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Securities Code: 1951
June 5, 2017

To Our Shareholders:

Fuminori Kozono
President and Representative Director
KYOWA EXEO CORPORATION
29-20, Shibuya 3-chome, Shibuya-ku, Tokyo

NOTICE OF THE 63rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 63rd Ordinary General Meeting of Shareholders of KYOWA EXEO CORPORATION (the “Company”) on June 23, 2017, which will be held as described hereunder.

Meeting Details

- 1. Date and Time:** Friday, June 23, 2017 at 10:00 a.m. (Japan time)
(The reception will begin at 9:00 a.m.)
- 2. Venue:** 29-20, Shibuya 3-chome, Shibuya-ku, Tokyo
KYOWA EXEO CORPORATION 3F Conference Room
- 3. Purposes:**
 - Matters to be reported:**
 1. Business Report and Consolidated Financial Statements for the 63rd Fiscal Year from April 1, 2016 to March 31, 2017 and Reports of Audit on the Consolidated Financial Statements by Accounting Auditor and Audit & Supervisory Board
 2. Non-Consolidated Financial Statements for the 63rd Fiscal Year (from April 1, 2016 to March 31, 2017)
 - Matters to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Ten (10) Directors
 - Proposal 3:** Issuance of Subscription Rights to Shares as Stock Options

* Any revisions to the contents of the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-Consolidated Financial Statements made by the day immediately preceding the day of the General Meeting of Shareholders will be notified by mailing of documents or posting on the Company’s website (<http://www.exeo.co.jp/>) (in Japanese only).

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

The Company regards profit distribution to shareholders as an important managerial issue, and regarding the appropriation of surplus, we set our target dividend on equity ratio (DOE) at 3% and our basic policy is to continue issuing stable dividends.

Based on this policy, we propose the following year-end dividend for the fiscal year under review:

Matters concerning the year-end dividend

1. Type of dividend assets
Cash
2. Matters concerning allocation of dividend assets and the total amount
Dividend per common share of the Company: ¥23
Total amount of dividends: ¥2,195,561,899
Note: The annual dividend for the current fiscal year, being the total of the interim and year-end dividends, is ¥46 per share.
3. Effective date of dividend from surplus
Monday, June 26, 2017

Proposal 2: Election of Ten (10) Directors

The terms of office of all eleven (11) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. In order to enhance the efficiency of the management system, the Company proposes to decrease the total number of Directors by one (1) and elect ten (10) Directors.

The candidates for these positions are as follows:

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	Number of the Company's shares held
1	<p>Fuminori Kozono (Nov. 21, 1952) Candidate for Reelection</p> <p>Board of Directors meeting attendance during the year ended March 31, 2017: 15/15 times (100%)</p> <p>Term served as Director of the Company: 5 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p>	<p>Jul. 2009 Senior Executive Vice President, Executive Manager of Corporate Sales Promotion Headquarters, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>Jun. 2012 Vice President, General Manager of Business Solutions Headquarters, KYOWA EXEO CORPORATION</p> <p>Jun. 2013 President, KYOWA EXEO CORPORATION (present position)</p> <p>(Important concurrent positions) N/A</p> <p>(Reasons for nomination as candidate for Director) Mr. Fuminori Kozono has used his abundant experience and extensive insight to lead the management of the Group as the Representative Director, driving the entire Group through strong leadership in the creation and expansion of the solutions business and a range of management reforms beginning with increasing productivity through structural reform and operational improvement, and the Company believes that he is the appropriate person to continuously increase corporate value and has nominated him as a candidate for reelection.</p>	29,500

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	Number of the Company's shares held
2	<p>Tsutomu Ota (Aug. 26, 1953) Candidate for Reelection</p> <p>Board of Directors meeting attendance during the year ended March 31, 2017: 15/15 times (100%)</p> <p>Term served as Director of the Company: 3 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p>	<p>Apr. 1976 Joined KYOWA EXEO CORPORATION</p> <p>Jun. 2010 Operating Officer, Branch Manager of Tokai Branch, KYOWA EXEO CORPORATION</p> <p>Jun. 2011 Operating Officer, General Manager of Procurement Division, KYOWA EXEO CORPORATION</p> <p>Jun. 2012 Managing Operating Officer, General Manager of Procurement Division, KYOWA EXEO CORPORATION</p> <p>Jun. 2014 Director and Managing Operating Officer, General Manager of Carrier Business Headquarters, KYOWA EXEO CORPORATION</p> <p>Jun. 2016 Director and Executive Operating Officer, General Manager of Carrier Business Headquarters, KYOWA EXEO CORPORATION (present position)</p> <p>(Important concurrent positions) N/A</p> <p>(Reasons for nomination as candidate for Director) Mr. Tsutomu Ota has served as the Branch Manager of the Tokai Branch, the General Manager of the Procurement Division, and the General Manager of the Carrier Business Headquarters and has abundant experience and extensive insight in the telecom industry and overall management, and the Company believes that he is the appropriate person to continuously increase corporate value and has nominated him as a candidate for reelection.</p>	15,600
3	<p>Yoshiaki Matsuzaka (Jan. 25, 1955) Candidate for Reelection</p> <p>Board of Directors meeting attendance during the year ended March 31, 2017: 15/15 times (100%)</p> <p>Term served as Director of the Company: 6 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p>	<p>Jun. 2009 Managing Director, General Manager, Network Service Business Division, NTT-ME CORPORATION</p> <p>Jun. 2010 Director and Executive Officer, General Manager of Engineering Headquarters, Daiwa Densetsu Corporation</p> <p>Jun. 2011 President and Representative Director, Daiwa Densetsu Corporation</p> <p>Jun. 2011 Director, KYOWA EXEO CORPORATION</p> <p>Jun. 2013 Director and Managing Operating Officer, Branch Manager of Tohoku Branch, KYOWA EXEO CORPORATION</p> <p>Jun. 2016 Director and Managing Operating Officer, General Manager of Group Business Promotion Division, KYOWA EXEO CORPORATION (present position)</p> <p>(Important concurrent positions) N/A</p> <p>(Reasons for nomination as candidate for Director) Mr. Yoshiaki Matsuzaka has used his abundant experience in the telecom industry and extensive insight in overall management in his positions as President of a major subsidiary of the Company, as Branch Manager of Tohoku Branch, and as General Manager of the Group Business Promotion Division, and the Company believes that he is the appropriate person to continuously increase corporate value and has nominated him as a candidate for reelection.</p>	11,400

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	Number of the Company's shares held
4	<p>Noritsugu Totani (Apr. 15, 1955) Candidate for Reelection</p> <p>Board of Directors meeting attendance during the year ended March 31, 2017: 15/15 times (100%)</p> <p>Term served as Director of the Company: 4 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p>	<p>Jun. 2008 Senior Vice President, Branch Manager of Osaka Branch, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION</p> <p>Jun. 2011 President and Representative Director, NTT NEOMEIT CORPORATION</p> <p>Jun. 2013 Director and Managing Operating Officer, General Manager of Communication & Business Network Headquarters, KYOWA EXEO CORPORATION</p> <p>Jun. 2015 Director and Managing Operating Officer, Representative of Nishi-Nippon Head Office and Branch Manager of Kansai Branch, KYOWA EXEO CORPORATION (present position)</p> <p>(Important concurrent positions) N/A</p> <p>(Reasons for nomination as candidate for Director) Mr. Noritsugu Totani has used his abundant experience in the telecom industry and extensive insight in overall management in his positions as General Manager of the Communication & Business Network Headquarters and as a Representative of the West Japan Head Office, and the Company believes that he is the appropriate person to continuously increase corporate value and has nominated him as a candidate for reelection.</p>	7,100
5	<p>Yasuo Otsubo (Feb. 9, 1959) Candidate for Reelection</p> <p>Board of Directors meeting attendance during the year ended March 31, 2017: 15/15 times (100%)</p> <p>Term served as Director of the Company: 2 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p>	<p>Jul. 2009 General Manager, Research and Development Department of Network Business Headquarters, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>Jun. 2012 Director, General Manager of IT Innovation Department, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>Jun. 2014 Managing Operating Officer, General Manager of NTT Business Headquarters, and Network Engineering Department, NTT Business Headquarters, KYOWA EXEO CORPORATION</p> <p>Jun. 2015 Director and Managing Operating Officer, General Manager of ICT Solution Headquarters, KYOWA EXEO CORPORATION</p> <p>Jul. 2016 Director and Managing Operating Officer, General Manager of ICT Solution Headquarters, and Solution Promotion Department, ICT Solution Headquarters, KYOWA EXEO CORPORATION (present position)</p> <p>(Important concurrent positions) N/A</p> <p>(Reasons for nomination as candidate for Director) Mr. Yasuo Otsubo has abundant experience in the telecom industry, working toward the creation and expansion of a revolutionary solutions business as the General Manager of the ICT Solution Headquarters, and the Company believes that he is the appropriate person to continuously increase corporate value and has nominated him as a candidate for reelection.</p>	4,900

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	Number of the Company's shares held
6	<p>Tomohiro Kurosawa (Jul. 23, 1957) Candidate for Reelection</p> <p>Board of Directors meeting attendance during the year ended March 31, 2017: 11/11 times (100%)</p> <p>Term served as Director of the Company: 1 year (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>Note: Mr. Tomohiro Kurosawa was elected as Director at the 62nd Ordinary General Meeting of Shareholders held at June 24, 2016. As a result, his record of attendance at Board of Directors meetings included only the meetings that were held after June 24, 2016.</p>	<p>Jun. 2009 Senior Vice President, Managing Director of Service Quality Management Department, NTT DoCoMo, Inc.</p> <p>Jun. 2011 Senior Vice President, Managing Director of Hokkaido Regional Office, NTT DoCoMo, Inc.</p> <p>Jun. 2014 Operating Officer, General Manager of Mobile Sales Division, DoCoMo Business Headquarters, KYOWA EXEO CORPORATION</p> <p>Jun. 2015 Managing Operating Officer, General Manager of DoCoMo Business Headquarters, and Mobile Sales Division, DoCoMo Business Headquarters, KYOWA EXEO CORPORATION</p> <p>Jun. 2016 Director and Managing Operating Officer, General Manager of DoCoMo Business Headquarters, and Mobile Sales Division, DoCoMo Business Headquarters, KYOWA EXEO CORPORATION</p> <p>Jul. 2016 Director and Managing Operating Officer, General Manager of DoCoMo Business Headquarters, KYOWA EXEO CORPORATION (present position)</p>	3,100
		(Important concurrent positions) N/A	
		(Reasons for nomination as candidate for Director) Mr. Tomohiro Kurosawa has abundant experience in the telecom industry, taking strong leadership as the General Manager of DoCoMo Business Headquarters to promote the expansion of the mobile business, and the Company believes that he is the appropriate person to continuously increase corporate value and has nominated him as a candidate for reelection.	

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	Number of the Company's shares held
7	<p>Yuichi Koyama (Oct. 6, 1959) New Candidate</p> <p>Board of Directors meeting attendance during the year ended March 31, 2017: -</p> <p>Term served as Director of the Company: -</p>	<p>Jun. 2011 Branch Manager of Saitama Branch, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>Jun. 2013 General Manager of Office Users Business Division, Corporate Sales Promotion Headquarters, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>Jun. 2014 Senior Vice President, Deputy General Manager of Corporate Sales Promotion Headquarters and Office Users Business Division, Corporate Sales Promotion Headquarters, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION</p> <p>Jun. 2016 Managing Operating Officer, General Manager of Communication & Business Network Headquarters, KYOWA EXEO CORPORATION (present position)</p> <p>(Important concurrent positions) N/A</p> <p>(Reasons for nomination as candidate for Director) Mr. Yuichi Koyama has abundant experience and knowledge in the telecom industry and executive management and promoted business expansion in the public telecom infrastructure fields as General Manager of the Communication & Business Network Headquarters, and the Company believes that he is the appropriate person to continuously increase corporate value and has nominated him newly as a candidate for Director.</p>	900
8	<p>Yuki Sakuyama (Mar. 19, 1958) Candidate for Reelection</p> <p>Board of Directors meeting attendance during the year ended March 31, 2017: 15/15 times (100%)</p> <p>Term served as Director of the Company: 4 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p>	<p>Jun. 2010 Vice President, NTT Access Network Service Systems Laboratories, NTT Information Sharing Laboratory Group, NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>Jul. 2012 Vice President, Ikeno Tsuken Co., Ltd.</p> <p>Dec. 2012 President and Representative Director, Ikeno Tsuken Co., Ltd.</p> <p>Jun. 2013 Director, KYOWA EXEO CORPORATION (present position)</p> <p>Jul. 2015 President and Representative Director, EXEO TECH CORPORATION (present position)</p> <p>(Important concurrent positions) President and Representative Director, EXEO TECH CORPORATION</p> <p>(Reasons for nomination as candidate for Director) Mr. Yuki Sakuyama has used his abundant experience in the telecom industry and extensive insight in overall management to exercise strong leadership at major subsidiaries of the Company, and the Company believes that he is the appropriate person to continuously increase corporate value and has nominated him as a candidate for reelection.</p>	4,200

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	Number of the Company's shares held
9	<p>Kumiko Kitai (Oct. 29, 1952) Candidate for Reelection</p> <p>Outside Officer Independent Officer</p> <p>Board of Directors meeting attendance during the year ended March 31, 2017: 14/15 times (93%)</p> <p>Term served as Outside Director of the Company: 3 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p>	<p>Apr. 1976 Entered Ministry of Labor</p> <p>Apr. 1996 Director of Women's Policy Planning Division, Women's Bureau, Ministry of Labor</p> <p>Jul. 1999 Vice Governor of Shizuoka Prefecture</p> <p>Aug. 2003 Deputy Director-General, Ministry of Health, Labor and Welfare (in charge of Equal Employment, Children and Families Bureau)</p> <p>Aug. 2005 Director-General, Equal Employment, Children and Families Bureau, Ministry of Health, Labor and Welfare</p> <p>Sep. 2006 Director-General of the Secretariat of Central Labor Relations Commission</p> <p>Aug. 2007 Executive Director, Japan Industrial Safety & Health Association</p> <p>Jun. 2011 Audit & Supervisory Board Member, TAKARA HOLDINGS INC. (present position)</p> <p>Apr. 2012 Registered as Attorney (Daini Tokyo Bar Association)</p> <p>Apr. 2012 Advisor TMI Associates</p> <p>Oct. 2012 Commissioner, Tokyo Metropolitan Public Safety Commission (present position)</p> <p>Jun. 2014 Director, KYOWA EXEO CORPORATION (present position)</p> <p>Jun. 2014 Director, Sumitomo Mitsui Construction Co., Ltd. (present position)</p> <p>Jul. 2014 Attorney, Kachidoki Law Firm (present position)</p> <p>(Important concurrent positions) Attorney, Kachidoki Law Firm Commissioner, Tokyo Metropolitan Public Safety Commission Audit & Supervisory Board Member, TAKARA HOLDINGS INC. Director, Sumitomo Mitsui Construction Co., Ltd.</p> <p>(Reasons for nomination as candidate for Outside Director) Ms. Kumiko Kitai has specialized knowledge as an attorney and extensive insight gained from performing important duties at various central government agencies and other organizations, and has provided appropriate advice and suggestions in important management decisions of the Company in her role as Outside Director, and the Company believes she will continue to contribute to strengthening the auditing function of the Board of Directors and ensuring transparency. Although she has not been directly involved in company management, the Company has nominated her as a candidate for reelection.</p>	0

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	Number of the Company's shares held
10	<p>Kazuteru Kanazawa (Oct. 10, 1944) Candidate for Reelection</p> <p>Outside Officer Independent Officer</p> <p>Board of Directors meeting attendance during the year ended March 31, 2017: 15/15 times (100%)</p> <p>Term served as Outside Director of the Company: 2 years (at the conclusion of this Ordinary General Meeting of Shareholders)</p>	<p>Jun. 2001 Managing Executive Officer, Kawasaki Steel Corporation</p> <p>Apr. 2003 Member of the Board and Executive Officer, General Manager of Tsurumi Engineering & Manufacturing Center, JFE Engineering Corporation</p> <p>Sep. 2003 Member of the Board and Senior Executive Officer, JFE Holdings, Inc.</p> <p>Jun. 2006 Full-time Audit & Supervisory Board Member, JFE Shoji Holdings Inc.</p> <p>Apr. 2009 Visiting Professor, Dept. of Civil Engineering, Chubu University</p> <p>Jun. 2010 Audit & Supervisory Board Member, KYOWA EXEO CORPORATION</p> <p>Jun. 2015 Director, KYOWA EXEO CORPORATION (present position)</p>	3,100
		<p>(Important concurrent positions) N/A</p>	
		<p>(Reasons for nomination as candidate for Outside Director) Mr. Kazuteru Kanazawa has abundant experience and extensive insight as an executive officer at JFE Holdings and other companies, and has provided appropriate advice and suggestions in important management decisions of the Company in his role as Outside Director, and the Company believes he will continue to contribute to strengthening the auditing function of the Board of Directors and ensuring transparency and has nominated him as a candidate for reelection.</p>	

- Notes:
1. There are no conflicts of interest between any of the candidates and the Company.
 2. Sumitomo Mitsui Construction Co., Ltd., where Ms. Kumiko Kitai serves as Outside Director, received a penalty requiring training in related legal compliance and had its business suspended for one month in January 2016 by the Ministry of Land, Infrastructure, Transport and Tourism for violations of the Construction Business Act in relation to foundation construction. Ms. Kitai had no prior knowledge of the incidents covered by the penalty and business suspension, and regularly made suggestions and offered opinions on strengthening the legal compliance system at meetings of the Board of Directors. After the incidents came to light, through deliberation at meetings of the Board of Directors and other important meetings, Ms. Kitai took full responsibility in proactively making suggestions and offering opinions to promote initiatives to strengthen the internal governance system, including thorough legal compliance and the creation of appropriate reoccurrence prevention policies.
 3. Ms. Kumiko Kitai and Mr. Kazuteru Kanazawa are both candidates for Outside Director. Furthermore, Ms. Kumiko Kitai and Mr. Kazuteru Kanazawa are also candidates for Independent Officer provided for in the regulations of the Tokyo Stock Exchange, Inc. and the Company's regulations.
 4. Liability Limitation Agreements with Outside Directors
In order for our Outside Directors to more effectively perform in their expected roles, Article 39 of the current Articles of Incorporation of the Company provides that the Company may enter into agreements with its Outside Directors limiting their liability for failure to properly perform their respective duties. The candidates for Outside Director, Ms. Kumiko Kitai and Mr. Kazuteru Kanazawa have entered into an agreement with the Company that limits their liabilities for damages under Article 423, paragraph 1 of the Companies Act to the minimum amount prescribed by laws and regulations, and if their reelections are approved, the above liability limitation agreement will continue.

Proposal 3: Issuance of Subscription Rights to Shares as Stock Options

The shareholders are requested to approve the proposal to entrust the Board of Directors of the Company with the task of determining the terms of the Issuance of Subscription Rights to Shares as Stock Options to Directors (excluding Outside Directors), Operating Officers and employees of the Company, and Directors of the Company's subsidiaries (wholly owned subsidiaries) under the provisions of Articles 236, 238 and 239 of the Companies Act.

The issuance of Subscription Rights to Shares to the Directors is within the annual limit of ¥20,000,000 Yen approved as Subscription Rights to Shares that may be offered as remuneration for the Directors at the Ordinary General Meeting of Shareholders held on June 21, 2013. If Proposal 2 is approved and adopted as proposed, the number of Directors of the Company to be subject to this Proposal will be seven (7).

1. Reasons for Issuing the Subscription Rights to Shares on particularly favorable conditions
The reason for issuing Subscription Rights to Shares as stock options free of charge to the Directors, Operating Officers and employees of the Company, and Directors of the Company's subsidiaries (wholly owned subsidiaries) is to provide an incentive to improve business performance, increase corporate value and enhance a management focus on shareholder interests.
2. Persons to whom Subscription Rights to Shares will be allotted
Directors, Operating Officers and employees of the Company, and Directors of the Company's subsidiaries (wholly owned subsidiaries) will be allotted Subscription Rights to Shares.
3. Details and maximum number etc. of the Subscription Rights to Shares for which offering terms may be determined based on the matters resolved at the Meeting
 - (1) Class and Number of Shares to be issued upon exercise of Subscription Rights to Shares
The total number of shares subject to Subscription Rights to Shares shall not exceed 360,000 shares of common stock of the Company. Of which, the number of the Subscription Rights to Shares to be allotted to Directors of the Company shall not exceed 84,000 shares of common stock of the Company.

If the Company makes any share split or share consolidation, the number of shares subject to Subscription Rights to Shares shall be adjusted using the following formula, provided that, such adjustment shall be made with regard to the number of the shares subject to Subscription Rights to Shares that have not been exercised at such time, and that if any fraction less than one (1) share arises as a result of such adjustment, such fraction shall be discarded:

$$\begin{array}{ccccccc} \text{Number} & \text{of} & & \text{Number} & \text{of} & & \text{Ratio of} \\ \text{shares} & \text{after} & = & \text{shares} & \text{prior} & \text{to} & \text{split/consolidation} \\ \text{adjustment} & & & \text{adjustment} & & \text{X} & \end{array}$$

Furthermore, if any unavoidable event other than those set forth above arises after the Allotment Date of the Subscription Rights to Shares that makes it necessary to adjust the number of shares, the Company shall make the necessary adjustment to the extent reasonable.

(2) Number of Subscription Rights to Shares

The number of the Subscription Rights to Shares to be issued shall not exceed 3,600 units, of which the number to be allotted to Directors of the Company shall not exceed 840 units.

The number of shares for each Subscription Right to Shares (hereinafter referred to as the “Number of Granted Shares”) shall be 100 shares; provided, however, if a share number adjustment set forth in “(1) Class and Number of Shares to be issued upon exercise of Subscription Rights to Shares” above is conducted, similar adjustment shall be applied to the Number of Granted Shares.

(3) Amount to be paid in exchange for the Subscription Rights to Shares

There shall be no requirement for payment in exchange for the Subscription Rights to Shares.

(4) Value of property to be contributed when Subscription Rights to Shares are exercised

Amount to be paid when Subscription Rights to shares are exercised shall be the paid amount per share that can be delivered by exercising the Subscription Rights to Shares (hereinafter referred to as the “Exercise Price”), multiplied by the Number of Granted Shares concerning the relevant Subscription Rights to Shares.

The Exercise Price will be the average value of closing price in regular trading of the Company’s common stock on the Tokyo Stock Exchange (hereinafter referred to as the “Closing Price”) on each day of the previous month of the date when the Subscription Rights to Shares are allotted, multiplied by 1.05. Note that the date when the trade was not effective is not included. Fractions of less than one (1) Yen will be rounded up. However, in the case the amount is lower than the Closing Price of the Allotment Date (when no Closing Price is published on that day, Closing Price of the nearest previous date shall be applied), it will be the Closing Price on the Allotment Date.

After the Allotment Date, in an event of a share split or share consolidation of the Company’s common stock, it will be adjusted by the following formula, with fractions of less than one (1) Yen rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split or consolidation}}$$

In addition, after the Allotment Date of the Subscription Rights to Shares, in an event where the Company issues new shares of common stock or disposes of treasury shares of common stock at a price lower than market price, the Exercise Price will be adjusted by the following formula, with fractions of less than one (1) Yen rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of outstanding shares} + \frac{\text{Number of shares newly issued} \times \text{Paid-in amount per share}}{\text{Current market price per share}}}{\text{Number of outstanding shares} + \text{Number of shares newly issued}}$$

The “Number of outstanding shares” in the above formula shall be the total number of

the shares of common stock issued less treasury shares of common stock owned by the Company, and in the case of disposition of treasury shares, the “Number of shares newly issued” shall read as “Number of treasury shares to be disposed of.”

In addition to the above, if any unavoidable event such as a merger, a company split or capital reduction of the Company arises after the Allotment Date where the Exercise Price must be adjusted, the Company may adjust the Exercise Price to a reasonable extent, subject to a resolution of the Board of Directors.

- (5) Period during which Subscription Rights to Shares can be exercised
From July 1, 2019 to June 30, 2026.
- (6) Conditions for exercise of Subscription Rights to Shares
 - 1) Any person who has been allotted Subscription Rights to Shares (hereinafter referred to as a “Holder of Subscription Rights to Shares”) must at the time of exercising such rights have a position in the Company as a Director, Operating Officer, or employee, or a Director of a subsidiary (wholly owned subsidiaries) of the Company.

However this requirement does not apply in the case where the person concerned no longer has this position due to, in the case of Directors or Operating Officers of the Company or Directors of the Company’s subsidiaries (wholly owned subsidiaries), expiry of his/her term of office, in the case of employees of the Company, retirement at mandatory retirement age, or other circumstances where it is justifiable that this requirement not apply.
 - 2) Other terms and conditions shall be as specified in the “Subscription Rights to Shares Allotment Agreement” to be entered into between the Company and holders of the Subscription Rights to Shares based on a resolution of the Board of Directors.
- (7) Restriction on transfer of Subscription Rights to Shares
The acquisition of Subscription Rights to Shares by transfer shall require approval by a resolution of the Board of Directors.
- (8) Reasons and conditions for acquisition of Subscription Rights to Shares
 - 1) If a proposal for the approval of a merger agreement under which the Company ceases to exist, a proposal for the approval of an agreement for an absorption-type split of the Company or a plan for an incorporation-type split of the Company, a proposal for the approval of a share exchange agreement or a share-transfer plan under which the Company becomes a wholly owned subsidiary is approved at the General Meeting of Shareholders (or at the Board of Directors if approval at the General Meeting of Shareholders is unnecessary), the Company may acquire the Subscription Rights to Shares without compensation
 - 2) In the event that a Holder of Subscription Rights to Shares becomes no longer eligible to exercise his/her Subscription Rights to Shares, the Company may acquire the Subscription Rights to Shares without compensation.
- (9) Matters regarding capital and capital reserves that will be increased in cases where shares will be issued as a result of the exercise of Subscription Rights to Shares
 - 1) The amount of the capital to be increased by issuance of shares at the time of exercise of the Subscription Rights to Shares shall be half of the maximum amount of increase of the capital, etc. which is calculated in accordance with Article 17, paragraph 1 of

the Corporate Accounting Rules, and any fraction less than one (1) Yen as a result of the said calculation shall be rounded up.

- 2) The amount of capital reserves to be increased by issuance of shares at the time of exercise of Subscription Rights to Shares shall be obtained by subtracting the capital being increased in 1) above from the maximum amount of increase of capital, etc. in 1) above.
- (10) Handling of Subscription Rights to Shares at the time of restructuring action
- If the Company is to engage in a merger (limited to cases where the Company ceases to exist as a result of such merger), absorption-type company split, incorporation-type company split, or subject to a share exchange or share transfer (all of which are collectively referred to as a “Restructuring Action”), Subscription Rights to shares in the company as listed under Article 236, paragraph 1, item 8 (a) through (e) of the Companies Act (such company limited hereafter referred to as the “Restructured Company”) shall in each case be issued in accordance with applicable conditions below to holders of the Subscription Rights to Shares that remain in effect as of the effective date of the Restructuring Action (hereinafter referred to as the “Remaining Subscription Rights to Shares”). In this case, the Remaining Subscription Rights to Shares shall cease to exist, and the Restructured Company shall issue new Subscription Rights to Shares. However, such issuance shall be limited to the cases where issuance of the Subscription Rights to Shares of the Restructured Company under the following conditions is prescribed in the merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the plan of the share transfer.
- 1) Number of Subscription Rights to Shares to be issued by the Restructured Company
The holders of the Remaining Subscription Rights to Shares shall be granted the Subscription Rights to Shares of which the number is equivalent to the number of such Rights held at the Restructured Company.
 - 2) Class and Number of Shares to be issued by the Restructured Company upon exercise of Subscription Rights to Shares
The class of shares to be delivered upon exercise of the Subscription Rights to Shares shall be the common shares of the Restructured Company, and the number of the shares to be delivered upon exercise of Subscription Rights to Shares shall be determined in accordance with (1) above, taking into consideration the conditions, etc. of the Restructuring Action.
 - 3) Value of property to be contributed when Subscription Rights to Shares are exercised
The value of property to be contributed upon exercise of each Subscription Right to Shares to be delivered shall be the amount obtained by multiplying the amount per share to be paid in after reorganization obtained by adjusting the Exercise Price set forth in (4) above by the number of shares to be delivered upon exercise of relevant stock acquisition rights as determined in accordance with 2) above, taking into consideration the conditions, etc. of the Restructuring Action.
 - 4) Period during which Subscription Rights to Shares can be exercised
The exercise period shall begin on either the first date of the exercise period for the Subscription Rights to Shares stipulated in (5) above, or on the date that the Restructuring Actions take effect, whichever comes later, and shall continue to the final date of the exercise period stipulated in (5) above.

- 5) Matters concerning acquisition of Subscription Rights to Shares
To be determined in accordance with (8) above.
- 6) Restrictions on transfer of Subscription Rights to Shares
Any acquisition of the Subscription Rights to Shares by transfer requires approval by a resolution of the Board of Directors of the Restructured Company.
- 7) Matters regarding capital and capital reserves that will be increased in cases where shares will be issued as a result of the exercise of Subscription Rights to Shares
To be determined in accordance with (9) above.
- (11) Method of calculating the fair value of Subscription Rights to Shares
The Black-Scholes model shall be used to calculate the fair value of the subscription rights to Shares based on the various conditions applicable on the Allotment Date.
- (12) Other requirements concerning Subscription Rights to Shares
Other requirements concerning Subscription Rights to Shares may be decided by resolution at separately held meetings of the Board of Directors.