

[Translation]

Company Name: Sharp Corporation  
 Representative: Kozo Takahashi  
 Director & President  
 (Code No. 6753)

**Notice regarding the issuance of Class Shares by third party allotment, revision of a part of articles of incorporation, decreases in capital and capital reserve, and appropriation of surplus**

The Company, at its Board of Directors meeting held May 14, 2015, adopted a resolution for each of the following (i) to (iv) as follows.

- (i) The Company enters into a subscription agreement with Mizuho Bank Ltd. ("Mizuho Bank") and The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("Bank of Tokyo-Mitsubishi UFJ", collectively with the Mizuho Bank, "Alloted Banks") to issue, by a third party allotment, a total of 200 billion yen of Class A Shares to the Alloted Banks.
- (ii) The Company enters into a subscription agreement with Japan Industrial Solutions Fund I ("JIS") to issue, by a third party allotment, a total of 25 billion yen of Class B Shares to JIS.
- (iii) By stipulating that the paid-in contribution for the Class A Shares and the Class B Shares (collectively the "Class Shares") is a condition precedent and the paid-in date is the effective date, the Company decreases its amounts of capital and capital reserve (the "Decreases in Capital, etc.") to cover deficiencies in retained earnings carried forward by using some of the other capital surplus generated by the Decreases in Capital, etc. (the "Appropriation of Surplus")
- (iv) The Company submits the draft of each proposal to the 121st ordinary general meeting of shareholders scheduled to be held on June 23, 2015 (the "Ordinary General Meeting of Shareholders"); revision of a part of articles of incorporation (the "Revision of Articles of Incorporation", please see "IV. Revision of Articles of Incorporation" for details) to newly establish Class Shares of Class A and Class B, etc., the issuance of the Class Shares, the Decreases in Capital, etc. and the Appropriation of Surplus.

The issuance of the Class Shares is subject to approval of the proposals which are the Revision of Articles of Incorporation, the issuance of the Class Shares, the Decreases in Capital, etc. at the Ordinary General Meeting of Shareholders and others. Furthermore, (i) payments for Class A Shares by the Alloted Banks are subject to the approval of each proposal which is the Revision of Articles of Incorporation, the issuance of the Class Shares and the Decreases in Capital, etc. at the Ordinary General Meeting of Shareholders, reasonable certainty that payment will be received for the Class B Shares from JIS and reconciliation among financial institutions which the Alloted Banks are reasonably satisfied with, etc., and (ii) payment by JIS is subject to approval of each proposal which is the Revision of Articles of Incorporation, the issuance of the Class Shares, the Decreases in Capital, etc. and the appointment of two persons named by JIS in advance as outside directors at the Ordinary General Meeting of Shareholders, the completion of the payments for the Class A Shares, and written consents of reconciliation among financial institutions being acquired which JIS is reasonably satisfied with, and other things.

In addition, though the Class Shares do not have voting rights at general meetings of shareholders, dilution impact might occur on the existing shareholders due to the exercise of the put options the consideration for which are common shares of the Class Shares. However, the Company takes measures, as indicated in "III. 5. (2) Grounds on which the Company determined that the amounts to be issued and the size of the share dilution is reasonable", so that impact on the existing shareholders occurred by the dilution becomes as little as possible.

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Furthermore, the Decreases in Capital, etc. and the Appropriation of Surplus are transfers of appropriation in net assets as indicated on the balance sheet, which does not change the Company's net asset amounts. The listing of the Company's common shares on the First Section of the Tokyo Stock Exchange, Inc. (the "TSE") will be maintained.

## I. Purpose

Under the business creed of "Sincerity and Creativity", the Company group has, through the development of the original products which were ahead of the times, tried for the improvement of the corporate value and has devoted to the society.

The Company group thinks that to create the innovative products and services that capture customer needs through using advanced electronics technologies leads not only for keeping and improving the corporate value of the Company, but also for keeping and improving the common benefit of the shareholders.

In this kind of situation, since early 2000, the Company has expanded its business with growth drivers, including LCD TVs and mobile handsets in Japan, while making a large investment in the LCD related business, aiming for further business growth.

However, as the market expands, products including digital consumer appliances have commoditized quickly, creating a difficult position for the Company, in the face of the growing presence of overseas competitor companies that have a high cost competitive edge. With the global economic slowdown after Lehman's fall and the delay in taking action to change market demand after the termination of Eco-Point Program in Japan, the Company's net sales have decreased following a peak in fiscal year ended March 2008.

In response to such situation, the Company has set Medium Term Management Plan 2013 and has carried out toward realizing of "Recovery and Growth" through restructuring of the current business portfolio, improving the profitability of LCD business, expanding overseas businesses focusing on the ASEAN market, reducing fixed costs by introducing all-the Company cost restructuring innovations, and improving financial position. As a result, the Company returned to profit in 108,560 million yen of consolidated operating profit and 11,559 million yen of consolidated net income on the year ending March 2014, however, the Company recorded large deficit on the year ended March 2015, due to lack of correspondence to the deterioration in business environment of LCD TVs in America and energy solution business, as well as lack of foresight in market change, inadequacy to correspond to price decline, and inadequacy in marketing for small- and medium-size LCDs, as well as recording of the allowance for the price difference in long term contract of polysilicon materials used in solar panels, and write-down of the inventories of small- and medium-size LCDs to improve earnings structure.

The Company recognizes that the factors of these deterioration are (i) Weakness in adapting to the changes with speedy action, (ii) Delay of launching business in growing areas, (iii) Weakened cost competitiveness, (iv) Insufficient corporate governance and business management.

In order to overcome this situation and recover profit, the Company set the Medium Term Management Plan based on fundamental restructuring as indicated below "II. Overview of this Plan" ("this Plan", please see "Medium-Term Management Plan for Fiscal 2015 through 2017" for detail which the Company separately announced today.). Specifically, the Company will set three important strategies; 1. Re-organizing Business Portfolio, 2. Executing Reduction of Fixed Cost and 3. Reorganizing Corporate Structure and Strengthening Corporate Governance, and plan to establish a stable revenue bases for execution of fundamental restructuring. Furthermore, executing the fundamental restructuring requires a large amount of damage in net assets and recovering profit requires continuous investment in growth fields, the Company decided to issue Class A Shares to the Alloted Banks to cover the capital damaged by fundamental restructuring, and at the same time, decided to issue Class B Shares to JIS who has steady experience of investment in Japan and agrees with the Company's management policies of the improvement of corporate value for medium-and-long term.

The Company will execute fundamental restructuring after stabilizing our financial standing with a capital investment by the Alloted Banks and allocate the funds received from JIS for investment in growth fields.

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## II. Overview of this Plan

The Company will target to "establish the bases for stable profitability by execution of fundamental restructuring" by execution of the following three key strategies.

### 1. Re-organizing Business Portfolio

The Company will re-build its current corporate structure including 2 business groups and 8 business units into 5 companies to adapt to clients and business criteria in order to re-organize business portfolio and improve profitability.

- Consumer Electronics Company
- Energy Solutions Company
- Business Solutions Company
- Electronic Component and Device Company
- Display Device Company

### 2. Executing Reduction of Fixed Cost

The Company plans to execute fundamental cost restructuring foreseeing improvement in future profitability. The restructuring will include innovation to business schemes and business bases, personnel reduction by voluntary retirement in Japan and downsizing of overseas bases, streamlining headquarter, and urgent measures to reduce personnel cost in Japan, etc.

### 3. Reorganizing Corporate Structure and Strengthening Corporate Governance

#### (1) Introduction and Aim of Company-System

The Company intends to introduce company-system from October 2015 to balance the enforcement of corporate section management and establishment of each company's independence to realize disciplined and speedy management. Each company will target (i) management focusing on B/S, P/L and C/F, (ii) Integrated framework covering production to sales, (iii) Flat structure to adapt promptly to market changes.

#### (2) Fundamental Changes in the Personnel Affairs

For the recovery of the company, in order to provide the opportunity to enhance careers and working conditions worth working for to the employees with important roles, and to create robust corporate structure with competitive edge in each business field, Sharp intends to make changes in the personnel affairs as follows;

- (i) Review of class and reward systems
- (ii) Provide appropriate working conditions
- (iii) Thorough merit-based promotion system
- (iv) Change to more flat and simple structure

#### (3) Renewal of Management

The Company will renew our management to accomplish Medium-Term Management Plan.

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### III. Issuance of Class Shares by a third party allotment

#### 1. Overview of subscription

##### (1) Class A Shares

(i) Payment date	June 30, 2015
(ii) Number of shares to be issued	200,000 shares
(iii) Issued price	1,000,000 yen per share
(iv) Amounts of procurement funds	200,000,000,000 yen
(v) Subscription and allotment method (Planned allottee)	Allotted by a third party allotment method. Mizuho Bank, Ltd. 100,000 shares The Bank of Tokyo-Mitsubishi UFJ, Ltd. 100,000 shares
(vi) Other	Please see Appendix 1 "Terms and conditions of Class A Share issuance" for details. The dividend rate (annual) of Class A Shares is set by adding 2.5% to Japanese yen TIBOR (6 months), and Class A shares are cumulative and non-participating. In addition, Class A shareholders are entitled to receive dividends in preference to common shareholders. Class A Shares have no voting right and assignments are restricted. Put options the consideration for which is common shares, put options the consideration for which is cash, and call options the consideration for which is cash are attached to Class A Shares. The maximum dilution rate will be approximately 118.7%, if all the put options attached to Class A Shares the consideration for which are common shares are exercised, assuming no amount equal to the accumulated unpaid dividends and no daily prorated unpaid preferred dividend amount for the Class A Shares exist. The put option the consideration for which is common shares can be exercised only on or after July 1, 2019. The payments for the Class A Shares by the Alloted Banks are subject to an Ordinary General Meeting of Shareholders' approval of matters such as Revision of Articles of Incorporation, the issuance of Class Shares, Decreases in Capital, etc., reasonable certainty that payment will be received for the Class B Shares from JIS and reconciliation among financial institutions which the Alloted Banks are reasonably satisfied with, etc.

##### (2) Class B Shares

(i) Payment date	June 30, 2015
(ii) Number of shares to be issued	25,000 shares
(iii) Issued price	1,000,000 yen per share

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(iv) Amounts of procurement funds	25,000,000,000 yen
(v) Subscription and allotment method (Planned allottee)	Allotted by a third party allotment method. JIS 25,000 shares
(vi) Other	<p>Please see Appendix 2 "Terms and conditions of Class B Share issuance" for details.</p> <p>The dividend rate (annual) of Class B Shares is set at 7.0% if the record date for a dividend from surplus belongs to a business year ending before the end of March, 2018 and at 8.0% if the record date for dividends from surplus belongs to a business year starting after April 1, 2018, and Class B Shares are cumulative and non-participating. In addition, Class B shareholders are entitled to receive dividends in preference to Class A shareholders and common shareholders. Class B Shares have no voting right and assignments are restricted.</p> <p>Put options the consideration for which is common shares, and call options the consideration for which is cash are attached to Class B Shares. Put options the consideration for which is cash are not attached to Class B Shares.</p> <p>The maximum dilution rate will be approximately 20.8%, if all the put options attached to Class B Shares the consideration for which is common shares are exercised, assuming no amount equal to accumulated unpaid dividends and no daily prorated unpaid preferred dividend amount for the Class B Shares exist.</p> <p>The Company and JIS agreed to the exercise conditions for the put options attached to Class B Shares the consideration for which is common shares in the subscription agreement, and consequently the Company's common shares will be issued through the exercise of the put options the consideration for which is common shares basically on or after July 1, 2018.</p> <p>The payment for the Class B Shares by JIS is subject to an Ordinary General Meeting of Shareholder's approval of matters such as Revision of Articles of Incorporation, the issuance of the Class Shares and Decreases in Capital, etc., the appointment of two outside director named by JIS in advance etc., the completion of the payment for Class A Shares by the Alloted Banks and written consents of reconciliation among financial institutions being acquired which JIS is reasonably satisfied with, etc.</p>

## 2. Purpose of and reason for issuance

### (1) Background to and purpose for issuing the Class A Shares and the Class B Shares

The Company has newly prepared this Plan as indicated in "I. Purpose" above and is issuing the Class Shares in order to establish a stable revenue bases for the Company by stabilizing our financial standing and implementing the significant structural reforms with the capital investment by the Alloted Banks, and by investing in growth fields with the funds received from JIS.

### (2) Reason for procuring funds through the Class A Shares and the Class B Shares

Aiming to stabilize our financial standing, the Company has examined various options and considered their effects on its existing shareholders, but as stated in the press release "Consolidated Financial Results for the

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Year Ended March 31, 2015 (Japanese base)" separately announced by the Company today, for the year ended March 31, 2015, its consolidated net assets are 44,515 million yen. In light of its financial circumstances whereby its net assets have significantly decreased, the Company believes that it is necessary and appropriate to aim to strengthen its own capital by procuring funds that are capital in nature, rather than procuring funds that are liabilities in nature such as borrowing from financial institutions, etc. and issuing bonds, in order to stabilize our financial standing.

Furthermore, with regard to financing methods, in consideration of the management environment surrounding the Company, its financial position and business performance, and the state of its share price, the Company decided that a capital increase through a public offering of common shares and a capital increase through a third-party allotment of common shares would be inappropriate because shareholder value would be harmed immediately due to the dilution of common shares. The Company decided that it is more effective to raise funds by issuing Class Shares in order to constrain a rapid dilution of common shares, procure the necessary funds with certainty, and stabilize its financial standing.

To achieve this, the Company decided that the best option is to issue Class A Shares to the Alloted Banks, the Company's main financial institutions, and to issue Class B Shares to JIS, an investor who understands the Company's current position, business purpose and management policies after considering the experience of investments in class shares, the characteristics of the investors, and the amount of financing required, etc.

### (3) Overview of the Class A Shares and the Class B Shares

#### (i) Dividends

The preferred dividend rate (annual) of the Class A Shares is set by adding 2.5% to Japanese yen TIBOR (6 months). If there is a shortfall in a dividend to Class A shareholders for a business year, the shortfall amount will be carried over into business years in or after subsequent business years. In principle, Class A shareholders are not entitled to receive dividends from surplus exceeding the amount of such preferred dividends.

The preferred dividend rate (annual) of the Class B Shares is set at 7.0% if the record date for a dividend from surplus belongs to a business year ending before the end of March 2018 and at 8.0% if the record date belongs to a business year starting after April 1, 2018. If there is a shortfall in a dividend to Class B shareholders in a business year, the shortfall amount is carried over into business years in or after subsequent business years. In principle, Class B shareholders are not entitled to receive dividends from surplus exceeding amount of such preferred dividends.

The priority and subordinate relationship between these Class shareholders regarding the Class Shares and common shareholders regarding dividends from surplus is as follows; an amount equal to the accumulated unpaid dividends of Class B Shares is the first priority, preferred dividends for Class B Shares are the second priority, an amount equal to the accumulated unpaid dividends of Class A Shares is the third priority, preferred dividends for Class A Shares are the fourth priority and dividends of common shares are the fifth priority.

#### (ii) Put options and call options with the Class A Shares

The put options the consideration for which is common shares, put options the consideration for which is cash and call options the consideration for which is cash are all attached to the Class A Shares.

The put options the consideration for which is common shares are attached to the Class A Shares. The put options the consideration for which is common shares attached to Class A Shares can be exercised on and after July 1, 2019. The initial acquisition price (the "Class A Initial Acquisition Price") of the put options the consideration for which is common shares is equivalent to the average value of the Volume Weighted Average Price (the "average VWAP") in ordinary trading of the Company's common shares publicly announced on the TSE in 30 consecutive trading days prior to July 1, 2019 (however, the lower limit of the

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initial acquisition price is 100 yen). On and after January 1, 2020, the acquisition price will be revised to an amount equal to 95% of the average VWAP in ordinary trading of the Company's common shares publicly announced on the TSE in 30 consecutive trading days prior to the day every six months. The upper limit of the acquisition amount is 150% of the Class A Initial Acquisition Price and the lower limit is 50% of the Class A Initial Acquisition Price or 100 yen whichever is larger. The number of common shares to be delivered if the put options the consideration for which is common shares are exercised will be calculated by adding the amount equivalent to the amount to be paid in for the Class A Shares for which the put option is exercised to the total of the amount equal to the accumulated unpaid dividends and the daily prorated unpaid preferred dividend amount for the Class A Shares and dividing that product by the acquisition price.

The put options the consideration for which is cash are attached to the Class A Shares. The put options the consideration for which is cash attached to the Class A Shares can be exercised on and after July 1, 2021 to the extent the distributable amount exceeds the total of the amount equivalent to the amount to be paid in for the Class B Shares, the amount equal to accumulated unpaid dividends and the daily prorated unpaid preferred dividend amount for the Class B Shares. The amount to be delivered if the put options the consideration for which is cash attached to the Class A Shares is exercised will be the amount calculated by multiplying the amount equivalent to the amount to be paid in for the Class A Shares for which the put options are exercised by 110% and then adding that product to the total amount equal to the accumulated unpaid dividends and the daily prorated unpaid preferred dividend amount for the Class A Shares.

The call options the consideration for which is cash are attached to the Class A Shares. With the call options the consideration for which is cash attached to the Class A Shares, any time on and after July 1, 2016, the Company may, by giving a written notice (which shall be irrevocable) to Class A shareholders at least 60 trading days in advance of the Class A Cash Consideration Redemption Date (defined below), acquire all the Class A Shares in exchange for cash to the extent permissible under law and regulations on the coming of the day to be separately determined by the Company's Board of Directors meeting (the "Class A Cash Consideration Redemption Date") only if no issued Class B Shares (excluding shares held by the Company) exist. The amount to be delivered if the call options the consideration for which is cash is exercised will be the amount calculated by multiplying the amount equivalent to the amount to be paid in for the Class A Shares for which the call options are exercised by 110% and then adding that product to the total amount equal to the accumulated unpaid dividends and the daily prorated unpaid preferred dividend amount for the Class A Shares.

As mentioned above, the Allotted Banks (Class A shareholders) are not entitled to exercise the put options the consideration for which is common shares until June 30, 2019. Therefore, the Company can avoid early dilution of common shares and secure the time to enhance its corporate value through implementing this Plan. In addition, the Company aims at avoiding a dilution caused by the put options the consideration for which is common shares as much as possible by building up its internal reserves as a result of implementing this Plan and acquiring the Class A Shares by using the call options the consideration for which is cash.

Further, when revising the acquisition price, the lower limit of the revised acquisition price is fixed at a certain amount. Therefore, if the Company's share price declines, dilution by the put options the consideration for which is common shares can be limited to a certain level.

### (iii) Put options and call options with the Class B Shares

The put options the consideration for which is common shares and call options the consideration for which is cash are attached to the Class B Shares. Put options the consideration for which is cash are not attached to the Class B Shares.

The put options the consideration for which is common shares are attached to the Class B Shares. Although the terms and conditions of the Class B Share issuance allows shareholders of the Class B Shares to request that the Company, at any time on and after July 1, 2015, acquire all or a part of the Class B Shares the consideration of which is common shares, JIS, by a provision in the subscription agreement entered into with

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the Company, is entitled to exercise the put options the consideration for which is common shares attached to the Class B Shares only on and after July 1, 2018. However, in that agreement, both parties agreed that JIS is entitled to exercise the put options the consideration for which is common shares even before June 30, 2018 if (i) the Company forfeits the benefit of time in relation to obligations borne by the Company pursuant to certain loan agreements due to a violation of financial covenants set out in the loan agreement to which the Company is a party or a material default, etc., (ii) there is a breach by the Company of obligations or representation warranties in the subscription agreement entered into with JIS (excluding, basically, minor breaches), (iii) the Company's distributable amount lowers down a certain amount, (iv) the Company fails to file, notify or disclose securities reports or quarterly securities reports or other disclosure documents in accordance with the Financial Instruments and Exchange Act, (v) consolidated operating income of the Company lowers down the consolidated operating income set forth in this Plan at a certain level, or (vi) JIS receives a notice in writing from the Company to exercise the call options the consideration for which is cash attached to the Class B Shares (collectively, the "Conversion Restriction Removal Reason"). If the Company becomes aware of a Conversion Restriction Removal Reason occurring, or when it receives a notice with regard to the exercise of the put options the consideration for which is common shares, the Company will promptly disclose it.

The number of common shares to be delivered if the put options the consideration for which is common shares attached to Class B Shares are exercised will be the number calculated by multiplying the Equivalent Amount to the Amount to be Paid in for the Class B Shares for which the put options are exercised by the following coefficient, depending on the day when the put option is exercised, adding that product to the total amount equal to the accumulated unpaid dividends and the daily prorated unpaid preferred dividend amount for the Class B Shares, and dividing that product by the acquisition price.

From July 1, 2015 to June 30, 2016	1.05
From July 1, 2016 to June 30, 2017	1.12
From July 1, 2017 to June 30, 2018	1.19
From July 1, 2018 to June 30, 2019	1.26
From July 1, 2019 to June 30, 2020	1.33
After July 1, 2020	1.40

In this case, the initial acquisition price is 248.3 yen (the "Class B Initial Acquisition Price"), and then, on and after September 15, 2015, the price will be revised to an amount equal to 90% of the average VWAP in ordinary trading of the Company's common shares publicly announced on the TSE in 30 consecutive trading days prior to the date every six months. The upper limit of the acquisition price is the Class B Initial Acquisition Price, the average VWAP in ordinary trading of the Company's common shares publicly announced on the TSE in 30 consecutive trading days prior to September 15, 2015, which is the first revision date of the acquisition price, or the average VWAP in ordinary trading of the Company's common shares publicly announced on the TSE in 30 consecutive trading days prior to March 15, 2016, which is the second revision date of the acquisition price, whichever is the lowest, and the lowest limit of the acquisition price is 100 yen.

The call options the consideration for which is cash are attached to the Class B Shares. With the call option the consideration for which is cash attached to the Class B Shares, any time on and after July 1, 2016, the Company may, by giving a written notice (which shall be irrevocable) to Class B shareholders at least 60 trading days in advance of the Class B Cash Consideration Redemption Date (defined below), acquire all the Class B Shares in exchange of cash to the extent permissible under law and regulations on the coming of the day to be separately determined by the Company's Board of Directors meeting (the "Class B Cash Consideration Redemption Date"). If a notice is issued that the put options the consideration for which is common shares is to be exercised prior to the acquisition date in accordance with the call options, only Class B Shares which are not subject to the put options can be acquired in accordance with the call options the consideration for which is cash.

The amount to be delivered if the call options the consideration for which is cash attached to the Class B Shares are exercised will be the amount calculated by multiplying the amount equivalent to the amount to be

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paid in of the Class B Shares for which the put options are exercised by the following redemption coefficient which is determined depending on the period of the Class B Cash Consideration Redemption Date and then adding that product to the total of the amount equal to the accumulated unpaid dividends and the daily prorated unpaid preferred dividend amount for the Class B Shares.

From July 1, 2016 to June 30, 2017	1.12
From July 1, 2017 to June 30, 2018	1.19
From July 1, 2018 to June 30, 2019	1.26
From July 1, 2019 to June 30, 2020	1.33
After July 1, 2020	1.40

As mentioned above, JIS (Class B shareholder) is not entitled to exercise the put options the consideration for which is common shares until June 30, 2018 unless a Conversion Restriction Removal Reason occurs. Therefore, the Company can avoid early dilution of common shares and secure the time to enhance its corporate value through implementing this Plan. In addition, the Company aims at avoiding a dilution caused by the put options the consideration for which is common shares as much as possible by building up its internal reserves as a result implementing this Plan and acquiring the Class B Shares by using the call options the consideration for which is cash.

Further, when revising the acquisition price, the lower limit of the revised acquisition price is fixed at a certain amount. Therefore, if the Company's share price declines, dilution by the put options the consideration for which is common shares can be limited to a certain level.

(iv) Voting rights and restrictions on assignment

The Class A Shares and the Class B Shares do not have voting rights at general meetings of shareholders. Any acquisition of the Class A Shares and the Class B Shares by assignment requires the approval of the Company's Board of Directors.

For more details of the Class A Shares and the Class B Shares, please see Appendix 1, "Terms and conditions of Class A Share issuance" and Appendix 2, "Terms and conditions of Class B Share issuance."

3. Amounts, usage and planned time of spending of funds procured

(1) Amounts of funds procured

(i) Total amount to be paid in	225,000,000,000 yen
(ii) Estimated issuance expenses	400,000,000 yen
(iii) Estimated retained balance	224,600,000,000 yen

(Note) 1 "Estimated issuance expenses" does not include consumption tax.

2 The major breakdown of "Estimated issuance expenses" is registration costs, financial advisers' fees and legal advisers' fees.

(2) Specific usage of funds to be procured

(i) Class A Shares

Specific usage	Amounts	Planned time of spending
a. Repayment of the Company's and the Company's subsidiary's debt owed to Mizuho Bank group	100,000 million yen	June 2015

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b. Repayment of the Company's and the Company's subsidiary's debt owed to Bank of Tokyo-Mitsubishi UFJ group	100,000 million yen	June 2015
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(ii) Class B Shares

Specific usage	Amounts	Planned time of spending
a. New installation and replacement of mechanical equipment, etc. for achieving higher definitions and improving yields, and other rationalization investments, etc. in the LCD business	17,600 million yen	July 2015 to March 2018
b. Investment in molds for new products for Japan, China and Asia, and rationalization investments, etc. in each domestic and overseas factory in the health and environment business	4,000 million yen	July 2015 to March 2018
c. Investment in molds for new products, and rationalization investments, etc. in each domestic and overseas factory in the business solutions business	3,000 million yen	July 2015 to March 2018

(Note 1) Funds procured will be managed in a bank account until they are actually to be disbursed.

(Note 2) With regard to investments, etc. in rationalization, specifically, it is assumed that funds will be allocated to investment expenditures, etc. that contribute to the achievement of this Plan, such as increasing in productivity and cost reductions.

4. Practical approach to the reasonableness of spending funds

Funds procured by the issuance of Class A Shares will be used to repay the Company's and the Company's subsidiary's debt with interest of 200,000 million yen owed to Mizuho Bank group and Bank of Tokyo-Mitsubishi UFJ group and contribute to stabilize our financial standing, and the Company believes that using the funds as indicated above is reasonable.

With respect to funds procured by the issuance of Class B Shares, as indicated above in "I. Purpose" and above in "II. Overview of this Plan," they will be used to implement a part of this Plan and are indispensable to establish a stable revenue bases for the Company group, and the Company believes that using the funds as indicated above is reasonable.

5. Reasonableness of issuing condition, etc.

(1) Calculation ground for amount to be paid in and its specific contents

In determining the issuing conditions of the Class Shares, the Company requested that Deloitte Tohmatsu Financial Advisory LLC, Ltd. (the "Deloitte Tohmatsu Financial Advisory"), which is a third party evaluation organ independent of the Company, analyze the value of the Class Shares to ensure fairness, and obtained a calculation report for the Class Shares (the "Calculation Report") from Deloitte Tohmatsu Financial Advisory. Under certain assumptions (the dividend rate of the Class Shares, put options the consideration for which is

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common shares, put options the consideration for which is cash, call options the consideration for which is cash, the Company's common share price and the fluctuation ratio, etc.), Deloitte Tohmatsu Financial Advisory executed a value analysis of the Class Shares using the binomial tree-model, which is a general value analysis model. The Calculation Report states that the price per Class A Share is from 664 thousand to 847 thousand yen and the price per Class B Share is from 1,182 thousand to 1,279 thousand yen.

The details of the value analysis results for the Class Shares are as follows.

(i) The value analysis results of the Class Shares

Class A Shares: Per share: 664 thousand yen to 847 thousand yen

Class B Shares: Per share: 1,182 thousand yen to 1,279 thousand yen

(ii) Overview of numerical values used

Share price: 202 yen (Closing price at TSE on May 13, 2015)

Dividend yield: 0.0% (Calculated based on the most recent dividend result of common shares)

Share price fluctuation rate: 30% (Calculated by seeing share information on most recent day)

Risk free rate: 0.46% (Used the long yield rate of Japanese government bonds)

The Company determined that the issuance of the Class Shares would not be deemed to be a favorable issuance by comprehensively considering the above evaluation results in the Calculation Report by Deloitte Tohmatsu Financial Advisory, which is a third party evaluation organ independent of the Company, and decided the issuing conditions for the Class Shares through consultation and negotiation with the planned allottees, taking into account the Company's business environment and financial condition.

However, as there are no objective market prices for the Class Shares, the evaluation of the Class Shares is very advanced and complex and various ways of thinking are possible with regard to the evaluation of Class Shares, the possibility that the amount for the Class Shares to be paid in under the Companies Act might be favorable for the planned allottees in particular cannot totally be denied. The Company, therefore, decided to issue the Class Shares on the condition that approval by a special resolution at the general meeting of shareholders be obtained in relation to a favorable issuance based on Article 199, Paragraph 2 of the Companies Act, for the sake of caution.

(2) Grounds on which the Company determined that the amounts to be issued and the size of the share dilution is reasonable

The Company is financing the total of 225,000 million yen by issuing 200,000 shares of Class A Shares and 25,000 shares of Class B Shares. Considering that the purpose of issuing the aforementioned Class Shares and the usage of funds have reasonable natures, the Company has determined that the amounts of Class Shares to be issued are also reasonable.

Though the Class Shares do not have voting rights at general meetings of shareholders, dilution impact might occur on the existing shareholders due to the exercise of the put option the consideration for which is common shares of Class A Shares and Class B Shares. If put option the consideration for which is common shares is assumed to be exercised regarding the entire Class Shares under the situation where the amount equal to accumulated unpaid dividends and daily prorated unpaid preferred dividend amount of the Class Shares do not exist, the amount of maximum voting right owned by Class A Shares would be 2,000,000 and the amount of maximum voting right owned by Class B Shares would be 350,000, meaning that the ratio of

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this total voting right accounts for approximately 139.4% of the total voting rights of 1,685,433 which is the total voting rights regarding the Company's issued common shares based on shareholder register as of March 31, 2015 (the maximum dilution rate of Class A Shares is approximately 118.7% and the maximum dilution rate of Class B Shares is approximately 20.8%).

Although share dilution may occur if the Company's common shares are issued by exercising the put option of the Class Shares, (i) increase in equity capital by the issuance of the Class Shares contributes to the stability of financing standing, (ii) the Class A Shares are designed that the Alloted Banks cannot exercise the put option the consideration for which is common shares until June 30, 2019, after 4 years from the payment date, thereby avoiding early dilution of common shares and securing time to enhance corporate value through the implementation of this Plan, and the Class A Shares are also designed not to allow the exercise of put options the consideration for which is common shares that will basically become executable after July 1, 2019 by exercising a call option the consideration of which is cash whenever the Company decides to do so after July 1, 2016, as long as no issued Class B shares (excluding shares held by the Company) exist, (iii) an agreement was made in the Class B Shares subscription agreement that JIS will not exercise the put option the consideration for which is common shares until June 30, 2018 (3 years as calculated from the payment date) unless a Conversion Restriction Removal occurs, thereby avoiding early dilution of common shares and securing time to enhance corporate value through the implementation of this Plan, and the Class B Shares are designed not to allow the exercise of put options the consideration for which is common shares that will basically become executable after July 1, 2018 by exercising a call option the consideration of which is cash whenever the Company decides to do so after July 1, 2016 and (iv) minimum is set for Revised Acquisition Price with regard to the put option for which consideration is common shares attached to the Class Shares and other measures are taken so that impact on the existing shareholders occurred by the dilution becomes as little as possible. Under these points of view, the Company determines that the size of dilution that may be occurred from the issuance of the Class Shares is reasonable.

6. Reasons for selecting expected allottees, etc.

(1) Outline of expected allottees

(i) Class A Shares

a. Name	Mizuho Bank, Ltd.
b. Location	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan
c. Name and Title of Representative	Nobuhide Hayashi, President
d. Business	Banking
e. Capital	1,404,065 million yen (as of the end of September 2014)
f. Date of Establishment	May 7, 1923
g. Number of Issued Shares	19,911,223 shares (as of the end of September 2014)
h. Fiscal Year Ended	March 31
i. Number of Employees	(Consolidated) 34,963 (as of the end of September 2014)
j. Main Customers	General individuals and corporations

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k.	Major Shareholder and Ratio of Voting Rights	Mizuho Financial Group, Inc. 100.00% (the end of September 2014)		
l.	Relationships between the Parties			
	Capital Relationship	Mizuho Bank, Ltd. holds 2.46% of the common shares of the Company (as of the end of March 2015).		
	Personnel Relationship	1 person has been transferred to be an officer of the Company and 3 people have been seconded to be employees of the Company.		
	Transaction Relationship	Mizuho Bank, Ltd. has provided the Company group with loans of 350,524 million yen (as of the end of March 2015).		
	Status as a Related Party	Not applicable.		
m.	Business Results and Financial Conditions for Previous Three Fiscal Years			
	Fiscal Year Ended	Ended March 2012	Ended March 2013	Ended March 2014
	Consolidated Net Assets	4,732,660	5,359,529	7,896,118
	Consolidated Total Assets	94,621,163	104,051,669	149,043,219
	Consolidated Net Assets per Share (yen)	216,544.16	254,226.60	393,262.23
	Consolidated Ordinary Revenue	1,350,920	1,547,693	2,020,951
	Consolidated Ordinary Income	352,669	358,393	765,580
	Consolidated Net Income	280,873	259,898	488,678
	Consolidated Net Income per Share (yen)	17,389.87	16,091.18	30,255.76
	Dividend per Share (yen)	Common Shares 8,695	Common Shares 8,046	Common Shares 17,878
		Second Series of Class 4 Preferred Shares 42,000	Second Series of Class 4 Preferred Shares 42,000	Second Series of Class 4 Preferred Shares 42,000
		Eighth Series of Class 8 Preferred Shares 47,600	Eighth Series of Class 8 Preferred Shares 47,600	Eighth Series of Class 8 Preferred Shares 47,600
		Eleventh Series of Class 13 Preferred	Eleventh Series of Class 13 Preferred	Eleventh Series of Class 13 Preferred

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	Shares	Shares	Shares
	16,000	16,000	16,000

(unit: million yen unless otherwise specified)

Mizuho Bank is a domestic financial institution whose voting rights are 100% held by Mizuho Financial Group, Inc. which is listed on the First Section of the Tokyo Stock Exchange. As Mizuho Bank operates banking business based on a license under the Banking Act, the Company has determined that Mizuho Bank has no relationship whatsoever with persons, cooperatives or other entities which intend to enjoy economic benefits by the use of violence or force, or by fraud or other criminal acts (the "Specific Groups").

a.	Name	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
b.	Location	2-7-1 Marunouchi, Chiyoda-ku, Tokyo, Japan		
c.	Name and Title of Representative	Nobuyuki Hirano, President		
d.	Business	Banking		
e.	Capital	1,711,958 million yen (as of the end of September 2014)		
f.	Date of Establishment	August 15, 1919		
g.	Number of Issued Shares	12,707,738,122 shares (as of the end of September 2014)		
h.	Fiscal Year Ended	March 31		
i.	Number of Employees	(Consolidated) 77,727 (as of the end of September 2014)		
j.	Main Customers	General individuals and corporations		
k.	Major Shareholder and Ratio of Voting Rights	Mitsubishi UFJ Financial Group, Inc. 100.00% (as of the end of September 2014)		
l.	Relationships between the Parties			
	Capital Relationship	The Bank of Tokyo-Mitsubishi UFJ, Ltd. holds 2.45% of common shares of the Company (as of the end of March 2015).		
	Personnel Relationship	1 person has been transferred to be an officer of the Company and 1 person has been seconded to be an employee of the Company.		
	Transaction Relationship	The Bank of Tokyo-Mitsubishi UFJ, Ltd. has provided the Company group with loans of 372,720 million yen (as of the end of March 2015).		
	Status as a Related Party	Not applicable.		
m.	Business Results and Financial Conditions for Previous Three Fiscal Years			
	Fiscal Year Ended	Ended March 2012	Ended March 2013	Ended March 2014

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Consolidated Net Assets	9,262,169	10,658,841	11,741,453
Consolidated Total Assets	171,663,939	181,625,557	201,614,685
Consolidated Net Assets per Share (yen)	620.62	729.93	798.38
Consolidated Ordinary Revenue	3,295,914	3,419,307	3,599,428
Consolidated Ordinary Income	931,709	1,070,928	1,217,534
Consolidated Net Income	544,324	673,514	754,323
Consolidated Net Income per Share (yen)	42.57	53.07	59.62
Dividend per Share (yen)	Common Shares	Common Shares	Common Shares
	11.64	11.19	17.85
	First Series of Class 6 Preferred Shares	First Series of Class 6 Preferred Shares	First Series of Class 7 Preferred Shares
	210.90	105.45	115.00
	First Series of Class 7 Preferred Shares	First Series of Class 7 Preferred Shares	
	115.00	115.00	

(unit: million yen unless otherwise specified)

The Bank of Tokyo-Mitsubishi UFJ is a domestic financial institution whose voting rights are 100% held by Mitsubishi UFJ Financial Group, Inc. which is listed on the First Section of the Tokyo Stock Exchange. As Bank of Tokyo-Mitsubishi UFJ operates banking business based on a license under the Banking Act, the Company has determined that Bank of Tokyo-Mitsubishi UFJ has no relationship with the Specific Groups.

(ii) Class B Shares

a. Name	Japan Industrial Solutions Fund I
b. Location	1-5-1 Otemachi, Chiyoda-ku, Tokyo, Japan
c. Grounds, etc. for Incorporation	Limited Partnership Act for Investment
d. Purpose of Incorporation	Investment business
e. Partnership Formation Date	November 16, 2010
f. Limited Liability Partners	Development Bank of Japan Inc.
	Mizuho Bank, Ltd.

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	Sumitomo Mitsui Banking Corporation	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
	Mitsubishi Corporation	
	Deutsche Bank AG, Tokyo Branch	
g.  Summary of General Partner (General Partnership) (General Partner)	Name	Japan Industrial Solutions, Ltd.
	Location	1-5-1 Otemachi, Chiyoda-ku, Tokyo, Japan
	Name and Title of Representative	Shinichi Saito, President and CEO
	Business	Investment business
	Capital	100,000,000 yen
h.  Relationship between the Listed Company and the Fund	Relationship between the Listed Company and the Fund	No capital, transaction, or personnel relationships
	Relationship between the Listed Company and General Partner	No capital, transaction, or personnel relationships

The Company has confirmed that, through consultations, etc. with the representatives of the general partners of the expected allottee, the expected allottee and its limited partners have no relationship whatsoever with antisocial forces, and a confirmation document on such matter has been submitted to the Tokyo Stock Exchange.

(2) Reason for selecting allottees

(i) Class A Share

With regard to Class A Shares, the Company plans to allocate funds to be paid in by the issuance of Class A Shares to repay interest-bearing debts of the Company and its subsidiaries owed to Mizuho Bank group and Bank of Tokyo-Mitsubishi UFJ group. As a result, it will be possible to reduce interest-bearing debt of the Company and to improve its financial standing. The Company expects further assistance from Mizuho Bank and Bank of Tokyo-Mitsubishi UFJ through the issuance of Class A Shares. For the reasons stated above, the Company decided to select Mizuho Bank and Bank of Tokyo-Mitsubishi UFJ to be allottees.

(ii) Class B Shares

When issuing Class B Shares, the Company has examined investors who agree with the management policy of the Company to improve the corporate value in the medium- and long-term as well as with the purpose and design of Class B Shares. As a result, the Company has decided to issue Class B Shares to JIS who has steady experience of investment in Japan.

The Company has also resolved to enter into the agreement with JIS with respect to matters relating to

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their capital contributions to the Company including the following items.

a. Matters the Company must comply with

The Company pledges to JIS the following matters providing that JIS holds a certain level of number of Class B Shares; (1) to make best reasonable efforts to achieve this Plan, (2) to submit agenda and proposal to appoint two persons named by JIS as part-time outside directors to the general meeting of shareholders and make best reasonable efforts to approve the proposal, (3) to establish and hold jointly with JIS monitoring meetings to confirm and discuss the progress and status of this Plan, (4) the Company shall basically obtain approval in advance from JIS (such approval shall not unreasonably be refused or withheld) when the Company or its subsidiaries implement(s) actions which need a special resolution of general meetings of shareholders, including revising the articles of incorporation etc. of the Company or its subsidiaries, issuing shares, etc., acquiring treasury shares, paying dividends from surplus (only when the Company pays), disposing of a certain level of major assets, implementing a certain level of organizational restructuring, obtaining a certain level of loan/guaranty, etc., filing insolvency proceedings, or changing this Plan, (5) to report certain matters including the status of compliance to JIS, (6) to make reasonable efforts to generate distributable amounts and funds to pay dividends from surplus for the Class B Shares, and (7) to implement a fundamental improvement of this Plan if the Company violates financial covenants or is in any material default of liabilities provided for in certain the loan agreements to which the Company is a party, or the Company is in material violation of obligations under the subscription agreement executed between the Company and JIS.

b. Restriction on exercising put option

JIS cannot exercise put options of the Class B Shares the consideration for which is common shares from the payment date through June 30, 2018 unless a Conversion Restriction Removal Reason occurs. If JIS transfers or disposes of all or a part of the Class B Shares before June 30, 2018, JIS is required to ensure that the purchaser of the shares pledges to the Company to comply with the obligations regarding the conversion restriction for the put options the consideration for which is common shares.

c. Conditions precedent to the payment obligation

The conditions precedent for JIS's obligation to pay for the Class B Shares include (i) the Ordinary General Meeting of Shareholders approves the Revision of Articles of Incorporation, issuing Class Shares, Decreases in Capital, etc. and approval of the appointment of two persons named by JIS as outside directors, (ii) the Alloted Banks complete payments for the Class A Shares, and (iii) consent letters are obtained with respect to reconciliation among financial institutions with which JIS is reasonably satisfied.

(3) Allotees' policies for holding shares

(i) Alloted Banks

Although there are no arrangements with respect to policies for holding Class A Shares between the Company and the Alloted Banks, the Company would like the Alloted Banks to hold the Class A Shares on mid- and long-term basis.

In addition, acquiring the Class A Shares by assignment requires the approval of the Company's Board of Directors.

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(ii) JIS

The Company has received an explanation from JIS that it plans to basically hold the Class B Shares on a mid-term basis.

JIS cannot exercise the put options of the Class B Shares the consideration for which is common shares from the payment date through to June 30, 2018 unless a Conversion Restriction Removal Reason occurs.

In addition, acquiring the Class B Shares by assignment requires the approval of the Company's Board of Directors. The Company will obtain written confirmation from JIS by the payment date that if all or a part of the Class B Shares to be allotted are assigned by JIS within two years from the payment date, JIS shall report on such assignment to the Company (i.e. the name and the address of the assignee, the number of assigned shares, the assignment date, the assignment price, the reason for assignment, the method of assignment, etc.), and JIS will agree that the Company will report the contents of the relevant report to the TSE, and the contents thereof could be made publicly available.

(4) Contents confirmed with regard to funds required for the payment by the allottee

With respect to the Alloted Banks, as a result of confirming the financial statements of the Alloted Banks, cash reserves larger than the amount to be paid are reported as current assets. Therefore, the Company believes that the Alloted Banks will be able to pay for the subscription of shares in respect of the shares to be allotted.

With respect to JIS, the Company obtained a report that the allottee will complete the preparation of funds required for the payment by the payment date and the Company also determined funds for the subscription will fully be secured by confirming the financial report of the investor and other ways.

7. Major shareholders and their holding ratios after the offering

(1) Common shares

The number of dilutive shares of Class Shares is not included in the calculation of the major shareholders and shareholding ratio after the offering of the Class Shares as it is difficult to reasonably estimate that number at this moment.

Before the offering (as of March 31, 2015)		After the offering
Nippon Life Insurance Company	2.78%	The same as the left.
Meiji Yasuda Life Insurance Company	2.69%	
QUALCOMM INCORPORATED	2.47%	
Mizuho Bank, Ltd.	2.46%	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2.45%	
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	2.17%	
Makita Corporation	2.11%	
Samsung Electronics Japan Co., Ltd.	2.10%	

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SHARP Employee Share-Holding Association	1.79%	
Japan Trustee Services Bank, Ltd. (Trust Account)	1.60%	

(Note) In the shareholding ratio in the table above is based on the shareholders' register as of March 31, 2015 and rounded to the second decimal place.

(2) Class A Shares

Before the offer (as of May 14, 2015)	After the offer	
Not applicable	Mizuho Bank, Ltd.	50.00%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	50.00%

(3) Class B Shares

Before the offer (as of May 14, 2015)	After the offer	
Not applicable	Japan Industrial Solutions Fund I	100.00%

8. Future outlook

The Company aims to stabilize its financial basis through the issuance of the Class Shares. For details on future outlook, please see the consolidated results forecast for the period ended March 2016 set out in the "Medium-Term Management Plan for Fiscal 2015 through 2017" and the "Consolidated Financial Results for the Year Ended March 31, 2015 (Japanese base)" released by the Company today.

9. Matters regarding the procedures of ethical actions of a corporate

As the issuance of these Class Shares will result in the dilution rate to be 25% or more, the Company plans to obtain an approval by a special resolution at the Ordinary General Meeting of Shareholders as an approval procedure of shareholders in compliance with Item 2, Article 432 in the securities listing regulations provided for by TSE.

10. Business results for and status of equity finance executed in previous three fiscal years

(1) Business results for previous three years (consolidated)

	Ended March, 2013	Ended March, 2014	Ended March, 2015
Consolidated net sales	2,478,586 million yen	2,927,186 million yen	2,786,256 million yen
Consolidated operating	(146,266 million yen)	108,560 million yen	(48,065 million yen)

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income (loss)			
Consolidated ordinary income (loss)	(206,488 million yen)	53,277 million yen	(96,526 million yen)
Consolidated net income (loss)	(545,347 million yen)	11,559 million yen	(222,347 million yen)
Consolidated net income (loss) per share	(489.83 yen)	8.09 yen	(131.51 yen)
Dividend per share	— yen	— yen	— yen
Consolidated net assets per share	106.90 yen	115.43 yen	17.84 yen

(2) Current number of issued shares and number of dilutive shares (as of March 31, 2015)

	Number of shares	Ratio to total number of issued shares
Number of issued shares	1,701,214,887 shares	100.0%
Number of dilutive shares at current conversion price (exercise price)	—	—
Number of dilutive shares at minimum conversion price (exercise price)	—	—
Number of dilutive shares at maximum conversion price (exercise price)	—	—

(3) Recent stock prices

(i) Stock prices for recent three years

	Ended March, 2013	Ended March, 2014	Ended March, 2015
Opening	606 yen	271 yen	314 yen
High	607 yen	633 yen	341 yen
Low	142 yen	234 yen	219 yen
Closing	272 yen	314 yen	235 yen

(ii) Stock prices for recent six months

	November 2014	December	January 2015	February	March	April
Opening	291 yen	283 yen	267 yen	229 yen	255 yen	235 yen
High	305 yen	291 yen	271 yen	258 yen	258 yen	289 yen

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Low	278 yen	260 yen	219 yen	226 yen	226 yen	229 yen
Closing	283 yen	268 yen	232 yen	254 yen	235 yen	260 yen

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

	May 13, 2015
Opening	212 yen
High	217 yen
Low	200 yen
Closing	202 yen

(4) Equity finance for recent three years

(i) Public offering

Payment Date	October 15, 2013
Amount of Proceeds	108,003,880,000 yen (Estimated Net Amount)
Issue Price	279 yen per share
Total number of issued shares	1,188,491,887 shares
Number of shares offered	408,000,000 shares
Total number of shares after offering	1,596,491,887 shares
Initial purpose of use of the funds as intended at the time of issue	<ul style="list-style-type: none"> <li>a. Equipment, etc. for the development/production of LCD televisions for domestic and emerging markets - 17,400 million yen</li> <li>b. Equipment, etc. for the development/production of communication terminals for the domestic market - 14,100 million yen</li> <li>c. Equipment, etc. for a new plant in Indonesia - 44,500 million yen</li> <li>d. Equipment, etc. for the development/production of digital multifunction printers - 16,700 million yen</li> <li>e. Equipment, etc. for the development of high power models for the domestic market - 8,300 million yen</li> <li>f. Equipment, etc. for the development/production of camera modules/GaN (gallium nitride) power devices - 33,500 million yen</li> <li>g. Investment in equipment, etc. for definition enhancement and improvement of yield ratios - 86,000 million yen</li> <li>h. Equipment, etc. for research and development, including exploitation in 5 priority business areas - 21,000 million yen</li> </ul>

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Timing of use of funds as intended at the time of issue	a. FY2013 to FY2015 b. FY2013 to FY2015 c. FY2013 to FY2015 d. FY2013 to FY2015 e. FY2013 to FY2015 f. FY2013 to FY2015 g. FY2013 to FY2015 h. FY2013 to FY2015
Status of allocation as of today	a.-h. Allocation has been completed as per the initial purpose of use of the funds

(Note) The amounts listed in "Initial purpose of use of the funds as intended at the time of issue" is the expected amount of investment including proceeds from public offering, proceeds from "(vi) The Third-Party Allotment Capital Increase" as indicated below, fund on hand and borrowings.

(ii) Third-party allotment capital increase

Payment Date	December 27, 2012
Amount of Proceeds	4,711,680,000 yen (Estimated Net Amount)
Issue Price	164 yen per share
Total number of issued shares	1,110,699,877 shares
Number of shares offered	30,120,000 shares
Total number of shares after offering	1,140,819,887 shares
Allottee	QUALCOMM INCORPORATED 30,120,000 shares
Initial purpose of use of the funds as intended at the time of issue	a. Development cost for the next generation MEMS display - 3,300 million yen b. Investment in the equipment for the development of the next generation MEMS display - 1,400 million yen
Timing of use of funds as intended at the time of issue	a. December 2012 to March 2013 b. December 2012 to March 2013
Status of allocation as of today	a.-b. Allocation has been completed as per the initial purpose of use of the funds

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## (iii) Third-party allotment capital increase

Payment Date	March 28, 2013
Amount of Proceeds	10,134,160,000 yen (Estimated Net Amount)
Issue Price	290 yen per share
Total number of issued shares	1,140,819,887 shares
Number of shares offered	35,804,000 shares
Total number of shares after offering	1,176,623,887 shares
Allottee	Samsung Electronics Japan Co., Ltd. 35,804,000 shares
Initial purpose of use of the funds as intended at the time of issue	a. Introduction of new technology for LCDs with high-definition features - 6,900 million yen b. Investment including rationalization of manufacturing facilities for LCDs used in mobile devices such as tablet terminals and notebook computers with high-definition features - 3,234 million yen
Timing of use of funds as intended as the time of issue	a. April 2013 to March 2015 b. April 2013 to March 2015
Status of allocation as of today	a.-b. Allocation has been completed as per the initial purpose of use of the funds

## (iv) Third-party allotment capital increase

Payment Date	June 24, 2013
Amount of Proceeds	5,852,736,000 yen (Estimated Net Amount)
Issue Price	502 yen per share
Total number of issued shares	1,176,623,887 shares
Number of shares offered	11,868,000 shares
Total number of shares after offering	1,188,491,887 shares
Allottee	QUALCOMM INCORPORATED 11,868,000 shares
Initial purpose of use of the funds as intended at the time of issue	a. Development cost for the manufacturing next generation MEMS display - 1,200 million yen b. Investment in the equipment for the development of manufacturing next generation MEMS display - 4,653 million yen

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Timing of use of funds as intended at the time of issue	a. June 2013 to December 2014 b. June 2013 to December 2014
Status of allocation as of today	a.-b. Although the timing of use of funds has passed, allocation is being made based on the initial purpose of use of the funds

(v) Third-party allotment capital increase

Payment Date	October 22, 2013
Amount of Proceeds	17,390,717,000 yen (Estimated Net Amount)
Issue Price	279 yen per share
Total number of issued shares	1,596,491,887 shares
Number of shares offered	62,723,000 shares
Total number of shares after offering	1,659,214,887 shares
Allottee	DENSO CORPORATION 8,960,000 shares Makita Corporation 35,842,000 shares LIXIL Corporation 17,921,000 shares
Initial purpose of use of the funds as intended at the time of issue	a. DENSO CORPORATION: Funds for development of a dedicated organization structure to undertake collaboration in the field of in-vehicle business and working capital for business operations including activity costs - 2,478 million yen b. Makita Corporation: Investment in production equipment and development facilities for the expansion of products in the field of electric power tools, home equipment, and OPE (Outdoor Power Equipment) - 4,000 million yen c. Makita Corporation: Expenses incurred for technology development for the expansion of products in the field of electric power tools, home equipment, and OPE (Outdoor Power Equipment) - 5,946 million yen d. LIXIL Corporation: Investment in production equipment and development facilities for joint development of new products merging home electrical appliance technologies and construction materials technologies - 2,000 million yen e. LIXIL Corporation: Other expenses incurred for achieving joint development and production of the developed products - 2,967 million yen
Timing of use of funds as intended at the time of issue	a. September 2013 to August 2015 b. October 2013 to September 2018 c. October 2013 to September 2018

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	d. October 2013 to September 2015
	e. October 2013 to September 2015
Status of allocation as of today	a.-e. Allocation is being made based on the initial purpose of use of the funds

(vi) Third-party allotment capital increase

Payment Date	November 12, 2013
Amount of Proceeds	11,133,120,000 yen (Estimated Net Amount)
Issue Price	267.36 yen per share
Total number of issued shares	1,659,214,887 shares
Number of shares offered	42,000,000 shares
Total number of shares after offering	1,701,214,887 shares
Allottee	Nomura Securities Co., Ltd.
Initial purpose of use of the funds as intended at the time of issue	Please see (i) Public Offering above
Timing of use of funds as intended at the time of issue	Please see (i) Public Offering above
Status of allocation as of today	Please see (i) Public Offering above

11. Schedule for issuance of the Class Shares

May 14, 2015 (Thursday)	Resolution of Board of Directors relating to issuance of the Class Shares Resolution of Board of Directors relating to the proposal regarding issuance of the Class Shares to be discussed by the Ordinary General Meeting of Shareholders Execution of the subscription agreements with the Alloted Banks and JIS
June 23, 2015 (Tuesday)	Resolution of the Ordinary General Meeting of Shareholders (planned)
June 30, 2015 (Tuesday)	Payment Date (planned)

12. Terms and conditions of issuance

Please see Appendix 1 "Terms and conditions of Class A Share issuance" and Appendix 2 "Terms and conditions of Class B Share issuance".

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#### IV. Revision of Articles of Incorporation

##### 1. Purpose of Revision of Articles of Incorporation

In order to allow the Class A Shares and the Class B Shares to be issued, new provisions in relation to Class A Shares and Class B Shares, i.e. increasing the Class A Shares and the Class B Shares as new types of shares will be added to the articles of incorporation. The articles of incorporation will increase the total number of authorized common shares and the class shares in preparation for the issuance of common shares by exercising the put options of the Class A Shares and Class B Shares.

In addition, according to the actual business circumstances of the Company and its subsidiaries, in order to clarify the contents of business and be prepared for business deployment, the articles of incorporation will include the following additional provisions to the business purposes, and change the numbering in accordance with the increased provisions:

- Manufacture and sale of display devices other than liquid crystal such as MEMS Displays<sup>※</sup>
- Business in relation to re-construction of various machines and appliances
- Electricity retail business
- Production and sale of agricultural produce
- Manufacture and sale of chemical products
- Business in relation to design and operation of a factory with respect to production, etc. of manufacture of various machines and appliances and agricultural produce
- Telecommunications business such as mobile virtual network operations

※ MEMS: Micro Electro Mechanical Systems

Furthermore, according to "the Act to Partially Amend the Companies Act" (Act No. 90 of 2014), as the scope of eligible officers who are entitled to execute contracts limiting liability has been changed, taking into account the possibility of electing various directors and corporate auditors in the future, the articles of incorporation will change so that a director who is not an executive director and a corporate auditor who is not an outside corporate auditor may execute contracts limiting liability. This change to the articles of incorporation was agreed by all of the corporate auditors.

##### 2. Contents of Revision of Articles of Incorporation

For the contents of Revision of Articles of Incorporation, please see Appendix 3, "Draft for Revision of Articles of Incorporation."

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### 3. Schedule of Revision of Articles of Incorporation

May 14, 2015 (Thursday)	Resolution of Board of Directors meeting relating to Revision of Articles of Incorporation Resolution of Board of Directors meeting relating to proposal to Revision of Articles of Incorporation to be discussed by Ordinary General Meeting of Shareholders
June 23, 2015 (Tuesday)	Resolution of Ordinary General Meeting of Shareholders (planned) Effective date of Revision of Articles of Incorporation (planned)

### V. Decreases in Capital, etc.

#### 1. Purpose of Decreases in Capital, etc.

In order for the Company to promptly improve its financing standing to prepare for a dynamic and flexible capital policy in the future, the Company decided to Decreases in Capital, etc. to transfer distributable amounts to other capital surplus.

Decreases in Capital, etc. are subject to issuance of the Class Shares becoming effective.

#### 2. Terms and conditions of Decreases in Capital, etc.

##### (1) Amounts of capital to be decreased

233,884,726,500 yen

##### (2) Amounts of capital reserve to be decreased

196,759,726,500 yen

##### (3) Method of Decreases in Capital, etc.

After implementing Decreases in Capital, etc. based on the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the Company will transfer the total amount of capital and capital reserve to other capital surplus.

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3. Schedule for Decreases in Capital, etc.

May 14, 2015 (Thursday)	Resolution of Board of Directors meetings relating to Decreases in Capital, etc. Resolution of Board of Directors meetings relating to proposal to Decreases in Capital, etc. to be discussed by Ordinary General Meeting of Shareholders
May 29, 2015 (Friday)	Public notice with respect to statements of objection by creditors (planned)
June 23, 2015 (Tuesday)	Resolution of Ordinary General Meeting of Shareholders (planned)
June 29, 2015 (Monday)	Final deadline for statements of objection by creditors (planned)
June 30, 2015 (Tuesday)	Effective date of Decreases in Capital, etc. (planned)

4. Future outlook

Decreases in Capital, etc. is a transfer appropriation in which capital and capital reserves in net assets as indicated on the balance sheet are transferred to the account of other capital surplus, which does not change the Company's net asset amounts and does not have any impact on the Company's performance.

VI. Appropriation of Surplus

1. Purpose of Appropriation of Surplus

The Company, as indicated in "V. Decreases in Capital, etc." above, will Decreases in Capital, etc. And the Company also decided to dispose of surplus in accordance with the provision of Article 452 of the Companies Act to cover deficiencies in retained earnings carried forward by using other capital surplus increased by Decreases in Capital, etc.

The Appropriation of Surplus is subject to the Decreases in Capital, etc. becoming effective.

2. Terms and conditions of Appropriation of Surplus

(1) Items and amounts of surplus to be decreased

Other capital surplus 219,780,861,290 yen

(2) Items and amounts of surplus to be increased

Retained earnings carried forward 219,780,861,290 yen

3. Schedule of Appropriation of Surplus

May 14, 2015 (Thursday)	Resolution of Board of Directors meetings relating to Appropriation of Surplus Resolution of Board of Directors meetings relating to proposal to Appropriation of Surplus to be discussed by Ordinary General Meeting of Shareholders
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June 23, 2015 (Tuesday)	Resolution of Ordinary General Meeting of Shareholders (planned)
June 30, 2015 (Tuesday)	Effective date of Appropriation of Surplus (planned)

#### 4. Future outlook

The Appropriation of Surplus is a transfer appropriation in which other capital surplus in net assets as indicated on the balance sheet is transferred to the account of retained earnings carried forward, which does not change the Company's net asset amounts and does not have any impact on the Company's performance.

(Reference)

Capital and retained earnings carried forward after the effective date of Decreases in Capital, etc. and Appropriation of Surplus Capital	500,000,000 yen
Capital reserve	125,000,000 yen
Other capital surplus	222,424,168,783 yen
Retained earnings carried forward	4,257,000,000 yen

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## Terms and Conditions of Class A Share Issuance

1. Name of shares  
Sharp Corporation Class A Shares (the "Class A Shares")
2. Number of shares offered for subscription  
200,000 shares
3. Amount to be paid in for shares offered for subscription  
1,000,000 yen per share
4. Capital and capital reserve to be increased  
Capital 100,000,000,000 yen (500,000 yen per share)  
Capital reserve 100,000,000,000 yen (500,000 yen per share)
5. Total amount to be paid in  
200,000,000,000 yen
6. Payment date  
June 30, 2015
7. Method of issuance  
Allotted by a third-party allotment method as follows:  
Mizuho Bank, Ltd. 100,000 shares  
The Bank of Tokyo-Mitsubishi UFJ, Ltd. 100,000 shares

8. Dividends from surplus

(1) Class A Preferred Dividends

If the Company is to pay a dividend from surplus using the record date belonging to a business year, it shall pay the dividend to shareholders who hold Class A Shares (the "Class A Shareholders") and registered pledgees of the Class A Shares (together with the Class A Shareholders, "Class A Shareholders, Etc.") entered or recorded in the final shareholders register as at the record date (the "Record Date for Dividends") by the monetary amount of dividend from surplus provided for in Item (2) below per the Class A Share (the amount paid by such dividend per share of Class A Shares is referred to as the "Class A Preferred Dividend") in accordance with the payment priority provided for in Item 17.(1) below. A fraction of less than one yen that arises in the amount calculated by multiplying the Class A Preferred Dividend by the number of the Class A Shares owned by each Class A Shareholders, Etc. is to be rounded down.

(2) Class A Preferred Dividend Amounts

Class A Preferred Dividend Amounts will be the amount calculated by multiplying 1,000,000 yen (the "Equivalent Amount to the Amount to be Paid in") by a semiannual rate for each fiscal year calculated by the following formula (the "Annual Rate of Class A Preferred Dividend") (the division will be made last by calculating two decimal places and rounding to the first decimal place).

Annual rate of Class A Preferred Dividend = Japanese yen TIBOR (6 months) + 2.5%

"Japanese yen TIBOR (6 months)" means figures published by the JBA TIBOR Administration as the Japanese yen Tokyo Inter Bank Offered Rate (Japanese yen TIBOR) for 6 months at 11:00am on the first date of each business half-year (however, if such date falls on a bank holiday, the date shall be moved to the immediately preceding business day) (the "Determination Date for Annual Rate of Class A Preferred Dividend") or figures that are recognized to be equivalent to this. If Japanese yen TIBOR (6 months) are not published on the date and time, figures published by the Intercontinental Exchange (ICE) as the London Interbank Offered Rate (Euro yen LIBOR 6 months (based on 360-days)) presented on Reuters page 3750 at 11:00am (London time) on the Determination Date for Annual Rate of Class A Preferred Dividend (if such date falls on a bank holiday in London, the date shall be moved to the immediately preceding bank business day in London) or figures that are recognized to be equivalent to this are used instead of Japanese yen TIBOR (6 months).

For the calculation of Class A Preferred Dividends, amounts will be calculated on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days) for the actual number of days from the first day of the business year (however, if the Record Date for Dividends belongs to a business year ending at the end of March, 2016, it will be June 30, 2015 (including that day)) to which the Record Date for

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Dividends belongs to such Record Date for Dividends (including that day). However, if dividends from surplus were paid to Class A Shareholders, Etc. using a record date prior to the Record Date for Dividends during a business year to which the Record Date for Dividends belongs, amounts to be paid as the Class A Preferred Dividend of the Record Date for Dividends will be reduced by the total amount of the Class A Preferred Dividend made at each of such payments.

(3) Nonparticipation clause

The Company will not pay dividends from surplus exceeding the Class A Preferred Dividend and an Amount Equal to Class A Accumulated Unpaid Dividends (defined in the following item) to Class A Shareholders, Etc. However, dividends from surplus stipulated in Article 758, Item 8(b), and Article 760, Item 7(b) of the Companies Act which are paid in absorption-type split procedures or dividends from surplus provided by in Article 763, Paragraph 1, Item 12(b) or Article 765, Paragraph 1, Item 8(b) in the same act which are paid in incorporation-type split procedures are not applied.

(4) Accumulation clause

If the total amount of dividends from surplus paid to the Class A Shareholders, Etc. per share (excluding dividends of Amounts Equal to Class A Accumulated Unpaid Dividends (defined below) which are carried over for Class A Preferred Dividends relating to business year(s) prior to the business year in accordance with this Item (4)) using record date(s) of a business year does not reach the amount of Class A Preferred Dividend relating to the business year (the amount of the Class A Preferred Dividend shall be calculated in accordance with Item (2) above assuming that dividends from surplus are paid by using the end of the business year as the record date, however, the proviso to Item (2) above does not apply to this calculation), the shortfall amount shall be carried over into business years subsequent to the business year (the "Business Year Having Shortfall Amount" in this Item (4)). In this case, the amount to be carried over is increased by adding the amount calculated by compound interest rate for each year (in case of the first year, for the period from the following day (including that day) of the Annual Meeting of Shareholders for the Business Year Having Shortfall Amount (defined below) to the last day (including that day) of the subsequent business year of the Business Year Having Shortfall Amount) based on the Annual Rate for the Class A Preferred Dividend regarding each business half year in or after the subsequent business year of the Business Year Having Shortfall Amount during the period from the day following the annual meeting of shareholders (including that day) for the Business Year Having Shortfall Amount (the "Annual Meeting of Shareholders for the Business Year Having Shortfall Amount" in this Item (4)) to the date (including that day) when the carried over amount is paid to the Class A Shareholders, Etc. This calculation is made on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days), and the division will be made last by calculating two decimal places and rounding to the first decimal place. The amount carried over in accordance with this item (the "Amount Equal to Class A Accumulated Unpaid Dividends") will be paid as dividend to Class A Shareholders, Etc. in accordance with the payment priority provided for in 17.(1) below.

9. Distribution of residual assets

(1) Distribution of residual assets

If the Company is to distribute residual assets, it shall pay to the Class A Shareholders, Etc. per Class A Share, in accordance with the payment priority provided for in 17.(2) below, the amount is paid by adding the Amount Equal to Class A Accumulated Unpaid Dividends and daily prorated unpaid preferred dividend stipulated in Item (3) below to the Equivalent Amount to the Amount to be Paid in (the "Class A Residual Assets Distribution Amount"). However, in this Item (1), if the date when residual assets are distributed (the "Distribution Date") falls during the period from the day following the Record Date for the Dividend (including that day) to the day when the dividends from surplus is paid by using the Record Date for the Dividend as a record date, the Amount Equal to Class A Accumulated Unpaid Dividends will be calculated assuming the dividends from surplus are not paid by using the Record Date for the Dividend as a record date. A fraction of less than one yen that arises in the amount calculated by multiplying the Class A Residual Assets Distribution Amount by the number of the Class A Shares owned by each Class A Shareholders, Etc. is to be rounded down.

(2) Nonparticipation clause

No distribution of residual assets will be made to the Class A Shareholders, Etc. other than as provided for in Item (1) above.

(3) Daily prorated unpaid preferred dividend amount

The daily prorated unpaid preferred dividend amount per share for the Class A Share will be an amount equivalent to the Class A Preferred Dividend calculated in accordance with 8.(2) above assuming the Class A Preferred Dividend is paid by using the Distribution Date as the record date in a business year to which the Distribution Date belongs (the daily prorated unpaid preferred dividend amount per share of the Class A Share is referred to as the "Daily

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Prorated Unpaid Preferred Dividend Amount").

10. Voting rights

Class A Shareholders do not have voting rights at general meetings of shareholders unless otherwise provided for in laws.

11. Put option the consideration for which is common shares

(1) Common Share-Consideration Put Option

Class A Shareholders are entitled to request the Company any time on or after July 1, 2019 to acquire all or some of the Class A Shares held by the Class A Shareholders in exchange for delivery of the number of common shares provided for in Item (2) below (the "Common Shares to be Issued for Acquisition Request"; that request, the "Common Share-Consideration Acquisition Request"). If a Common Share-Consideration Acquisition Request is made, the Company shall deliver to the requesting Class A Shareholder the Common Shares to be Issued for Acquisition Request to the extent permissible under law and regulations in exchange for the Company's acquiring the Class A Shares subject to the Common Share-Consideration Acquisition Request.

(2) Number of common shares to be delivered in exchange for acquisition of Class A Shares

The number of common shares to be delivered in exchange for acquisition of Class A Shares is the number calculated by multiplying the number of Class A Shares subject to the Common Share-Consideration Acquisition Request by the Class A Residual Assets Distribution Amount and dividing that product by the acquisition price provided for in Items (3) through (6) below. In this Item (2), the Amount Equal to Class A Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "day when the Common Share-Consideration Acquisition Request took effect," respectively. Any fraction of a share that arises in the total number of common shares to be delivered in exchange for acquisition of the Class A Shares subject to the Common Share-Consideration Acquisition Request are to be rounded down, and if that happens, there will be no payment of money as provided for in Article 167, Paragraph 3, of the Companies Act.

(3) Initial acquisition price

The average value (calculated to the second decimal place and then rounded to the first decimal place, the same applies hereafter) of the Volume Weighted Average Price (the "VWAP") in ordinary trading of the Company's common shares publicly announced on the Tokyo Stock Exchange, Inc. (the "TSE") in 30 consecutive Trading Days prior to July 1, 2019. However, if the Initial Acquisition Price falls below 100 yen (subject to the adjustment of Item (6) below, "Initial Minimum Acquisition Price"), then the initial acquisition price will be the Initial Minimum Acquisition Price. If during the period of these 30 Trading Days an event provided for in Item (5) below occurs, then the average VWAP above will be adjusted to a value that the Company judges appropriate in accordance with Item (5) below. "Trading Day" means a day on which ordinary trade in the Company's common shares is conducted on the TSE, and it does not include days where there is no VWAP announcement (the same applies hereafter).

(4) Revising the acquisition price

On January 1, 2020 and the six-month anniversary thereafter (or the following Trading Day if the day is not a Trading Day, the "Acquisition Price Revision Date"), the acquisition price will be revised to an amount equal to 95% (calculated to the second decimal place and then rounded to the first decimal place) of the average VWAP (if an event provided for in Item (5) below occurs during the Acquisition Price Calculation Period (defined below), then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item (5) below) in ordinary trading of the Company's common shares publicly announced on the TSE in 30 consecutive Trading Days prior to each Acquisition Price Revision Date (in this Item (4), the "Acquisition Price Calculation Period") (hereafter such revised acquisition price, the "Revised Acquisition Price") and the Revised Acquisition Price shall apply from the same day. However, if the Revised Acquisition Price falls below an amount equal to 50% of the initial acquisition price (calculated to the second decimal place and then rounded to the first decimal place) (subject to the adjustment of Item (6) below) or the Initial Minimum Acquisition Price, whichever higher (the "Minimum Acquisition Price"), then the Revised Acquisition Price will be the Minimum Acquisition Price. If the Revised Acquisition Price exceeds an amount equal to 150% of the initial acquisition price (calculated to the second decimal place and then rounded to the first decimal place) (subject to the adjustment in the Item (6) below, the "Maximum Acquisition Price"), then the Revised Acquisition Price will be the Maximum Acquisition Price.

(5) Adjustment of the acquisition price

(a) If any of the events set out below occurs, the acquisition price will be adjusted as set out below.

(i) If the common shares of the Company are subject to a share split or gratis allotment, the acquisition price will be adjusted in accordance with the formula set out below. In the case of a gratis allotment of the Company's common

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shares, "number of issued common shares before split" and "number of issued common shares after split" in the following formula are to be read as "number of issued common shares before gratis allotment (excluding, however, common shares held by the Company at that time)" and "number of issued common shares after gratis allotment (excluding, however, common shares held by the Company at that time)," respectively.

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

The acquisition price after adjustment will apply starting on the day after the record date for the share split or the day after the day when the gratis allotment takes effect (or, if provision has been made for a record date for the gratis allotment, then the following day of the record date).

- (ii) If the common shares of the Company are subject to a share consolidation, the acquisition price will be adjusted in accordance with the following formula from the day when the share consolidation takes effect.

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

The acquisition price after adjustment will apply on the day or after the day when the share consolidation takes effect.

- (iii) If the Company issues common shares, or disposes of common shares held by the Company, at an amount to be paid in that falls below the market price per common share provided for in (d) below (excluding in the case of a gratis allotment, the case of an acquisition of shares or share acquisition rights (which includes share acquisition rights attached to bonds with share acquisition rights; the same applies in this Item (5)) to be acquired in exchange for the delivery of ordinary shares, the case of an exercise of share acquisition rights the underlying shares of which are common shares, or the case of an issuance of common shares because of a merger, share exchange, or corporate split), then the acquisition price will be adjusted in accordance with formula set out below (the "Acquisition Price Adjustment Formula"). If property other than money is made the object of contribution, "Amount to be paid in per share" in the Acquisition Price Adjustment Formula will be decided according to proper evaluation value of the property. The acquisition price after adjustment will apply starting on the day after the payment date (or, if a payment period has been provided for, then the last day of the payment period or, if a record date relating to an allotment to shareholders has been provided for, the day after the record date (the "Shareholder Allotment Date")). In the case that the Company disposes of common shares that it holds, "number of common shares to be newly issued" and "number of common shares held by the Company" in the following formula are to be read as "number of common shares held by the Company to be disposed of" and "number of common shares held by the Company before the disposition", respectively.

$$\text{Acquisition price after adjustment} = \text{Acquisition price before adjustment} \times \frac{\begin{matrix} \text{(Number of issued common} \\ \text{shares - Number of common} \\ \text{shares held by the Company)} \end{matrix} + \frac{\begin{matrix} \text{Number of common} \\ \text{shares to be newly issued} \end{matrix} \times \begin{matrix} \text{Amount to be} \\ \text{paid in per share} \end{matrix}}{\begin{matrix} \text{Market price per common share} \\ \text{(Number of issued common shares - Number of common shares held by Company) + Number of} \\ \text{common shares to be newly issued} \end{matrix}}}$$

- (iv) If the Company issues or disposes of shares that entitle their holder to receive delivery of common shares at an acquisition price per common share that falls below the market price per common share provided for in Item (d) below by causing the Company to acquire or being acquired by the Company (this includes the case of a gratis allotment of shares), then on the payment date for the shares (or, if a payment period has been provided for, on the last day of that payment period; the same applies throughout this section (iv)) or the Company undertakes a gratis allotment of shares, then on the day when the allotment takes effect (or, if a record date relating to the gratis allotment of shares has been provided for, then that record date; the same applies throughout this section (iv)) or there is a Shareholder Allotment Date, then on that date all of the shares issued or disposed of will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using that amount will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the payment date, or in the case of a gratis allotment of shares, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued has not been determined by the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all shares issued or disposed of were acquired or disposed of under the condition of the point in

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time mentioned above when the consideration is determined and that consideration will be applied from the following day after it was determined.

- (v) If the Company issues share acquisition rights that, by being exercised or by being acquired by the Company, entitle their holder to receive delivery of common shares at a price whereby the aggregate of the amount to be paid in for the share acquisition rights per common share and the assets to be contributed (if property other than money is made the object of contribution, such property shall be properly evaluated, and this applies throughout this section (v)) on exercise of the share acquisition rights falls below the market price per common share provided for in Item (d) below (this includes the case of a gratis allotment of share acquisition rights), then on the allotment date for the share acquisition rights or if the Company undertakes a gratis allotment of share acquisition rights, then on the day when the allotment takes effect (or, if a record date has been provided for, then that record date; this applies throughout this section (v)) on exercise of the share acquisition rights if there is a Shareholder Allotment Date, then on that date all of the share acquisition rights issued will be deemed to have been exercised or acquired on the initial terms and common shares will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using the aggregate of the amount to be paid in for the share acquisition rights per common share of the assets to be contributed on exercise of the share acquisition rights will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the allotment date for the share acquisition rights, or in the case of a gratis allotment of share acquisition rights, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued on the acquisition or the exercise has not been determined at the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all share acquisition rights issued were exercised or acquired under the condition of the point in time when the consideration was determined and that consideration will be applied from the following day after it was determined. However, the adjustment of the acquisition price under this section (v) does not apply to share acquisition rights issued as stock options to directors, auditors, and employees of the Company or its subsidiaries the underlying shares of which are common shares.
- (b) In addition to the events provided for in Item (a) above, if any of the events provided for in (i) through (iii) below occurs, the Company shall appropriately adjust the acquisition price after giving prior written notice to the Class A Shareholders, Etc. to that effect and of the reasons for the event, the acquisition price after adjustment, the day when the adjusted acquisition price applies, and any other necessary matters.
  - (i) Adjustment to the acquisition price becomes necessary because of a merger, share exchange, acquisition of all issued shares of another company through a share exchange, share transfer, absorption-type split, succession to all or some of the rights and obligations held by another company in relation to that company's business through an absorption-type split, or incorporation-type split.
  - (ii) Two or more events necessitating an adjustment to the acquisition price occur in connection with each other and in calculating the acquisition price after adjustment because of one of the events, it becomes necessary to consider the effect of the other event on the market price that ought to be used in that calculation.
  - (iii) It otherwise becomes necessary to adjust the acquisition price because of the occurrence of an event that changes or has the possibility of changing the number of issued common shares (excluding, however, the number of common shares held by Company).
- (c) If a calculation becomes necessary in adjusting the acquisition price, the calculation is to be made to the second decimal place and then rounded to the first decimal place.
- (d) The market price per common share to be used in the Acquisition Price Adjustment Formula is the average VWAP of the Company's common shares in ordinary trading publicly announced on the TSE over the period of 30 consecutive Trading Days preceding the day when the adjusted acquisition price is to apply.
- (e) If as a result of a calculation made in adjusting the acquisition price the difference between the adjusted acquisition price and the pre-adjustment acquisition price is less than 1 yen, no adjustment to the acquisition price will be made. However, adjustment determined to be unnecessary in this Item (e) will be carried forward to be considered for the calculation of the adjustment in the future.
- (6) Adjustment of Maximum Acquisition Price, Minimum Acquisition Price and Initial Minimum Acquisition Price  
When adjusting the acquisition price in accordance with the stipulation in Item (5) above, the Maximum Acquisition Price, the Minimum Acquisition Price and the Initial Minimum Acquisition Price will be adjusted by applying the stipulation in Item (5) above after reading the "acquisition price" as "Maximum Acquisition Price," "Minimum Acquisition Price" or the "Initial Minimum Acquisition Price."
- (7) Place at which Common Share-Consideration Acquisition Request are accepted

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Place of business of Shareholder Registry Administrator: 1-2-1, Yaesu, Chuo-ku, Tokyo  
Mizuho Trust & Banking Co., Ltd., Stock Transfer Agency Department of the Head Office

(8) Place at which Common Share-Consideration Acquisition Request takes effect

Common Share-Consideration Acquisition Request takes effect when Common Share-Consideration Acquisition Request form reaches the place at which Common Share-Consideration Acquisition Requests are accepted set out in Item (7) above or on the desired date indicated on the form, whichever is later.

(9) Delivery method of common shares

After an acquisition request for the Common Share-Consideration has taken effect, the Company shall deliver common shares to the Class A Shareholder who made the Common Share-Consideration Acquisition Request by recording an increase in transfer shares in the shares-held column of the transfer account book of Japan Securities Depository Center, Incorporated, or an account management institution, as designated by the Class A Shareholder.

12. Put option the consideration for which is cash

(1) Put Option the consideration for which is cash

Each Class A Shareholder is entitled to request that the Company at any time on or after July 1, 2021 acquire all or a part of Class A Shares (the "Redemption Request") held by the shareholder, the effective date of which shall be the 1st of every month (the following day if that day is not a business day) (the "Redemption Request Date"), by notifying the Company in writing 60 Trading Days in advance of the Redemption Request Date (which shall be irrevocable; the "Prior Notice for Redemption Request") in exchange for a cash payment only if (a) the distributable amount (meaning the distributable amount provided for in Article 461, Paragraph 2 of the Companies Act) on the Redemption Request Date (the "Redeemable Amount") minus (b) the product of all Class B Shares issued on the Redemption Request Date (defined below) (excluding shares held by the Company) and the Class B Residual Assets Distribution Amount (defined in the Terms and Conditions of Class B Share Issuance 9.(1)) is a positive amount, and the Company shall, to the extent permissible under laws and regulations, deliver to the Class A Shareholder, in exchange for acquisition of Class A Shares, the amount calculated by multiplying the number of Class A Shares related to the Redemption Request by (i) an amount by multiplying the Equivalent Amount to the Amount to be Paid in per Class A Share by 110% and (ii) the total amount of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend. In this Item (1), the Amount Equal to Class A Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "Redemption Request Date," respectively. However, if the cash amount to be paid in exchange for the Class A Shares subject to the Redemption Request made on a Redemption Request Date exceeds the Redeemable Amount on such Redemption Request Date, then the Company shall acquire the Class A Shares by a prorated method according to the number of Class A Shares subject to the Redemption Request within a range where the payment amount does not exceed the Redeemable Amount, and the Class A Shares that are not so acquired in accordance with such method will be deemed not to have been subject to the Redemption Request.

(2) The place at which Redemption Requests are accepted

Place of business of Shareholder Registry Administrator: 1-2-1, Yaesu, Chuo-ku, Tokyo  
Mizuho Trust & Banking Co., Ltd., Stock Transfer Agency Department of the Head Office

(3) Redemption Request takes effect

Prior Notice for Redemption Request takes effect when a form required for the Prior Notice for Redemption Request reaches the place at which Redemption Requests are accepted set out in Item (2) above. Redemption Request takes effect on a date related to the Prior Notice for Redemption Request.

13. Call option the consideration for which is cash

As long as no issued Class B Shares (excluding shares held by the Company) exist, on and after July 1, 2016 when the Cash Consideration Redemption Date (defined below) starts, the Company may, by giving a written notice (which shall be irrevocable) to Class A Shareholders, Etc. at least 60 Trading Days in advance of the Cash Consideration Redemption Date, acquire all the Class A Shares in exchange for cash (the "Cash Consideration Redemption") to the extent permissible under law and regulations on the coming of the day to be separately determined by the Board of Directors meeting (the "Cash Consideration Redemption Date") and the Company shall deliver to the Class A Shareholder in exchange for Class A Shares related to the Cash-Consideration Redemption the amount calculated by multiplying the number of Class A Shares related to the Cash-Consideration Redemption by (i) an amount by multiplying the Equivalent Amount to the Amount to be Paid in per Class A Share by 110% and (ii) the total amount of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend. In this Item 13., the Amount Equal to Class A Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred

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Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "Cash Consideration Redemption Date," respectively. A fraction of less than one yen that arises in the amount to be paid in exchange for acquiring Class A Shares related to the Cash-Consideration Redemption is to be disregarded.

14. Restrictions on assignment

Any acquisition of Class A Shares by assignment requires the approval of the Company's Board of Directors.

15. Exclusion of shareholder's rights to be added as a seller for acquisition of treasury stock

If the Company decides to acquire all or a part of the Class A Shares which are owned by the Class A Shareholders by agreement with the Class A Shareholders by resolution of a general meeting of shareholders, the provisions in Article 160, Paragraphs 2 and 3 of the Companies Act will not apply.

16. Share consolidation, split, and allocation of shares offered for subscription

- (1) The Company will not implement share split or merger in relation to Class A Shares.
- (2) The Company will not grant a right to Class A Shareholders to receive the allocation of shares offered for subscription or share acquisition rights for shares offered.
- (3) The Company will not implement an allocation of gratis allotment or gratis allotment of share acquisition rights to Class A Shareholders.

17. Priorities

- (1) The payment priority of dividends from surplus for Class A Preferred Dividends, Amount Equal to Class A Accumulated Unpaid Dividends, Class B Preferred Dividends (defined in the Terms and Conditions of Class B Share Issuance 8.(1)), Amount Equal to Class B Accumulated Unpaid Dividends (defined in the Terms and Conditions of Class B Share Issuance 8.(4)) and that for shareholders who own common shares and registered pledgees of common shares (collectively the "Common Share Holders, Etc.") shall be as follows. Amount Equal to Class B Accumulated Unpaid Dividends are the first priority, Class B Preferred Dividends are the second priority, Amount Equal to Class A Accumulated Unpaid Dividends are the third priority, Class A Preferred Dividends are the fourth priority and dividends from surplus to Common Share Holders, Etc. are the fifth priority.
- (2) The payment priority of distribution of residual assets related to Class A Shares, Class B Shares and common shares is as follows. The payment priority of distribution of residual assets related to Class B Shares is the first priority, distribution of residual assets related to Class A Shares is the second priority, and distribution of residual assets related to common shares is the third priority.
- (3) If the amount which is to be paid by the Company dividends from surplus or distribution of residual assets is short of necessary amounts to pay dividends from surplus or distribution of residual assets in a certain priority level, dividends from surplus and distribution of residual assets shall be paid by prorated method according to the necessary amounts to pay dividends from surplus or distribution of residual assets for that priority level.

End.

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## **Terms and Conditions of Class B Share Issuance**

1. Name of shares  
Sharp Corporation Class B Shares (the "Class B Shares")
2. Number of shares offered for subscription  
25,000 shares
3. Amount to be paid in for shares offered for subscription  
1,000,000 yen per share
4. Capital and capital reserve to be increased

Capital	12,500,000,000 yen (500,000 yen per share)
Capital reserve	12,500,000,000 yen (500,000 yen per share)
5. Total amount to be paid in  
25,000,000,000 yen
6. Payment date  
June 30, 2015
7. Method of issuance  
Allotted 25,000 shares to Japan Industrial Solutions Fund I by a third-party allotment method.
8. Dividends from surplus
  - (1) Class B Preferred Dividends  
If the Company is to pay a dividend from surplus using the record date belonging to a business year, it shall pay the dividend to shareholders who hold Class B Shares (the "Class B Shareholders") and registered pledgees of the Class B Shares (together with the Class B Shareholders, "Class B Shareholders, Etc.") entered or recorded in the final shareholders register as at the record date (the "Record Date for Dividends") by the monetary amount of dividend from surplus provided for in Item (2) below per the Class B Share (the amount paid by such dividend per share of Class B Shares is referred to as the "Class B Preferred Dividend") in accordance with the payment priority provided for in Item 16.(1) below. A fraction of less than one yen that arises in the amount calculated by multiplying the Class B Preferred Dividend by the number of the Class B Shares owned by each Class B Shareholders, Etc. is to be rounded down.
  - (2) Class B Preferred Dividend Amounts  
Class B Preferred Dividend Amounts will be the amount calculated by multiplying 1,000,000 yen (the "Equivalent Amount to the Amount to be Paid in") by 7.0% if the Record Date for Dividends belongs to a business year ending before the end of March, 2018, and 8.0% if the Record Date for Dividends belongs to a business year starting after April 1, 2018, amounts will be calculated on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days) for the actual number of days from the first day of the business year (however, if the Record Date for Dividends belongs to a business year ending at the end of March, 2016, it will be June 30, 2015 (including that day)) to which the Record Date for Dividends belongs to such Record Date for Dividends (including that day) (division will be made last by calculating two decimal places and rounding to the first decimal place). However, if dividends from surplus were paid to Class B Shareholders, Etc. using a record date prior to the Record Date for Dividends during a business year to which the Record Date for Dividends belongs, amounts to be paid as the Class B Preferred Dividend of the Record Date for Dividends will be reduced by the total amount of the Class B Preferred Dividend made at each of such payments.
  - (3) Nonparticipation clause  
The Company will not pay dividends from surplus exceeding the Class B Preferred Dividend and an Amount Equal to Class B Accumulated Unpaid Dividends (defined in the following item) to Class B Shareholders, Etc. However, dividends from surplus stipulated in Article 758, Item 8(b) and Article 760, Item 7(b) of the Companies Act which are paid in absorption-type split procedures or dividends from surplus provided by in Article 763, Paragraph 1, Item 12(b) or Article 765, Paragraph 1, Item 8(b) in the same act which are paid in incorporation-type split procedures are not applied.
  - (4) Accumulation clause  
If the total amount of dividends from surplus paid to the Class B Shareholders, Etc. per share (excluding dividends of Amounts Equal to Class B Accumulated Unpaid Dividends (defined below) which are carried over for Class B Preferred Dividend relating to business year(s) prior to the business year in accordance with this Item (4)) using

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record date(s) of a business year does not reach the amount of Class B Preferred Dividend relating to the business year (the amount of the Class B Preferred Dividend shall be calculated in accordance with Item (2) above assuming that dividends from surplus are paid by using the end of the business year as the record date, however, the proviso to Item (2) above does not apply to this calculation), the shortfall amount shall be carried over into business years subsequent to the business year (the "Business Year Having Shortfall Amount" in this Item (4)). In this case, the amount to be carried over is increased by adding the amount calculated by compound interest rate for each year (in case of the first year, for the period from the following day (including that day) of the Annual Meeting of Shareholders for the Business Year Having Shortfall Amount (defined below) to the last day (including that day) of the subsequent business year of the Business Year Having Shortfall Amount) based on the annual rate of 7.0% on and after the following day (including that day) of the annual meeting of shareholders for the business year if the business year ends before the end of March, 2018, and based on the annual rate of 8.0% on and after the following day (including that day) of the annual meeting of shareholders for the year if the business year starts after April 1, 2018 regarding each business year in or after the subsequent business year of the Business Year Having Shortfall Amount during the period from the day following the annual meeting of shareholders (including that day) for the Business Year Having Shortfall Amount (the "Annual Meeting of Shareholders for the Business Year Having Shortfall Amount" in this Item (4)) to the date (including that day) when the carried over amount is paid to the Class B Shareholders, Etc. This calculation is made on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days), and the division will be made last by calculating two decimal places and rounding to the first decimal place. The amount carried over in accordance with this item (the "Amount Equal to Class B Accumulated Unpaid Dividends") will be paid as dividend to Class B Shareholders, Etc. in accordance with the payment priority provided for in 16.(1) below.

#### 9. Distribution of residual assets

##### (1) Distribution of residual assets

If the Company is to distribute residual assets, it shall pay to the Class B Shareholders, Etc. per Class B Share, in accordance with the payment priority provided for in 16.(2) below, the amount is paid by adding the Amount Equal to Class B Accumulated Unpaid Dividends and daily prorated unpaid preferred dividend stipulated in Item (3) below to the Equivalent Amount to the Amount to be Paid in (the "Class B Residual Assets Distribution Amount"). However, in this Item (1), if the date when residual assets are distributed (the "Distribution Date") falls during the period from the day following the Record Date for the Dividend (including that day) to the day when the dividends from surplus is paid by using the Record Date for the Dividend as a record date, the Amount Equal to Class B Accumulated Unpaid Dividends will be calculated, assuming the dividends from surplus are not paid by using the Record Date for the Dividend as a record date. A fraction of less than one yen that arises in the amount calculated by multiplying the Class B Residual Assets Distribution Amount by the number of the Class B Shares owned by each Class B Shareholders, Etc. is to be rounded down.

##### (2) Nonparticipation clause

No distribution of residual assets will be made to the Class B Shareholders, Etc. other than as provided for in Item (1) above.

##### (3) Daily prorated unpaid preferred dividend amount

The daily prorated unpaid preferred dividend amount per share for the Class B Share will be an amount equivalent to the Class B Preferred Dividend calculated in accordance with 8.(2) above assuming the Class B Preferred Dividend is paid by using the Distribution Date as the record date in a business year to which the Distribution Date belongs (the daily prorated unpaid preferred dividend amount per share of the Class B Share is referred to as the "Daily Prorated Unpaid Preferred Dividend Amount").

#### 10. Voting rights

Class B Shareholders do not have voting rights at general meetings of shareholders unless otherwise provided for in laws.

#### 11. Put option the consideration for which is common shares

##### (1) Common Share-Consideration Put Option

Class B Shareholders are entitled to request the Company any time on or after July 1, 2015 to acquire all or some of the Class B Shares held by the Class B Shareholders in exchange for delivery of the number of common shares provided for in Item (2) below (the "Common Shares to be Issued for Acquisition Request"; that request, the "Common Share-Consideration Acquisition Request"). If a Common Share-Consideration Acquisition Request is made, the Company shall deliver to the requesting Class B Shareholder the Common Shares to be Issued for Acquisition Request to the extent permissible under law and regulations in exchange for the Company's acquiring the Class B Shares subject to the Common Share-Consideration Acquisition Request.

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(2) Number of common shares to be delivered in exchange for acquisition of Class B Shares

The number of common shares to be delivered in exchange for acquisition of Class B Shares is the number calculated by multiplying the number of Class B Shares subject to the Common Share-Consideration Acquisition Request by (i) the product of the Equivalent Amount to the Amount to be Paid in per Class B Share and the common share-consideration acquisition premium which is stipulated below and (ii) the total amount of the Amount of Class B Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend and dividing that product by the acquisition price provided for in Items (3) through (6) below. In this Item (2), the Amount Equal to Class B Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class B Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "day when the Common Share-Consideration Acquisition Request took effect," respectively. Any fraction of a share that arises in the total number of common shares to be delivered in exchange for acquisition of the Class B Shares subject to the Common Share-Consideration Acquisition Request are to be rounded down, and if that happens, there will be no payment of money as provided for in Article 167, Paragraph 3, of the Companies Act.

The "common share-consideration acquisition premium" means the figures stipulated in the following items depending on whether the date when the Common Share-Consideration Acquisition Request takes effect is included in the following items or belongs to any of the following periods.

- 1 From July 1, 2015 to June 30, 2016 : 1.05
- 2 From July 1, 2016 to June 30, 2017 : 1.12
- 3 From July 1, 2017 to June 30, 2018 : 1.19
- 4 From July 1, 2018 to June 30, 2019 : 1.26
- 5 From July 1, 2019 to June 30, 2020 : 1.33
- 6 After July 1, 2020 : 1.40

(3) Initial acquisition price

248.3 yen

(4) Revising the acquisition price

On September 15, 2015, and the six-month anniversary thereafter (or the following Trading Day if the day is not a Trading Day, the "Acquisition Price Revision Date"), the acquisition price will be revised to an amount equal to 90% (calculated to the second decimal place and then rounded to the first decimal place) of the average Volume Weighted Average Price (the "VWAP") (calculated to the second decimal place and then rounded to the first decimal place; the same applies hereafter; and if an event provided for in Item (5) below occurs during the Acquisition Price Calculation Period (defined below), then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item (5) below) in ordinary trading of the Company's common shares publicly announced on the Tokyo Stock Exchange, Inc. (the "TSE") in 30 consecutive Trading Days prior to each Acquisition Price Revision Date (in this Item (4), the "Acquisition Price Calculation Period") (hereafter such revised acquisition price, the "Revised Acquisition Price"), and the Revised Acquisition Price shall apply from the same day. However, if the Revised Acquisition Price falls below 100.0 yen (subject to the adjustment of Item (6) below) (the "Minimum Acquisition Price"), then the Revised Acquisition Price will be the Minimum Acquisition Price. If the Revised Acquisition Price exceeds (i) the Initial Acquisition Price (subject to the adjustment of Item (5) below) before the first Acquisition Price Revision Date, (ii) on and after the first Acquisition Price Revision Date and before the second Acquisition Price Revision Date, the Initial Acquisition Price (subject to the adjustment of Item (5) below) or the average VWAP (if an event provided for in Item (5) below occurs during the Acquisition Price Calculation Period, then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item (5) below) in ordinary trading of the Company's common shares publicly announced on the TSE during the Acquisition Price Calculation Period relating to the first Acquisition Price Revision Date, whichever is lower, and (iii) on and after the second Acquisition Price Revision Date, the Initial Acquisition Price (subject to the adjustment of Item (5) below), the average VWAP (if an event provided for in Item (5) below occurs during the Acquisition Price Calculation Period, then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item (5) below) in ordinary trading of the Company's common shares publicly announced on the TSE during the Acquisition Price Calculation Period relating to the first Acquisition Price Revision Date or the average VWAP (if an event provided for in Item (5) below occurs during the Acquisition Price Calculation Period, then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item (5) below) in ordinary trading of the Company's common shares publicly announced on the TSE during the Acquisition Price Calculation Period relating to the second Acquisition Price Revision Date, whichever is the lowest (however, not lower than the Minimum Acquisition Price and subject to the adjustment in Item (6) below) (the "Maximum

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Acquisition Price"), then the Revised Acquisition Price will be the Maximum Acquisition Price. "Trading Day" means a day on which ordinary trade in the Company's common shares is conducted on the TSE, and does not include days where there is no VWAP (the same applies hereafter).

(5) Adjustment of the acquisition price

(a) If any of the events set out below occurs, the acquisition price will be adjusted as set out below.

(i) If the common shares of the Company are subject to a share split or gratis allotment, the acquisition price will be adjusted in accordance with the formula set out below. In the case of a gratis allotment of the Company's common shares, "number of issued common shares before split" and "number of issued common shares after split" in the following formula are to be read as "number of issued common shares before gratis allotment (excluding, however, common shares held by the Company at that time)" and "number of issued common shares after gratis allotment (excluding, however, common shares held by the Company at that time)," respectively.

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

The acquisition price after adjustment will apply starting on the day after the record date for the share split or the day after the day when the gratis allotment takes effect (or, if provision has been made for a record date for the gratis allotment, then the following day of the record date).

(ii) If the common shares of the Company are subject to a share consolidation, the acquisition price will be adjusted in accordance with the following formula from the day when the share consolidation takes effect.

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

The acquisition price after adjustment will apply on the day or after the day when the share consolidation takes effect.

(iii) If the Company issues common shares, or disposes of common shares held by the Company, at an amount to be paid in that falls below the market price per common share provided for in (d) below (excluding in the case of a gratis allotment, the case of an acquisition of shares or share acquisition rights (which includes share acquisition rights attached to bonds with share acquisition rights; the same applies in this Item (5)) to be acquired in exchange for the delivery of ordinary shares, the case of an exercise of share acquisition rights the underlying shares of which are common shares, or the case of an issuance of common shares because of a merger, share exchange, or corporate split), then the acquisition price will be adjusted in accordance with formula set out below (the "Acquisition Price Adjustment Formula"). If property other than money is made the object of contribution, "Amount to be paid in per share" in the Acquisition Price Adjustment Formula will be decided according to proper evaluation value of the property. The acquisition price after adjustment will apply starting on the day after the payment date (or, if a payment period has been provided for, then the last day of the payment period or, if a record date relating to an allotment to shareholders has been provided for, the day after the record date (the "Shareholder Allotment Date"). In the case that the Company disposes of common shares that it holds, "number of common shares to be newly issued" and "number of common shares held by the Company" in the following formula are to be read as "number of common shares held by the Company to be disposed of" and "number of common shares held by the Company before the disposition", respectively.

$$\text{Acquisition price after adjustment} = \text{Acquisition price before adjustment} \times \frac{(\text{Number of issued common shares - Number of common shares held by the Company}) + \frac{\text{Number of common shares to be newly issued} \times \text{Amount to be paid in per share}}{\text{Market price per common share}}}{(\text{Number of issued common shares - Number of common shares held by Company}) + \text{Number of common shares to be newly issued}}$$

(iv) If the Company issues or disposes of shares that entitle their holder to receive delivery of common shares at an acquisition price per common share that falls below the market price per common share provided for in Item (d) below by causing the Company to acquire or being acquired by the Company (this includes the case of a gratis allotment of shares), then on the payment date for the shares (or, if a payment period has been provided for, on the last day of that payment period; the same applies throughout this section (iv)) or the Company undertakes a gratis allotment of shares, then on the day when the allotment takes effect (or, if a record date relating to the gratis allotment of shares has been provided for, then that record date; the same applies throughout this section (iv)) or there is a Shareholder Allotment Date, then on that date all of the shares issued or disposed of will be deemed to

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have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using that amount will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the payment date, or in the case of a gratis allotment of shares, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued has not been determined by the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all shares issued or disposed of were acquired or disposed of under the condition of the point in time mentioned above when the consideration is determined and that consideration will be applied from the following day after it was determined.

- (v) If the Company issues share acquisition rights that, by being exercised or by being acquired by the Company, entitle their holder to receive delivery of common shares at a price whereby the aggregate of the amount to be paid in for the share acquisition rights per common share and the assets to be contributed (if property other than money is made the object of contribution, such property shall be properly evaluated. This applies throughout this section (v)) on exercise of the share acquisition rights falls below the market price per common share provided for in Item (d) below (this includes the case of a gratis allotment of share acquisition rights), then on the allotment date for the share acquisition rights or if the Company undertakes a gratis allotment of share acquisition rights, then on the day when the allotment takes effect (or, if a record date has been provided for, then that record date; this applies throughout this section (v)) on exercise of the share acquisition rights if there is a Shareholder Allotment Date, then on that date all of the share acquisition rights issued will be deemed to have been exercised or acquired on the initial terms and common shares will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using the aggregate of the amount to be paid in for the share acquisition rights per common share of the assets to be contributed on exercise of the share acquisition rights will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the allotment date for the share acquisition rights, or in the case of a gratis allotment of share acquisition rights, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued on the acquisition or the exercise has not been determined at the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all share acquisition rights issued were exercised or acquired under the condition of the point in time when the consideration was determined and that consideration will be applied from the following day after it was determined. However, the adjustment of the acquisition price under this section (v) does not apply to share acquisition rights issued as stock options to directors, auditors, and employees of the Company or its subsidiaries the underlying shares of which are common shares.
- (b) In addition to the events provided for in Item (a) above, if any of the events provided for in (i) through (iii) below occurs, the Company shall appropriately adjust the acquisition price after giving prior written notice to the Class B Shareholders, Etc. to that effect and of the reasons for the event, the acquisition price after adjustment, the day when the adjusted acquisition price applies, and any other necessary matters.
  - (i) Adjustment to the acquisition price becomes necessary because of a merger, share exchange, acquisition of all issued shares of another company through a share exchange, share transfer, absorption-type split, succession to all or some of the rights and obligations held by another company in relation to that company's business through an absorption-type split, or incorporation-type split.
  - (ii) Two or more events necessitating an adjustment to the acquisition price occur in connection with each other and in calculating the acquisition price after adjustment because of one of the events, it becomes necessary to consider the effect of the other event on the market price that ought to be used in that calculation.
  - (iii) It otherwise becomes necessary to adjust the acquisition price because of the occurrence of an event that changes or has the possibility of changing the number of issued common shares (excluding, however, the number of common shares held by Company).
- (c) If a calculation becomes necessary in adjusting the acquisition price, the calculation is to be made to the second decimal place and then rounded to the first decimal place.
- (d) The market price per common share to be used in the Acquisition Price Adjustment Formula is the average VWAP of the Company's common shares in ordinary trading publicly announced on the TSE over the period of 30 consecutive Trading Days preceding the day when the adjusted acquisition price is to apply.
- (e) If as a result of a calculation made in adjusting the acquisition price the difference between the adjusted acquisition price and the pre-adjustment acquisition price is less than 1 yen, no adjustment to the acquisition price will be made. However, adjustment determined to be unnecessary in this Item (e) will be carried forward to be considered

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for the calculation of the adjustment in the future.

- (6) Adjustment of Maximum Acquisition Price and Minimum Acquisition Price  
When adjusting the acquisition price in accordance with the stipulation in Item (5) above, the Maximum Acquisition Price and the Minimum Acquisition Price will be adjusted by applying the stipulation in Item (5) above after reading the "acquisition price" as "Maximum Acquisition Price" or the "Minimum Acquisition Price."
- (7) Place at which Common Share-Consideration Acquisition Request are accepted  
Place of business of Shareholder Registry Administrator: 1-2-1, Yaesu, Chuo-ku, Tokyo  
Mizuho Trust & Banking Co., Ltd., Stock Transfer Agency Department of the Head Office
- (8) Place at which Common Share-Consideration Acquisition Request takes effect  
Common Share-Consideration Acquisition Request takes effect when Common Share-Consideration Acquisition Request form reaches the place at which Common Share-Consideration Acquisition Requests are accepted set out in Item (7) above or on the desired date indicated on the form, whichever is later.
- (9) Delivery method of common shares  
After an acquisition request for the Common Share-Consideration has taken effect, the Company shall deliver common shares to the Class B Shareholder who made the Common Share-Consideration Acquisition Request by recording an increase in transfer shares in the shares-held column of the transfer account book of Japan Securities Depository Center, Incorporated, or an account management institution, as designated by the Class B Shareholder.

12. Call option the consideration for which is cash

At any time on and after July 1, 2016, the Company may, by giving a written notice (which shall be irrevocable) to Class B Shareholders, Etc. at least 60 Trading Days in advance of the Cash Consideration Redemption Date, acquire all the Class B Shares in exchange for cash (the "Cash Consideration Redemption") to the extent permissible under law and regulations on the coming of the day to be separately determined by the Board of Directors meeting (the "Cash Consideration Redemption Date") and the Company shall deliver to the Class B Shareholder in exchange for Class B Shares related to the Cash-Consideration Redemption the amount calculated by multiplying the number of Class B Shares related to the Cash-Consideration Redemption by (i) an amount by multiplying the Equivalent Amount to the Amount to be Paid in per Class B Share by the redemption coefficient stipulated below and (ii) the total amount of the Amount Equal to Class B Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend. In this Item 12, the Amount Equal to Class B Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class B Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "Cash Consideration Redemption Date," respectively. A fraction of less than one yen that arises in the amount to be paid in exchange of acquiring Class A Shares related to the Cash-Consideration Redemption is to be disregarded.

The "redemption coefficient" means the figures stipulated in the following items depending on whether the Cash Consideration Redemption Date is included in the following items or belongs to any of the following periods.

- |   |                                    |        |
|---|------------------------------------|--------|
| 1 | From July 1, 2016 to June 30, 2017 | : 1.12 |
| 2 | From July 1, 2017 to June 30, 2018 | : 1.19 |
| 3 | From July 1, 2018 to June 30, 2019 | : 1.26 |
| 4 | From July 1, 2019 to June 30, 2020 | : 1.33 |
| 5 | After July 1, 2020                 | : 1.40 |

13. Restrictions on assignment

Any acquisition of Class B Shares by assignment requires the approval of the Company's Board of Directors.

14. Exclusion of shareholder's rights to be added as a seller for acquisition of treasury stock

If the Company decides to acquire all or a part of the Class B Shares which are owned by the Class B Shareholders by agreement with the Class B Shareholders by resolution of a general meeting of shareholders, the provisions in Article 160, Paragraphs 2 and 3 of the Companies Act will not apply.

15. Share consolidation, split, and allocation of shares offered for subscription

- (1) The Company will not implement share split or merger in relation to Class B Shares.
- (2) The Company will not grant a right to Class B Shareholders to receive the allocation of shares offered for subscription or share acquisition rights for shares offered.
- (3) The Company will not implement an allocation of gratis allotment or gratis allotment of share acquisition rights to Class B Shareholders.

16. Priorities

- (1) The payment priority of dividends from surplus for Class A Preferred Dividends (defined in the Terms and Conditions of Class A Share Issuance 8.(1)), Amount Equal to Class A Accumulated Unpaid Dividends (defined in

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the Terms and Conditions of Class A Share Issuance 8.(4)), Class B Preferred Dividend, Amount Equal to Class B Accumulated Unpaid Dividends and that for shareholders who own common shares and registered pledgees of common shares (collectively the "Common Share Holders, Etc.") shall be as follows. Amount Equal to Class B Accumulated Unpaid Dividends are the first priority, Class B Preferred Dividends are the second priority, Amount Equal to Class A Accumulated Unpaid Dividends are the third priority, Class A Preferred Dividends are the fourth priority and dividends from surplus to Common Share Holders, Etc. are the fifth priority.

- (2) The payment priority of distribution of residual assets related to Class A Shares, Class B Shares and common shares is as follows. The payment priority of distribution of residual assets related to Class B Shares is the first priority distribution of residual assets related to Class A Shares is the second priority, and distribution of residual assets related to common shares is the third priority.
- (3) If the amount which is to be paid by the Company dividends from surplus or distribution of residual assets is short of necessary amounts to pay dividends from surplus or distribution of residual assets in a certain priority level, dividends from surplus and distribution of residual assets shall be paid by prorated method according to the necessary amounts to pay dividends from surplus or distribution of residual assets for that priority level.

End.

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Appendix 3 Draft for Revision of Articles of incorporation

Contents of Amendment

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendment
<p>(Object) Article 3 The object of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> <li>1. Manufacture and sale of communications machinery and equipment.</li> <li>2. Manufacture and sale of electrical machinery and equipment.</li> <li>3. Manufacture and sale of electronic applications machinery and equipment.</li> <li>4. Manufacture and sale of medical machinery and equipment.</li> <li>5. Manufacture and sale of measuring machinery and equipment.</li> <li>6. Manufacture and sale of building-related or residential facilities such as air conditioners and kitchen units, etc.</li> <li>7. Manufacture and sale of other machinery and equipment.</li> <li>8. Manufacture and sale of <u>semiconductor elements, liquid crystal displays</u>, solar batteries and other apparatus or parts incidental or relating to the machinery and equipment mentioned in the preceding items.</li> <li>9. Design and execution and contracting for construction work of installation of the machinery and equipment mentioned in the preceding items, etc. or of the manufacturing facilities thereof and for general engineering work.</li> <li>10. Production and sale of software.</li> <li>11. Sale, promotion of purchase by installment, lease and import and export of the machinery and equipment mentioned in the preceding items, automobiles and automobile utensils, etc.</li> <li>12. Electric power generation and electricity supply</li> </ol>	<p>(Object) Article 3 The object of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> <li>6.</li> <li>7.</li> <li>8. Manufacture and sale of <u>liquid crystal and other displays, semiconductor elements</u>, solar batteries and other apparatus or parts incidental or relating to the machinery and equipment mentioned in the preceding items.</li> <li>9.</li> <li>10.</li> <li>11. Sale, promotion of purchase by installment, lease and import and export of the machinery and equipment mentioned in the preceding items, automobiles and automobile utensils, etc. <u>and sale of used articles.</u></li> </ol> <p style="text-align: center;">(No amendment)</p> <p style="text-align: center;">(No amendment)</p>

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Current Articles of Incorporation	Proposed Amendment
<p>business. (New) (New) (New)</p> <p>13. Information communication service, information processing service and information providing service.</p> <p>14. Guarantee, loan and factoring businesses.</p> <p>15. Solicitation of life insurance and non-life insurance agency business.</p> <p>16. General travel business.</p> <p>17. Worker dispatch business.</p> <p>18. All businesses and activities incidental or relating to any of the foregoing items.</p> <p>(Total Number of Authorized Shares) Article 6 The total number of shares to be issued by the Company shall be <u>2.5</u> billion shares.</p> <p>(New)</p>	<p>12. Electric power generation and electricity supply and <u>retail</u> business.</p> <p>13. <u>Production and sale of agricultural produce.</u></p> <p>14. <u>Manufacture and sale of chemical products.</u></p> <p>15. <u>Engineering business relating to the preceding items.</u></p> <p>16. <u>Telecommunications business,</u> information communication service, information processing service and information providing service.</p> <p>17. } 18. } 19. } (No amendment) 20. } 21. }</p> <p>(Total Number of Authorized Shares) Article 6 The total number of shares to be issued by the Company shall be <u>5</u> billion shares, <u>and the total number of shares of each class to be issued by the Company shall be as follows.</u> <u>common shares 5 billion shares</u> <u>Class A shares 200,000 shares</u> <u>Class B shares 25,000 shares</u></p> <p>(Class A shares) <u>Article 6-2</u> <u>The details of the Class A Shares issued by the Company shall be prescribed in from next paragraph to paragraph 10.</u> <u>(2) Dividends from surplus</u> 1. <u>Class A Preferred Dividends</u> <u>If the Company is to pay a dividend from surplus using the record date belonging to a business year, it shall pay the dividend to shareholders who hold Class A Shares (the "Class A Shareholders") and registered pledgees of the Class A Shares (together with the Class A Shareholders, "Class A Shareholders, Etc.")</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>entered or recorded in the final shareholders register as at the record date (the "Record Date for Dividends" in this Article) by the monetary amount of dividend from surplus provided for in Item 2 below per the Class A Share (the amount paid by such dividend per share of Class A Shares is referred to as the "Class A Preferred Dividend") in accordance with the payment priority provided for in Paragraph 11 Item 1. A fraction of less than one yen that arises in the amount calculated by multiplying the Class A Preferred Dividend by the number of the Class A Shares owned by each Class A Shareholders, Etc. is to be rounded down.</u></p> <p><u>2. Class A Preferred Dividend Amounts</u></p> <p><u>Class A Preferred Dividend Amounts will be the amount calculated by multiplying 1,000,000 yen (the "Equivalent Amount to the Amount to be Paid in" in this Article) by a semiannual rate for each fiscal year calculated by the following formula (the "Annual Rate of Class A Preferred Dividend") (the division will be made last by calculating two decimal places and rounding to the first decimal place).</u></p> <p><u>Annual rate of Class A Preferred Dividend</u>  <u>= Japanese yen TIBOR (6 months) + 2.5%</u></p> <p><u>"Japanese yen TIBOR (6 months)" means figures published by the JBA TIBOR Administration as the Japanese yen Tokyo Inter Bank Offered Rate (Japanese yen TIBOR) for 6 months at 11:00am on the first date of each business half-year (however, if such date falls on a bank holiday, the date shall be moved to the immediately preceding business day) (the "Determination Date for Annual Rate of Class A Preferred Dividend") or figures that are recognized to be equivalent to this. If Japanese yen TIBOR (6 months) are not published on the date and time, figures published by the Intercontinental</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>Exchange (ICE) as the London Interbank Offered Rate (Euro yen LIBOR 6 months (based on 360 days)) presented on Reuters page 3750 at 11:00am (London time) on the Determination Date for Annual Rate of Class A Preferred Dividend (if such date falls on a bank holiday in London, the date shall be moved to the immediately preceding bank business day in London) or figures that are recognized to be equivalent to this are used instead of Japanese yen TIBOR (6 months).</u></p> <p><u>For the calculation of Class A Preferred Dividends, amounts will be calculated on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days) for the actual number of days from the first day of the business year (however, if the Record Date for Dividends belongs to a business year ending at the end of March, 2016, it will be June 30, 2015 (including that day)) to which the Record Date for Dividends belongs to such Record Date for Dividends (including that day). However, if dividends from surplus were paid to Class A Shareholders, Etc. using a record date prior to the Record Date for Dividends during a business year to which the Record Date for Dividends belongs, amounts to be paid as the Class A Preferred Dividend of the Record Date for Dividends will be reduced by the total amount of the Class A Preferred Dividend made at each of such payments.</u></p> <p><u>3. Nonparticipation clause</u></p> <p><u>The Company will not pay dividends from surplus exceeding the Class A Preferred Dividend and an Amount Equal to Class A Accumulated Unpaid Dividends (defined in the following item) to Class A Shareholders, Etc. However, dividends from surplus stipulated in Article 758, Item 8(b), and Article 760, Item 7(b) of the Companies Act which are paid in</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>absorption-type split procedures or dividends from surplus provided by in Article 763, Paragraph 1, Item 12(b) or Article 765, Paragraph 1, Item 8(b) in the same act which are paid in incorporation-type split procedures are not applied.</u></p> <p><u>4. Accumulation clause</u></p> <p><u>If the total amount of dividends from surplus paid to the Class A Shareholders, Etc. per share (excluding dividends of Amounts Equal to Class A Accumulated Unpaid Dividends (defined below) which are carried over for Class A Preferred Dividends relating to business year(s) prior to the business year in accordance with this Item 4) using record date(s) of a business year does not reach the amount of Class A Preferred Dividend relating to the business year (the amount of the Class A Preferred Dividend shall be calculated in accordance with Item 2 above assuming that dividends from surplus are paid by using the end of the business year as the record date, however, the proviso to Item 2 above does not apply to this calculation), the shortfall amount shall be carried over into business years subsequent to the business year (the "Business Year Having Shortfall Amount" in this Item 4). In this case, the amount to be carried over is increased by adding the amount calculated by compound interest rate for each year (in case of the first year, for the period from the following day (including that day) of the Annual Meeting of Shareholders for the Business Year Having Shortfall Amount (defined below) to the last day (including that day) of the subsequent business year of the Business Year Having Shortfall Amount) based on the Annual Rate for the Class A Preferred Dividend regarding each business half year in or after the subsequent business year of the Business Year Having Shortfall Amount during the period from the day following the annual meeting of shareholders (including that</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>day) for the Business Year Having Shortfall Amount (the "Annual Meeting of Shareholders for the Business Year Having Shortfall Amount" in this Item 4) to the date (including that day) when the carried over amount is paid to the Class A Shareholders, Etc. This calculation is made on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days), and the division will be made last by calculating two decimal places and rounding to the first decimal place. The amount carried over in accordance with this item (the "Amount Equal to Class A Accumulated Unpaid Dividends") will be paid as dividend to Class A Shareholders, Etc. in accordance with the payment priority provided for in Paragraph 11 Item 1.</u></p> <p><u>(3) Distribution of residual assets</u></p> <p><u>1. Distribution of residual assets</u></p> <p><u>If the Company is to distribute residual assets, it shall pay to the Class A Shareholders, Etc. per Class A Share, in accordance with the payment priority provided for in Paragraph 11 Item 2, the amount is paid by adding the Amount Equal to Class A Accumulated Unpaid Dividends and daily prorated unpaid preferred dividend stipulated in Item 3 below to the Equivalent Amount to the Amount to be Paid in (the "Class A Residual Assets Distribution Amount"). However, in this Item 1, if the date when residual assets are distributed (the "Distribution Date" in this Article.) falls during the period from the day following the Record Date for the Dividend (including that day) to the day when the dividends from surplus is paid by using the Record Date for the Dividend as a record date, the Amount Equal to Class A Accumulated Unpaid Dividends will be calculated assuming the dividends from surplus are not paid by using the Record Date for the Dividend as a record date. A fraction of less than one yen that arises in</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>the amount calculated by multiplying the Class A Residual Assets Distribution Amount by the number of the Class A Shares owned by each Class A Shareholders, Etc. is to be rounded down.</u></p> <p><u>2. Nonparticipation clause</u>  <u>No distribution of residual assets will be made to the Class A Shareholders, Etc. other than as provided for in Item 1 above.</u></p> <p><u>3. Daily prorated unpaid preferred dividend amount</u>  <u>The daily prorated unpaid preferred dividend amount per share for the Class A Share will be an amount equivalent to the Class A Preferred Dividend calculated in accordance with Paragraph 2 Item 2 above assuming the Class A Preferred Dividend is paid by using the Distribution Date as the record date in a business year to which the Distribution Date belongs (the daily prorated unpaid preferred dividend amount per share of the Class A Share is referred to as the "Daily Prorated Unpaid Preferred Dividend Amount" in this Article).</u></p> <p><u>(4) Voting rights</u>  <u>Class A Shareholders do not have voting rights at general meetings of shareholders unless otherwise provided for in laws</u></p> <p><u>(5) Put option the consideration for which is common shares</u></p> <p><u>1. Common Share-Consideration Put Option</u>  <u>Class A Shareholders are entitled to request the Company any time on or after July 1, 2019 to acquire all or some of the Class A Shares held by the Class A Shareholders in exchange for delivery of the number of common shares provided for in Item 2 below (the "Common Shares to be Issued for Acquisition Request" in this Article; that request, the "Common Share-Consideration Acquisition Request" in this Article). If a Common Share-Consideration Acquisition Request is made, the Company shall deliver to the requesting Class A Shareholder the</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>Common Shares to be Issued for Acquisition Request to the extent permissible under law and regulations in exchange for the Company's acquiring the Class A Shares subject to the Common Share-Consideration Acquisition Request.</u></p> <p>2. <u>Number of common shares to be delivered in exchange for acquisition of Class A Shares</u>  <u>The number of common shares to be delivered in exchange for acquisition of Class A Shares is the number calculated by multiplying the number of Class A Shares subject to the Common Share-Consideration Acquisition Request by the Class A Residual Assets Distribution Amount and dividing that product by the acquisition price provided for in Items 3 through 6 below. In this Item 2, the Amount Equal to Class A Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "day when the Common Share-Consideration Acquisition Request took effect," respectively. Any fraction of a share that arises in the total number of common shares to be delivered in exchange for acquisition of the Class A Shares subject to the Common Share-Consideration Acquisition Request are to be rounded down, and if that happens, there will be no payment of money as provided for in Article 167, Paragraph 3, of the Companies Act.</u></p> <p>3. <u>Initial acquisition price</u>  <u>The average value (calculated to the second decimal place and then rounded to the first decimal place, the same applies hereafter) of the Volume Weighted Average Price (the "VWAP") in ordinary trading of the Company's common shares publicly announced on the Tokyo Stock</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>Exchange, Inc. (the "TSE") in 30 consecutive Trading Days prior to July 1, 2019. However, if the Initial Acquisition Price falls below 100 yen (subject to the adjustment of Item 6 below, "Initial Minimum Acquisition Price" in this Article), then the initial acquisition price will be the Initial Minimum Acquisition Price. If during the period of these 30 Trading Days an event provided for in Item 5 below occurs, then the average VWAP above will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below. "Trading Day" means a day on which ordinary trade in the Company's common shares is conducted on the TSE, and it does not include days where there is no VWAP announcement (the same applies hereafter).</u></p> <p>4. <u>Revising the acquisition price</u>  <u>On January 1, 2020 and the six month anniversary thereafter (or the following Trading Day if the day is not a Trading Day, the "Acquisition Price Revision Date" in this Article), the acquisition price will be revised to an amount equal to 95% (calculated to the second decimal place and then rounded to the first decimal place) of the average VWAP (if an event provided for in Item 5 below occurs during the Acquisition Price Calculation Period (defined below), then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below) in ordinary trading of the Company's common shares publicly announced on the TSE in 30 consecutive Trading Days prior to each Acquisition Price Revision Date (in this Item 4, the "Acquisition Price Calculation Period") (hereafter such revised acquisition price, the "Revised Acquisition Price" in this Article) and the Revised Acquisition Price shall apply from the same day. However, if the Revised Acquisition Price falls below an amount equal to 50% of the</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>initial acquisition price (calculated to the second decimal place and then rounded to the first decimal place) (subject to the adjustment of Item 6 below) or the Initial Minimum Acquisition Price, whichever higher (the "Minimum Acquisition Price" in this Article), then the Revised Acquisition Price will be the Minimum Acquisition Price. If the Revised Acquisition Price exceeds an amount equal to 150% of the initial acquisition price (calculated to the second decimal place and then rounded to the first decimal place) (subject to the adjustment in the Item 6 below, the "Maximum Acquisition Price" in this Article), then the Revised Acquisition Price will be the Maximum Acquisition Price.</u></p> <p>5. <u>Adjustment of the acquisition price</u></p> <p>a <u>If any of the events set out below occurs, the acquisition price will be adjusted as set out below.</u></p> <p>(i) <u>If the common shares of the Company are subject to a share split or gratis allotment, the acquisition price will be adjusted in accordance with the formula set out below. In the case of a gratis allotment of the Company's common shares, "number of issued common shares before split" and "number of issued common shares after split" in the following formula are to be read as "number of issued common shares before gratis allotment (excluding, however, common shares held by the Company at that time)" and "number of issued common shares after gratis allotment (excluding, however, common shares held by the Company at that time)," respectively.</u></p> $\frac{\text{Acquisition price after}}{\text{Acquisition price}} = \frac{\text{Acquisition price}}{\text{Acquisition price}} \times \frac{\text{Number of issued}}{\text{Number of issued}}$

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Current Articles of Incorporation	Proposed Amendment
	<p><u>price per common share provided for in d below (excluding in the case of a gratis allotment, the case of an acquisition of shares or share acquisition rights (which includes share acquisition rights attached to bonds with share acquisition rights; the same applies in this Item 5) to be acquired in exchange for the delivery of ordinary shares, the case of an exercise of share acquisition rights the underlying shares of which are common shares, or the case of an issuance of common shares because of a merger, share exchange, or corporate split), then the acquisition price will be adjusted in accordance with formula set out below ("Acquisition Price Adjustment Formula" in this Article.). If property other than money is made the object of contribution, "Amount to be paid in per share" in the Acquisition Price Adjustment Formula will be decided according to proper evaluation value of the property. The acquisition price after adjustment will apply starting on the day after the payment date (or, if a payment period has been provided for, then the last day of the payment period or, if a record date relating to an allotment to shareholders has been provided for, the day after the record date (the "Shareholder Allotment Date" in this Article.). In the case that the Company disposes of common shares that it holds, "number of common shares to be newly issued" and "number of common shares held by the Company" in the following formula are to be read as "number of</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>common shares held by the Company to be disposed of" and "number of common shares held by the Company before the disposition", respectively.</u></p> $\frac{\text{Acquisition price after adjustment}}{\text{Acquisition price before adjustment}} = \frac{\text{Acquisition price before adjustment}}{\text{Acquisition price before adjustment}} \times \frac{\text{Number of issued common shares held by the Company}}{\text{Number of issued common shares held by the Company} - \text{Number of common shares to be newly issued}} + \frac{\text{Amount to be paid in per share Market price per common share}}{\text{Market price per common share}}$ <p>(iv) <u>If the Company issues or disposes of shares that entitle their holder to receive delivery of common shares at an acquisition price per common share that falls below the market price per common share provided for in Item d below by causing the Company to acquire or being acquired by the Company (this includes the case of a gratis allotment of shares), then on the payment date for the shares (or, if a payment period has been provided for, on the last day of that payment period; the same applies throughout this section (iv)) or the Company undertakes a gratis allotment of shares, then on the day</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>when the allotment takes effect (or, if a record date relating to the gratis allotment of shares has been provided for, then that record date; the same applies throughout this section (iv)) or there is a Shareholder Allotment Date, then on that date all of the shares issued or disposed of will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using that amount will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the payment date, or in the case of a gratis allotment of shares, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued has not been determined by the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all shares issued or disposed of were acquired or disposed of under the condition of the point in time mentioned above when the consideration is determined and that consideration will be applied from the following day after it was determined.</u></p> <p><u>(v) If the Company issues share acquisition rights that, by being exercised or by being acquired by the Company, entitle their holder to receive delivery of common shares at a price whereby the aggregate of the</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>amount to be paid in for the share acquisition rights per common share and the assets to be contributed (if property other than money is made the object of contribution, such property shall be properly evaluated, and this applies throughout this section (v)) on exercise of the share acquisition rights falls below the market price per common share provided for in Item d below (this includes the case of a gratis allotment of share acquisition rights), then on the allotment date for the share acquisition rights or if the Company undertakes a gratis allotment of share acquisition rights, then on the day when the allotment takes effect (or, if a record date has been provided for, then that record date; this applies throughout this section (v)) on exercise of the share acquisition rights if there is a Shareholder Allotment Date, then on that date all of the share acquisition rights issued will be deemed to have been exercised or acquired on the initial terms and common shares will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using the aggregate of the amount to be paid in for the share acquisition rights per common share of the assets to be contributed on exercise of the share acquisition rights will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the allotment</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>date for the share acquisition rights, or in the case of a gratis allotment of share acquisition rights, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued on the acquisition or the exercise has not been determined at the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all share acquisition rights issued were exercised or acquired under the condition of the point in time when the consideration was determined and that consideration will be applied from the following day after it was determined. However, the adjustment of the acquisition price under this section (v) does not apply to share acquisition rights issued as stock options to directors, auditors, and employees of the Company or its subsidiaries the underlying shares of which are common shares.</u></p> <p><u>b In addition to the events provided for in Item a above, if any of the events provided for in (i) through (iii) below occurs, the Company shall appropriately adjust the acquisition price after giving prior written notice to the Class A Shareholders, Etc. to that effect and of the reasons for the event, the acquisition price after adjustment, the day when the adjusted acquisition price applies, and any other necessary matters.</u></p> <p><u>(i) Adjustment to the acquisition price becomes necessary because of a merger, share exchange, acquisition</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>of all issued shares of another company through a share exchange, share transfer, absorption-type split, succession to all or some of the rights and obligations held by another company in relation to that company's business through an absorption-type split, or incorporation-type split.</u></p> <p><u>(ii) Two or more events necessitating an adjustment to the acquisition price occur in connection with each other and in calculating the acquisition price after adjustment because of one of the events, it becomes necessary to consider the effect of the other event on the market price that ought to be used in that calculation.</u></p> <p><u>(iii) It otherwise becomes necessary to adjust the acquisition price because of the occurrence of an event that changes or has the possibility of changing the number of issued common shares (excluding, however, the number of common shares held by Company).</u></p> <p><u>c If a calculation becomes necessary in adjusting the acquisition price, the calculation is to be made to the second decimal place and then rounded to the first decimal place.</u></p> <p><u>d The market price per common share to be used in the Acquisition Price Adjustment Formula is the average VWAP of the Company's common shares in ordinary trading publicly announced on the TSE over the period of 30 consecutive Trading Days preceding the day when the adjusted acquisition price is to apply.</u></p> <p><u>e If as a result of a calculation made in adjusting the acquisition price the difference between the adjusted acquisition</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>price and the pre-adjustment acquisition price is less than 1 yen, no adjustment to the acquisition price will be made. However, adjustment determined to be unnecessary in this Item e will be carried forward to be considered for the calculation of the adjustment in the future.</u></p> <p><u>6. Adjustment of Maximum Acquisition Price, Minimum Acquisition Price and Initial Minimum Acquisition Price When adjusting the acquisition price in accordance with the stipulation in Item 5 above , the Maximum Acquisition Price, the Minimum Acquisition Price and the Initial Minimum Acquisition Price will be adjusted by applying the stipulation in Item 5 above after reading the "acquisition price" as "Maximum Acquisition Price," "Minimum Acquisition Price" or the "Initial Minimum Acquisition Price."</u></p> <p><u>7. Place at which Common Share-Consideration Acquisition Request are accepted Place of business of Shareholder Registry Administrator: 1-2-1, Yaesu, Chuo ku, Tokyo Mizuho Trust &amp; Banking Co., Ltd., Stock Transfer Agency Department of the Head Office</u></p> <p><u>8. Place at which Common Share-Consideration Acquisition Request takes effect Common Share-Consideration Acquisition Request takes effect when Common Share-Consideration Acquisition Request form reaches the place at which Common Share-Consideration Acquisition Requests are accepted set out in Item 7 above or on the desired date indicated on the form, whichever is later.</u></p> <p><u>9. Delivery method of common shares After an acquisition request for the Common Share-Consideration has taken effect, the Company shall deliver common shares to the Class A Shareholder who made the Common Share-Consideration Acquisition Request by</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>recording an increase in transfer shares in the shares-held column of the transfer account book of Japan Securities Depository Center, Incorporated, or an account management institution, as designated by the Class A Shareholder.</u></p> <p><u>(6) Put option the consideration for which is cash</u></p> <p><u>1. Put Option the consideration for which is cash</u></p> <p><u>Each Class A Shareholder is entitled to request that the Company at any time on or after July 1, 2021 acquire all or a part of Class A Shares (the "Redemption Request" in this Article) held by the shareholder, the effective date of which shall be the 1st of every month (the following day if that day is not a business day) (the "Redemption Request Date" in this Article), by notifying the Company in writing 60 Trading Days in advance of the Redemption Request Date (which shall be irrevocable; the "Prior Notice for Redemption Request" in this Article) in exchange for a cash payment only if (a) the distributable amount (meaning the distributable amount provided for in Article 461, Paragraph 2 of the Companies Act) on the Redemption Request Date (the "Redeemable Amount" in this Article) minus (b) the product of all Class B Shares issued on the Redemption Request Date (defined below) (excluding shares held by the Company) and the Class B Residual Assets Distribution Amount (defined in next Article Paragraph 3 Item 1) is a positive amount, and the Company shall, to the extent permissible under laws and regulations, deliver to the Class A Shareholder, in exchange for acquisition of Class A Shares, the amount calculated by multiplying the number of Class A Shares related to the Redemption Request by (i) an amount by multiplying the Equivalent Amount to the Amount to be Paid in per Class A Share by 110% and (ii) the total amount of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>Dividend. In this Item 1, the Amount Equal to Class A Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "Redemption Request Date," respectively. However, if the cash amount to be paid in exchange for the Class A Shares subject to the Redemption Request made on a Redemption Request Date exceeds the Redeemable Amount on such Redemption Request Date, then the Company shall acquire the Class A Shares by a prorated method according to the number of Class A Shares subject to the Redemption Request within a range where the payment amount does not exceed the Redeemable Amount, and the Class A Shares that are not so acquired in accordance with such method will be deemed not to have been subject to the Redemption Request.</u></p> <p><u>2. The place at which Redemption Requests are accepted</u>  <u>Place of business of Shareholder Registry Administrator: 1-2-1, Yaesu, Chuo-ku, Tokyo Mizuho Trust &amp; Banking Co., Ltd., Stock Transfer Agency Department of the Head Office</u></p> <p><u>3. Redemption Request takes effect</u>  <u>Prior Notice for Redemption Request takes effect when a form required for the Prior Notice for Redemption Request reaches the place at which Redemption Requests are accepted set out in Item 2 above. Redemption Request takes effect on a date related to the Prior Notice for Redemption Request.</u></p> <p><u>(7) Call option the consideration for which is cash</u>  <u>As long as no issued Class B Shares (excluding shares held by the Company) exist, on and after July 1, 2016 when the Cash Consideration Redemption Date</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>(defined below) starts, the Company may, by giving a written notice (which shall be irrevocable) to Class A Shareholders, Etc. at least 60 Trading Days in advance of the Cash Consideration Redemption Date, acquire all the Class A Shares in exchange for cash (the "Cash Consideration Redemption" in this Article) to the extent permissible under law and regulations on the coming of the day to be separately determined by the Board of Directors meeting (the "Cash Consideration Redemption Date" in this Article) and the Company shall deliver to the Class A Shareholder in exchange for Class A Shares related to the Cash-Consideration Redemption the amount calculated by multiplying the number of Class A Shares related to the Cash-Consideration Redemption by (i) an amount by multiplying the Equivalent Amount to the Amount to be Paid in per Class A Share by 110% and (ii) the total amount of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend. In this Paragraph 7, the Amount Equal to Class A Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "Cash Consideration Redemption Date," respectively. A fraction of less than one yen that arises in the amount to be paid in exchange for acquiring Class A Shares related to the Cash-Consideration Redemption is to be disregarded.</u></p> <p><u>(8) Restrictions on assignment</u>  <u>Any acquisition of Class A Shares by assignment requires the approval of the Company's Board of Directors.</u></p> <p><u>(9) Exclusion of shareholder's rights to be added as a seller for acquisition of treasury stock</u>  <u>If the Company decides to acquire all or a part of the Class A Shares which are owned by the Class A Shareholders by agreement with the Class A</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>Shareholders by resolution of a general meeting of shareholders, the provisions in Article 160, Paragraphs 2 and 3 of the Companies Act will not apply.</u></p> <p><u>(10) Share consolidation, split, and allocation of shares offered for subscription</u></p> <ol style="list-style-type: none"> <li><u>1. The Company will not implement share split or merger in relation to Class A Shares.</u></li> <li><u>2. The Company will not grant a right to Class A Shareholders to receive the allocation of shares offered for subscription or share acquisition rights for shares offered.</u></li> <li><u>3. The Company will not implement an allocation of gratis allotment or gratis allotment of share acquisition rights to Class A Shareholders.</u></li> </ol> <p><u>(11) Priorities</u></p> <ol style="list-style-type: none"> <li><u>1. The payment priority of dividends from surplus for Class A Preferred Dividends, Amount Equal to Class A Accumulated Unpaid Dividends, Class B Preferred Dividends (defined in next Article Paragraph 2 Item 1), Amount Equal to Class B Accumulated Unpaid Dividends (defined in next Article Paragraph 2 Item 4) and that for shareholders who own common shares and registered pledgees of common shares (collectively the "Common Share Holders, Etc.") shall be as follows. Amount Equal to Class B Accumulated Unpaid Dividends are the first priority, Class B Preferred Dividends are the second priority, Amount Equal to Class A Accumulated Unpaid Dividends are the third priority, Class A Preferred Dividends are the fourth priority and dividends from surplus to Common Share Holders, Etc. are the fifth priority.</u></li> <li><u>2. The payment priority of distribution of residual assets related to Class A Shares, Class B Shares and common shares is as follows. The payment priority of distribution of residual assets related to Class B Shares is the first priority distribution of residual assets related to Class A Shares is the second priority, and distribution of residual assets</u></li> </ol>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>related to common shares is the third priority.</u></p> <p>3. <u>If the amount which is to be paid by the Company dividends from surplus or distribution of residual assets is short of necessary amounts to pay dividends from surplus or distribution of residual assets in a certain priority level, dividends from surplus and distribution of residual assets shall be paid by prorated method according to the necessary amounts to pay dividends from surplus or distribution of residual assets for that priority level.</u></p> <p><u>Article 6-3 (Class B shares)</u>  <u>The details of the Class B Shares issued by the Company shall be prescribed from next to paragraph 10.</u></p> <p><u>(2) Dividends from surplus</u></p> <p>1. <u>Class B Preferred Dividends</u>  <u>If the Company is to pay a dividend from surplus using the record date belonging to a business year, it shall pay the dividend to shareholders who hold Class B Shares (the "Class B Shareholders") and registered pledgees of the Class B Shares (together with the Class B Shareholders, "Class B Shareholders, Etc.") entered or recorded in the final shareholders register as at the record date (the "Record Date for Dividends" in this Article) by the monetary amount of dividend from surplus provided for in Item 2 below per the Class B Share (the amount paid by such dividend per share of Class B Shares is referred to as the "Class B Preferred Dividend") in accordance with the payment priority provided for in Paragraph 10 Item 1. A fraction of less than one yen that arises in the amount calculated by multiplying the Class B Preferred Dividend by the number of the Class B Shares owned by each Class B Shareholders, Etc. is to be rounded down.</u></p> <p>2. <u>Class B Preferred Dividend Amounts</u>  <u>Class B Preferred Dividend Amounts will be the</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>amount calculated by multiplying 1,000,000 yen (the "Equivalent Amount to the Amount to be Paid in" in this Article) by 7.0% if the Record Date for Dividends belongs to a business year ending before the end of March, 2018, and 8.0% if the Record Date for Dividends belongs to a business year starting after April 1, 2018, amounts will be calculated on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days) for the actual number of days from the first day of the business year (however, if the Record Date for Dividends belongs to a business year ending at the end of March, 2016, it will be June 30, 2015 (including that day)) to which the Record Date for Dividends belongs to such Record Date for Dividends (including that day) (division will be made last by calculating two decimal places and rounding to the first decimal place). However, if dividends from surplus were paid to Class B Shareholders, Etc. using a record date prior to the Record Date for Dividends during a business year to which the Record Date for Dividends belongs, amounts to be paid as the Class B Preferred Dividend of the Record Date for Dividends will be reduced by the total amount of the Class B Preferred Dividend made at each of such payments.</u></p> <p><u>3. Nonparticipation clause</u></p> <p><u>The Company will not pay dividends from surplus exceeding the Class B Preferred Dividend and an Amount Equal to Class B Accumulated Unpaid Dividends (defined in the following item) to Class B Shareholders, Etc. However, dividends from surplus stipulated in Article 758, Item 8(b) and Article 760, Item 7(b) of the Companies Act which are paid in absorption-type split procedures or dividends from surplus provided by in Article 763, Paragraph 1, Item 12(b) or Article 765, Paragraph 1, Item 8(b) in the same act which are</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>paid in incorporation-type split procedures are not applied.</u></p> <p><u>4. Accumulation clause</u></p> <p><u>If the total amount of dividends from surplus paid to the Class B Shareholders, Etc. per share (excluding dividends of Amounts Equal to Class B Accumulated Unpaid Dividends (defined below) which are carried over for Class B Preferred Dividend relating to business year(s) prior to the business year in accordance with this Item 4) using record date(s) of a business year does not reach the amount of Class B Preferred Dividend relating to the business year (the amount of the Class B Preferred Dividend shall be calculated in accordance with Item 2 above assuming that dividends from surplus are paid by using the end of the business year as the record date, however, the proviso to Item 2 above does not apply to this calculation), the shortfall amount shall be carried over into business years subsequent to the business year (the "Business Year Having Shortfall Amount" in this Item 4). In this case, the amount to be carried over is increased by adding the amount calculated by compound interest rate for each year (in case of the first year, for the period from the following day (including that day) of the Annual Meeting of Shareholders for the Business Year Having Shortfall Amount (defined below) to the last day (including that day) of the subsequent business year of the Business Year Having Shortfall Amount) based on the annual rate of 7.0% on and after the following day (including that day) of the annual meeting of shareholders for the business year if the business year ends before the end of March, 2018, and based on the annual rate of 8.0% on and after the following day (including that day) of the annual meeting of shareholders for the year if the business year starts after April 1, 2018 regarding each business year in or after the subsequent business year of the Business</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>Year Having Shortfall Amount during the period from the day following the annual meeting of shareholders (including that day) for the Business Year Having Shortfall Amount (the "Annual Meeting of Shareholders for the Business Year Having Shortfall Amount" in this Item 4) to the date (including that day) when the carried over amount is paid to the Class B Shareholders, Etc. This calculation is made on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days), and the division will be made last by calculating two decimal places and rounding to the first decimal place. The amount carried over in accordance with this item (the "Amount Equal to Class B Accumulated Unpaid Dividends") will be paid as dividend to Class B Shareholders, Etc. in accordance with the payment priority provided for in Paragraph 10 Item 1.</u></p> <p><u>(3) Distribution of residual assets</u></p> <p><u>1. Distribution of residual assets</u></p> <p><u>If the Company is to distribute residual assets, it shall pay to the Class B Shareholders, Etc. per Class B Share, in accordance with the payment priority provided for in Paragraph 10 Item 2, the amount is paid by adding the Amount Equal to Class B Accumulated Unpaid Dividends and daily prorated unpaid preferred dividend stipulated in Item 3 below to the Equivalent Amount to the Amount to be Paid in (the "Class B Residual Assets Distribution Amount"). However, in this Item 1, if the date when residual assets are distributed (the "Distribution Date" in this Article) falls during the period from the day following the Record Date for the Dividend (including that day) to the day when the dividends from surplus is paid by using the Record Date for the Dividend as a record date, the Amount Equal to Class B Accumulated Unpaid Dividends will be calculated, assuming</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>the dividends from surplus are not paid by using the Record Date for the Dividend as a record date. A fraction of less than one yen that arises in the amount calculated by multiplying the Class B Residual Assets Distribution Amount by the number of the Class B Shares owned by each Class B Shareholders, Etc. is to be rounded down.</u></p> <p><u>2. Nonparticipation clause</u>  <u>No distribution of residual assets will be made to the Class B Shareholders, Etc. other than as provided for in Item 1 above.</u></p> <p><u>3. Daily prorated unpaid preferred dividend amount</u>  <u>The daily prorated unpaid preferred dividend amount per share for the Class B Share will be an amount equivalent to the Class B Preferred Dividend calculated in accordance with Paragraph 2 Item 2) above assuming the Class B Preferred Dividend is paid by using the Distribution Date as the record date in a business year to which the Distribution Date belongs (the daily prorated unpaid preferred dividend amount per share of the Class B Share is referred to as the "Daily Prorated Unpaid Preferred Dividend Amount" in this Article).</u></p> <p><u>(4) Voting rights</u>  <u>Class B Shareholders do not have voting rights at general meetings of shareholders unless otherwise provided for in laws.</u></p> <p><u>(5) Put option the consideration for which is common shares</u></p> <p><u>1. Common Share-Consideration Put Option</u>  <u>Class B Shareholders are entitled to request the Company any time on or after July 1, 2015 to acquire all or some of the Class B Shares held by the Class B Shareholders in exchange for delivery of the number of common shares provided for in Item 2 below (the "Common Shares to be Issued for Acquisition Request" in this Article; that request, the "Common Share-Consideration Acquisition Request" in this</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>Article). If a Common Share-Consideration Acquisition Request is made, the Company shall deliver to the requesting Class B Shareholder the Common Shares to be Issued for Acquisition Request to the extent permissible under law and regulations in exchange for the Company's acquiring the Class B Shares subject to the Common Share-Consideration Acquisition Request.</u></p> <p><u>2. Number of common shares to be delivered in exchange for acquisition of Class B Shares</u>  <u>The number of common shares to be delivered in exchange for acquisition of Class B Shares is the number calculated by multiplying the number of Class B Shares subject to the Common Share-Consideration Acquisition Request by (i) the product of the Equivalent Amount to the Amount to be Paid in per Class B Share and the common share-consideration acquisition premium which is stipulated below and (ii) the total amount of the Amount of Class B Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend and dividing that product by the acquisition price provided for in Items 3 through 6 below. In this Item 2, the Amount Equal to Class B Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class B Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "day when the Common Share-Consideration Acquisition Request took effect," respectively. Any fraction of a share that arises in the total number of common shares to be delivered in exchange for acquisition of the Class B Shares subject to the Common Share-Consideration Acquisition Request are to be rounded down, and if that happens, there will be no payment of money as</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>provided for in Article 167, Paragraph 3, of the Companies Act.</u></p> <p><u>The "common share-consideration acquisition premium" means the figures stipulated in the following items depending on whether the date when the Common Share-Consideration Acquisition Request takes effect is included in the following items from a to f or belongs to any of the following periods from a to f.</u></p> <p><u>a From July 1, 2015 to June 30, 2016 : 1.05</u></p> <p><u>b From July 1, 2016 to June 30, 2017 : 1.12</u></p> <p><u>c From July 1, 2017 to June 30, 2018 : 1.19</u></p> <p><u>d From July 1, 2018 to June 30, 2019 : 1.26</u></p> <p><u>e From July 1, 2019 to June 30, 2020 : 1.33</u></p> <p><u>f After July 1, 2020 : 1.40</u></p> <p><u>3. Initial acquisition price</u> <u>248.3 yen</u></p> <p><u>4. Revising the acquisition price</u> <u>On September 15, 2015, and the six month anniversary thereafter (or the following Trading Day if the day is not a Trading Day, the "Acquisition Price Revision Date" in this Article), the acquisition price will be revised to an amount equal to 90% (calculated to the second decimal place and then rounded to the first decimal place) of the average VWAP (calculated to the second decimal place and then rounded to the first decimal place; the same applies hereafter; and if an event provided for in Item (5) below occurs during the Acquisition Price Calculation Period (defined below), then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below) in ordinary trading of the Company's common shares</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>publicly announced on TSE in 30 consecutive Trading Days prior to each Acquisition Price Revision Date (in this Item 4, the "Acquisition Price Calculation Period") (hereafter such revised acquisition price, the "Revised Acquisition Price" in this Article), and the Revised Acquisition Price shall apply from the same day. However, if the Revised Acquisition Price falls below 100.0 yen (subject to the adjustment of Item (6) below) (the "Minimum Acquisition Price" in this Article), then the Revised Acquisition Price will be the Minimum Acquisition Price. If the Revised Acquisition Price exceeds (i) the Initial Acquisition Price (subject to the adjustment of Item 5 below) before the first Acquisition Price Revision Date, (ii) on and after the first Acquisition Price Revision Date and before the second Acquisition Price Revision Date, the Initial Acquisition Price (subject to the adjustment of Item 5 below) or the average VWAP (if an event provided for in Item (5) below occurs during the Acquisition Price Calculation Period, then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below) in ordinary trading of the Company's common shares publicly announced on the TSE during the Acquisition Price Calculation Period relating to the first Acquisition Price Revision Date, whichever is lower, and (iii) on and after the second Acquisition Price Revision Date, the Initial Acquisition Price (subject to the adjustment of Item 5 below), the average VWAP (if an event provided for in Item 5 below occurs during the Acquisition Price Calculation Period, then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below) in ordinary trading of the Company's common shares publicly announced on the TSE during the Acquisition Price Calculation Period relating to</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>the first Acquisition Price Revision Date or the average VWAP (if an event provided for in Item 5 below occurs during the Acquisition Price Calculation Period, then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below) in ordinary trading of the Company's common shares publicly announced on the TSE during the Acquisition Price Calculation Period relating to the second Acquisition Price Revision Date, whichever is the lowest (however, not lower than the Minimum Acquisition Price and subject to the adjustment in Item 6 below) (the "Maximum Acquisition Price" in this Article), then the Revised Acquisition Price will be the Maximum Acquisition Price.</u></p> <p><u>5. Adjustment of the acquisition price</u></p> <p><u>a If any of the events set out below occurs, the acquisition price will be adjusted as set out below.</u></p> <p><u>(i) If the common shares of the Company are subject to a share split or gratis allotment, the acquisition price will be adjusted in accordance with the formula set out below. In the case of a gratis allotment of the Company's common shares, "number of issued common shares before split" and "number of issued common shares after split" in the following formula are to be read as "number of issued common shares before gratis allotment (excluding, however, common shares held by the Company at that time)" and "number of issued common shares after gratis allotment (excluding, however, common shares held by the Company at that time)," respectively.</u></p> <p><u>Acquisition = Acquisition × <u>Number of</u></u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p> <u>price after adjustment</u>      <u>price before adjustment</u>      <u>issued common shares before split</u>  <u>Number of issued common shares after split</u> </p> <p> <u>The acquisition price after adjustment will apply starting on the day after the record date for the share split or the day after the day when the gratis allotment takes effect (or, if provision has been made for a record date for the gratis allotment, then the following day of the record date).</u> </p> <p> (ii) <u>If the common shares of the Company are subject to a share consolidation, the acquisition price will be adjusted in accordance with the following formula from the day when the share consolidation takes effect.</u> </p> $  \frac{\text{Acquisition price after adjustment}}{\text{Acquisition price before adjustment}} = \frac{\text{Number of issued common shares before consolidation}}{\text{Number of issued common shares after consolidation}} \times  $ <p> <u>The acquisition price after adjustment will apply on the day or after the day when the share consolidation takes effect.</u> </p> <p> (iii) <u>If the Company issues common shares, or disposes of common shares held by the Company, at an amount</u> </p>

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Current Articles of Incorporation	Proposed Amendment
	<p>to be paid in that falls below the <u>market price per common share provided for in d below (excluding in the case of a gratis allotment, the case of an acquisition of shares or share acquisition rights (which includes share acquisition rights attached to bonds with share acquisition rights; the same applies in this Item 5) to be acquired in exchange for the delivery of ordinary shares, the case of an exercise of share acquisition rights the underlying shares of which are common shares, or the case of an issuance of common shares because of a merger, share exchange, or corporate split), then the acquisition price will be adjusted in accordance with formula set out below ("Acquisition Price Adjustment Formula" in this Article). If property other than money is made the object of contribution, "Amount to be paid in per share" in the Acquisition Price Adjustment Formula will be decided according to proper evaluation value of the property. The acquisition price after adjustment will apply starting on the day after the payment date (or, if a payment period has been provided for, then the last day of the payment period or, if a record date relating to an allotment to shareholders has been provided for, the day after the record date (the "Shareholder Allotment Date" in this Article). In the case that the Company disposes of common shares that it holds, "number of common shares to be newly issued" and "number of common shares held by</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p>the Company" in the following formula are to be read as "number of common shares held by the Company to be disposed of" and "number of common shares held by the Company before the disposition", respectively.</p> $\frac{\text{Acquisition price after adjustment}}{\text{Acquisition price before adjustment}} \times \frac{\text{Number of common shares held by the Company}}{\text{Number of common shares to be disposed of} + \frac{\text{Number of newly issued common shares} \times \text{Amount to be paid in per share}}{\text{Market price per common share}}}$ <p>(iv) If the Company issues or disposes of shares that entitle their holder to receive delivery of common shares at an acquisition price per common share that falls below the market price per common share provided for in Item d below by causing the Company to acquire or being acquired by the Company (this includes the case of a gratis allotment of shares), then on the payment date</p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>for the shares (or, if a payment period has been provided for, on the last day of that payment period; the same applies throughout this section (iv)) or the Company undertakes a gratis allotment of shares, then on the day when the allotment takes effect (or, if a record date relating to the gratis allotment of shares has been provided for, then that record date; the same applies throughout this section (iv)) or there is a Shareholder Allotment Date, then on that date all of the shares issued or disposed of will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using that amount will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the payment date, or in the case of a gratis allotment of shares, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued has not been determined by the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all shares issued or disposed of were acquired or disposed of under the condition of the point in time mentioned above when the consideration is determined and that consideration will be applied from the following day after it was determined.</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p>(v) <u>If the Company issues share acquisition rights that, by being exercised or by being acquired by the Company, entitle their holder to receive delivery of common shares at a price whereby the aggregate of the amount to be paid in for the share acquisition rights per common share and the assets to be contributed (if property other than money is made the object of contribution, such property shall be properly evaluated. This applies throughout this section (v)) on exercise of the share acquisition rights falls below the market price per common share provided for in Item d below (this includes the case of a gratis allotment of share acquisition rights), then on the allotment date for the share acquisition rights or if the Company undertakes a gratis allotment of share acquisition rights, then on the day when the allotment takes effect (or, if a record date has been provided for, then that record date; this applies throughout this section (v)) on exercise of the share acquisition rights if there is a Shareholder Allotment Date, then on that date all of the share acquisition rights issued will be deemed to have been exercised or acquired on the initial terms and common shares will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using the aggregate of the amount to be paid in for the share acquisition rights per common share</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>of the assets to be contributed on exercise of the share acquisition rights will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the allotment date for the share acquisition rights, or in the case of a gratis allotment of share acquisition rights, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued on the acquisition or the exercise has not been determined at the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all share acquisition rights issued were exercised or acquired under the condition of the point in time when the consideration was determined and that consideration will be applied from the following day after it was determined. However, the adjustment of the acquisition price under this section (v) does not apply to share acquisition rights issued as stock options to directors, auditors, and employees of the Company or its subsidiaries the underlying shares of which are common shares.</u></p> <p><u>b In addition to the events provided for in Item a above, if any of the events provided for in (i) through (iii) below occurs, the Company shall appropriately adjust the acquisition price after giving prior written notice to the Class B Shareholders, Etc. to that effect and of the reasons for the event,</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>the acquisition price after adjustment, the day when the adjusted acquisition price applies, and any other necessary matters.</u></p> <p><u>(i) Adjustment to the acquisition price becomes necessary because of a merger, share exchange, acquisition of all issued shares of another company through a share exchange, share transfer, absorption-type split, succession to all or some of the rights and obligations held by another company in relation to that company's business through an absorption-type split, or incorporation-type split.</u></p> <p><u>(ii) Two or more events necessitating an adjustment to the acquisition price occur in connection with each other and in calculating the acquisition price after adjustment because of one of the events, it becomes necessary to consider the effect of the other event on the market price that ought to be used in that calculation.</u></p> <p><u>(iii) It otherwise becomes necessary to adjust the acquisition price because of the occurrence of an event that changes or has the possibility of changing the number of issued common shares (excluding, however, the number of common shares held by Company).</u></p> <p><u>c If a calculation becomes necessary in adjusting the acquisition price, the calculation is to be made to the second decimal place and then rounded to the first decimal place.</u></p> <p><u>d The market price per common share to be used in the Acquisition Price Adjustment Formula is the average VWAP of the Company's common shares in ordinary</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>trading publicly announced on the TSE over the period of 30 consecutive Trading Days preceding the day when the adjusted acquisition price is to apply.</u></p> <p><u>e If as a result of a calculation made in adjusting the acquisition price the difference between the adjusted acquisition price and the pre-adjustment acquisition price is less than 1 yen, no adjustment to the acquisition price will be made. However, adjustment determined to be unnecessary in this Item e will be carried forward to be considered for the calculation of the adjustment in the future.</u></p> <p><u>6. Adjustment of Maximum Acquisition Price and Minimum Acquisition Price</u>  <u>When adjusting the acquisition price in accordance with the stipulation in Item 5 above, the Maximum Acquisition Price and the Minimum Acquisition Price will be adjusted by applying the stipulation in Item 5 above after reading the "acquisition price" as "Maximum Acquisition Price" or the "Minimum Acquisition Price."</u></p> <p><u>7. Place at which Common Share-Consideration Acquisition Request are accepted</u>  <u>Place of business of Shareholder Registry Administrator: 1-2-1, Yaesu, Chuo ku, Tokyo Mizuho Trust &amp; Banking Co., Ltd., Stock Transfer Agency Department of the Head Office</u></p> <p><u>8. Place at which Common Share-Consideration Acquisition Request takes effect</u>  <u>Common Share-Consideration Acquisition Request takes effect when Common Share-Consideration Acquisition Request form reaches the place at which Common Share-Consideration Acquisition Requests are accepted set out in Item 7 above or on the desired date indicated on the form, whichever is later.</u></p> <p><u>9. Delivery method of common shares</u>  <u>After an acquisition request for the Common</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>Share-Consideration has taken effect, the Company shall deliver common shares to the Class B Shareholder who made the Common Share-Consideration Acquisition Request by recording an increase in transfer shares in the shares-held column of the transfer account book of Japan Securities Depository Center, Incorporated, or an account management institution, as designated by the Class B Shareholder.</u></p> <p><u>(6) Call option the consideration for which is cash</u>  <u>At any time on and after July 1, 2016, the Company may, by giving a written notice (which shall be irrevocable) to Class B Shareholders, Etc. at least 60 Trading Days in advance of the Cash Consideration Redemption Date, acquire all the Class B Shares in exchange for cash (the "Cash Consideration Redemption" in this Article) to the extent permissible under law and regulations on the coming of the day to be separately determined by the Board of Directors meeting (the "Cash Consideration Redemption Date" in this Article) and the Company shall deliver to the Class B Shareholder in exchange for Class B Shares related to the Cash-Consideration Redemption the amount calculated by multiplying the number of Class B Shares related to the Cash-Consideration Redemption by (i) an amount by multiplying the Equivalent Amount to the Amount to be Paid in per Class B Share by the redemption coefficient stipulated below and (ii) the total amount of the Amount Equal to Class B Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend. In this Paragraph 6, the Amount Equal to Class B Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class B Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "Cash Consideration Redemption Date," respectively. A fraction of less than one yen that arises</u></p>

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Current Articles of Incorporation	Proposed Amendment
	<p><u>in the amount to be paid in exchange of acquiring Class A Shares related to the Cash-Consideration Redemption is to be disregarded.</u></p> <p><u>The "redemption coefficient" means the figures stipulated in the following items depending on whether the Cash Consideration Redemption Date is included in the following items or belongs to any of the following periods.</u></p> <p><u>1 From July 1, 2016 to June 30, 2017 : 1.12</u></p> <p><u>2 From July 1, 2017 to June 30, 2018 : 1.19</u></p> <p><u>3 From July 1, 2018 to June 30, 2019 : 1.26</u></p> <p><u>4 From July 1, 2019 to June 30, 2020 : 1.33</u></p> <p><u>5 After July 1, 2020 : 1.40</u></p> <p><u>(7) Restrictions on assignment</u></p> <p><u>Any acquisition of Class B Shares by assignment requires the approval of the Company's Board of Directors.</u></p> <p><u>(8) Exclusion of shareholder's rights to be added as a seller for acquisition of treasury stock</u></p> <p><u>If the Company decides to acquire all or a part of the Class B Shares which are owned by the Class B Shareholders by agreement with the Class B Shareholders by resolution of a general meeting of shareholders, the provisions in Article 160, Paragraphs 2 and 3 of the Companies Act will not apply.</u></p> <p><u>(9) Share consolidation, split, and allocation of shares offered for subscription</u></p> <p><u>1. The Company will not implement share split or merger in relation to Class B Shares.</u></p> <p><u>2. The Company will not grant a right to Class B Shareholders to receive the allocation of shares offered for subscription or share acquisition rights for shares offered.</u></p> <p><u>3. The Company will not implement an allocation of gratis allotment or gratis allotment of share acquisition rights to Class B Shareholders.</u></p> <p><u>(10) Priorities</u></p> <p><u>1. The payment priority of dividends from surplus for Class A Preferred Dividends , Amount Equal to Class A Accumulated Unpaid Dividends , Class B Preferred Dividend, Amount Equal to</u></p>

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Current Articles of Incorporation	Proposed Amendment
<p>(Number of Shares in a Unit (<i>Tangen</i>) of Shares)  Article 8  The number of shares comprising one unit (<i>tangen</i>) of shares shall be 1,000.</p> <p>(New)</p>	<p><u>Class B Accumulated Unpaid Dividends and that for Common Share Holders, Etc. shall be as follows. Amount Equal to Class B Accumulated Unpaid Dividends are the first priority, Class B Preferred Dividends are the second priority. Amount Equal to Class A Accumulated Unpaid Dividends are the third priority, Class A Preferred Dividends are the fourth priority and dividends from surplus to Common Share Holders, Etc. are the fifth priority.</u></p> <p><u>2. The payment priority of distribution of residual assets related to Class A Shares, Class B Shares and common shares is as follows. The payment priority of distribution of residual assets related to Class B Shares is the first priority distribution of residual assets related to Class A Shares is the second priority, and distribution of residual assets related to common shares is the third priority.</u></p> <p><u>3. If the amount which is to be paid by the Company dividends from surplus or distribution of residual assets is short of necessary amounts to pay dividends from surplus or distribution of residual assets in a certain priority level, dividends from surplus and distribution of residual assets shall be paid by prorated method according to the necessary amounts to pay dividends from surplus or distribution of residual assets for that priority level.</u></p> <p>(Number of Shares in a Unit (<i>Tangen</i>) of Shares)  Article 8  The number of shares comprising one unit (<i>tangen</i>) of shares shall be 1,000 for common shares, 1 for Class A shares, and 1 for Class B shares.</p> <p><u>(General Meeting of Class Shareholders)</u>  <u>Article 17-2</u>  <u>The provisions of Articles 14, 15, and 17 hereof shall apply <i>mutatis mutandis</i> to the General Meeting of</u></p>

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Current Articles of Incorporation	Proposed Amendment
<p><u>(Exemption of Directors from Liabilities and Limited Liability Agreement with Outside Directors)</u> Article 26 Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company, by resolution of the Board of Directors, may exempt Directors (including persons who were Directors) from liabilities for damages of the Company caused by non-performance of their duties to the extent provided in laws and regulations. (2) The Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into an agreement with <u>Outside</u> Directors which limits the liability for damages of the Company caused by non-performance of their duties. However, the limited amount of liability based on such agreement shall be prescribed by applicable laws and regulations.</p>	<p><u>Class Shareholders.</u> <u>(2) The provision of Article 16, Paragraphs 1 and 2 hereof shall apply mutatis mutandis to resolutions of the General Meeting of Class Shareholders to be made pursuant to the provisions of Article 324 Paragraphs 1 and 2 of the Companies Act respectively.</u></p> <p>(Exemption of Directors from Liabilities, Etc.) Article 26 (No amendment)</p> <p>(2) The Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into an agreement with Directors <u>(excluding Executive Directors, Etc.)</u> which limits the liability for damages of the Company caused by non-performance of their duties. However, the limited amount of liability based on such agreement shall be prescribed by applicable laws and regulations.</p>
<p><u>(Exemption of Audit &amp; Supervisory Board Member from Liabilities and Limited Liability Agreement with Outside Audit &amp; Supervisory Board Member)</u> Article 35 Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company, by resolution of the Board of Directors, may exempt Audit &amp; Supervisory Board Member (including persons who were Audit &amp; Supervisory Board Member) from liabilities for damages of the Company caused by failure to perform their duties to the extent provided in laws and regulations. (2) The Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into an</p>	<p>(Exemption of Audit &amp; Supervisory Board Member from Liabilities, Etc.) Article 35 (No amendment)</p> <p>(2) The Company may, pursuant to Article 427,</p>

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Current Articles of Incorporation	Proposed Amendment
<p>agreement with <u>Outside</u> Audit &amp; Supervisory Board Member which limits the liability for damages of the Company caused by non-performance of their duties. However, the limited amount of liability based on such agreement shall be prescribed by applicable laws and regulations.</p>	<p>Paragraph 1 of the Companies Act, enter into an agreement with Audit &amp; Supervisory Board Member which limits the liability for damages of the Company caused by non-performance of their duties. However, the limited amount of liability based on such agreement shall be prescribed by applicable laws and regulations.</p>

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