all risks reported by all departments and subsidiaries of the Company, identifies critical risks, and then decides policies for measures against such risks, and confirms the progress of the measures. The Internal Audit Department performs audits of the risk management system and reports the audit results to the Risk Management Committee.

3. Compliance:

The Corporate Group has distributed the Compliance Manual to all employees and holds compliance promotion meetings regularly at all departments and subsidiaries of the Company to raise awareness of compliance and confirm adherence to the Compliance Manual.

Further, the Company held the Compliance Committee Meeting that is chaired by the President and consists of Executive Officers and the above persons, Manager of the Internal Audit Department, and Audit and Supervisory Committee Members (observers) two (2) times during the period under review. The Compliance Committee deliberates matters related to compliance or reports on internally reported matters, and confirms the progress of the measures.

The Internal Audit Department performs audits of the status of compliance with laws and regulations, the Articles of Incorporation, and internal rules/regulations, and provides guidance on correction and improvement as needed.

4. Subsidiary management system:

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In accordance with the Group Companies Management Rules, the Control Department in the Energy Business Division or the Consumer Goods and Services Business Division in charge of managing subsidiaries receives reports on the business conditions from subsidiaries under control, and manages matters to be reported to the Company and matters to be approved according to the Regulations for Delegating Job Responsibilities of the Company and the subsidiaries.

In order to ensure the appropriateness of the business operations of the subsidiaries, matters related to the management of the subsidiaries that are particularly important are deliberated and decided upon at the Board of Directors' or the Management Meeting of the Company. In addition, the Internal Audit Department has entered into an internal auditing agreement with subsidiaries and conducted internal audits for the subsidiaries.

5. Audit system of the Audit and Supervisory Committee (the Audit & Supervisory Board prior to transition to a Company with Audit and Supervisory Committee):

The Company held the Audit & Supervisory Board Meeting prior to its transition to a Company with Audit and Supervisory Committee four (4) times, and the Audit and Supervisory Committee Meeting after transition to a Company with Audit and Supervisory Committee eleven (11) times, during the period under review. The Audit and Supervisory Committee consists of three (3) Directors who are Audit and Supervisory Committee Members (including two (2) external directors) and appoints two (2) full-time Audit and Supervisory Committee Members through mutual voting by Audit and Supervisory Committee Members. In addition, the Company assigned one (1) employee to assist the Audit and Supervisory Committee in performing its duties based on a request from the Audit and Supervisory Committee.

In accordance with the audit policies established and division of duties specified by the Audit and Supervisory Committee, each Audit and Supervisory Committee Member investigates the status of operations and assets/properties of the Company and subsidiaries, and audits the execution of duties of Directors. Specifically, Audit and Supervisory Committee Members attend important internal meetings including the Board of Directors' Meetings and exchange opinions with Representative Directors in order to ensure the effectiveness of audits. In addition, Audit and Supervisory Committee Members endeavor to work together with accounting auditors, the Internal Audit Department, and Audit & Supervisory Board Members of subsidiaries, as well as conduct interviews to hear from Executive Directors in charge of each business operation, important employees, and all subsidiaries individually.

(3) Basic policy concerning the control of a stock company:

1. Outline of basic policy:

The Company, as a company whose shares are listed on financial instrument exchanges, respects free transactions of the Company's shares on markets and does not unconditionally refuse

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large-scale purchases of the Company's shares by a particular person, as far as they will facilitate the securement and enhancement of the corporate value of the Corporate Group and, in turn, the common interests of its shareholders. Furthermore, the Company considers that the decisions as to whether to accept a proposal of large-scale purchase by a large-scale purchaser, and agree to such large-scale purchase, should ultimately be left to the judgment of shareholders.

However, there are certain proposals of large-scale purchases of shares that, if implemented, are likely to damage the corporate value of the Corporate Group and, in turn, the common interests of its shareholders, including those that could have an adverse effect on the maintenance of good relationships between the Corporate Group and its stakeholders, as well as those that might not fully reflect the value of the Corporate Group, and those that might not provide sufficient information necessary for shareholders to make a final decision.

The view of the Company's Board of Directors, as the directors entrusted with the management of the Company by its shareholders, is that its duty is to, in response to such proposals, secure the time and information necessary for the shareholders, to engage in negotiations with such persons who propose to make a large-scale purchase of shares, and to conduct other necessary acts, thereby securing and enhancing the corporate value of the Corporate Group and, in turn, the common interests of its shareholders.

2. Outline of the effort to realize the basic policy:

In the current environment where global coal demand is expected to grow particularly in emerging countries, the Corporate Group continues to proactively develop and acquire rights and interests in mines by positioning the fuel business of coal sales and coal production as our core business.

On the other hand, performance in the fuel business is greatly influenced by external factors such as coal prices and foreign exchange rates. In addition, we continue to see structural changes relating to energy resources, including renewable energy and shale gas.

In order to adapt to such future changes in the energy resource business and achieve a more stabilized and diversified revenue base, the Corporate Group views the development of a stable business portfolio as an urgent task for its growth strategy, to be achieved by maintaining our ongoing efforts and developing new business models in the fuel business while also fostering new core businesses in fields other than the fuel business. In line with this strategy, the Corporate Group is now working on the development and expansion of new businesses.

We believe that this growth strategy of the Corporate Group, based on increasing the profitability of our core business by securing mining rights for new coal mines and stabilizing and diversifying profitability by developing new businesses, and our efforts to realize such strategy will greatly contribute to securing and enhancing our corporate value and the common interests

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of shareholders of the Corporate Group.

3. Framework for preventing inappropriate parties, in light of this basic policy, from gaining control of the Company's financial and business policies:

At the Board of Directors' meeting held on December 20, 2007, the Board of Directors of the Company resolved to introduce the "Countermeasures to Large-scale Purchase Actions (Takeover Defense Measures)" (hereinafter referred to as the "Measures"), which were in effect until the close of the 152nd Annual General Meeting of Shareholders in consideration of the importance of the Measures.

At the 152nd Annual General Meeting of Shareholders held on June 27, 2008, the 155th Annual General Meeting of Shareholders held on June 24, 2011 and the 158th Annual General Meeting of Shareholders held on June 27, 2014, each time it was proposed to extend the effective period of the Measures for three years, and such proposals were approved by the shareholders.

The Measures aim to require an individual or group that attempts to purchase at least 20% of the Company's shares without prior approval of the Board of Directors of the Company (hereinafter referred to as "Large-scale Purchaser") to abide by the Large-scale Purchase Rules of the Company in order for sufficient time and information to be secured, to allow the shareholders to properly decide whether to sell their shares to the Large-scale Purchaser. If the Large-scale Purchaser does not comply with the Large-scale Purchase Rules, or if it is reasonably decided that such purchase would be highly likely to be detrimental to the Company's corporate value and shareholder value, the Board of Directors may fulfill its obligation to the shareholders by taking countermeasures that are regarded as necessary and appropriate, including an allotment of share acquisition rights without contribution with the terms and conditions of the exercise, acquisition and exercise period thereof to be set taking into account its effectiveness as a defensive measure against such Large-Scale Purchaser.

The outline of the Measures is as described above. The details are published on the website of the Company. Please refer to "Countermeasures to Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)" in "Basic policy concerning the control of a stock company" via the URL below.

(<http://www.mitsui-matsushima.co.jp/news/index.php>)

4. Decision of the Board of Directors on the framework described in Item 3 above:

The Board of Directors of the Company believes that the framework described in Item 3 above aims to ensure the enhancement of the Company's corporate value and shareholder value, as

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formulated in accordance with the basic policy concerning the control of the Company in Item 1 above, and the Board of Directors of the Company believes that the framework does not harm the common interests of the shareholders.

In addition, the Company believes that the framework has a mechanism for preventing arbitrary decisions and use of the defense mechanism solely for the purpose of protecting the positions of current directors for the following reasons. First, the Company has established a system in which the use of defensive measures should be decided taking into consideration the advice of the Independent Committee consisting of external directors or other external expert individuals who are independent from the management team that executes business activities. Second, the Measures can be terminated at any time at an annual general meeting of shareholders or by the Board of Directors, which is composed of directors elected by the shareholders at the annual general meeting of shareholders. Third, there are the requirements of the recommendation of the Independent Committee and reasonable and objective terms and conditions of the resolutions or decisions by the Board of Directors set forth with respect to its decisions about whether to use the defensive measures or to suspend or cease the Measures.

(4) Policy concerning the determination of dividends, etc. distributed from retained earnings:

The Company considers the return of profits to the shareholders as an important management priority.

The Company has a basic policy of continuing to return profits to the shareholders in proportion to the operating results, retaining the necessary internal reserves for the stable growth of the Company and the financial flexibility necessary for responding to the changing business environment.